

**VILLAGE OF BELLEVUE
EATON COUNTY, MICHIGAN**

REPORT ON FINANCIAL STATEMENTS
**(with required and other
supplementary information)**

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Bellevue, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Bellevue, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village of Bellevue'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 of Bellevue, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Bellevue and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 Bellevue's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional 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 Bellevue'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 Bellevue's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefits system schedules, as identified in the table of 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Bellevue's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 other supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2026, on our consideration of the Village of Bellevue's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Bellevue's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Bellevue's internal control over financial reporting and compliance.

Maney Costeiran PC

Lansing, Michigan
May 27, 2026

VILLAGE OF BELLEVUE MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Village of Bellevue's (the Village's) financial performance and position, providing an overview of the activities for the year ended December 31, 2025. This analysis should be read in conjunction with the *Independent Auditors Report* and with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position was \$18,669,932 (excluding component units).
- Governmental activities net position was \$2,812,752.
- Business-type activity net position was \$15,857,180.
- Component unit net position was \$73,836.

Fund Level

- At the close of the fiscal year, the Village's governmental funds reported a combined ending fund balance of \$1,513,414 with \$361,546 being nonspendable, restricted, committed, or assigned for specific purposes.
- The General Fund realized \$7,697 more in revenues than anticipated for the fiscal year. The General Fund operations also expended \$28,662 less than appropriated for expenditures.
- Overall, the General Fund balance increased by \$39,483.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's annual financial report. The annual financial report of the Village consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), and 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds.

Government-wide Financial Statements (Reporting the Village as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the Village as a whole, and about its activities. Their purpose is to assist in answering the question, is the Village, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned*, and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

VILLAGE OF BELLEVUE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position (page 13) presents all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether the Village's financial position is improving or deteriorating.

The Statement of Activities (page 14) presents information showing how the Village's net position changed during 2025. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee vacation leave.

Both statements report the following activities:

1. **Governmental Activities** - Most of the Village's basic services are reported under this category. Taxes, grants and contributions, and intergovernmental revenue primarily fund these services. Most of the Village's general government departments, public safety, public works, community and economic development, recreation activities are reported under these activities.
2. **Business-type Activities** - These activities operate like private businesses. The Village charges fees to recover the cost of the services provided. The Water and Sewer Fund, along with the Equipment Pool Internal Service Fund, are examples of these activities.
3. **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the Village Council and Administration appoints a majority of the organization's policy board and there is a degree of financial accountability to the Village. The Downtown Development Authority is considered a discretely presented component unit of the Village.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 16 and 18 present reconciliations between the two statement types.

Fund Financial Statements (Reporting the Village's Major Funds)

The fund financial statements, which begin on page 15, provide information on the Village's significant (major) funds, and non-major funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, total revenues or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for the Village include the General Fund and the Major Street Fund. The Local Street Fund is the only non-major fund.

VILLAGE OF BELLEVUE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village's funds are divided into two categories - governmental and proprietary - and use different accounting approaches:

1. **Governmental Funds** - Most of the Village's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the Village's programs. Governmental funds include the General Fund, as well as Special Revenue Funds (use of fund balance is restricted, e.g., income tax, major street, local street, and recreation funds), Capital Projects Funds (used to report major capital acquisitions and construction, e.g., the Site Improvement Bond Fund), and Debt Service Funds (accounts for resources used to pay long-term debt principal and interest, e.g., the Capital Acquisition fund).
2. **Proprietary Funds** - Services for which the Village charges customers (whether outside the Village structure or a Village department) a fee is generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Water and Sewer Fund. *Internal Service funds* report activities that provides equipment to the Village's other operations, such as the Equipment Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 24 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund as well as schedules of funding progress and schedules of employer contributions related to other post-employment benefit plans.

**VILLAGE OF BELLEVUE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As previously stated, the Village's combined net position was \$18,669,932 at the end of this fiscal year's operations. The net position of the governmental activities was \$2,812,752 and the business-type activities were \$15,857,180.

Net Position as of December 31, 2025 and 2024

This table shows, in a condensed format, a comparative analysis of the net position, as of December 31, 2025 and December 31, 2024:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 1,491,313	\$ 1,351,516	\$ 4,435,327	\$ 611,984	\$ 5,926,640	\$ 1,963,500
Net OPEB asset	378,179	112,645	101,695	22,380	479,874	135,025
Capital assets, net	1,024,067	1,025,864	16,414,446	4,022,682	17,438,513	5,048,546
TOTAL ASSETS	2,893,559	2,490,025	20,951,468	4,657,046	23,845,027	7,147,071
LIABILITIES						
Current liabilities	17,174	14,412	4,577,310	98,351	4,594,484	112,763
Noncurrent liabilities	37,775	53,321	231,252	308,334	269,027	361,655
TOTAL LIABILITIES	54,949	67,733	4,808,562	406,685	4,863,511	474,418
DEFERRED INFLOWS OF RESOURCES	25,858	1,427	285,726	295,002	311,584	296,429
NET POSITION						
Net investment in capital assets	970,746	958,131	15,491,428	3,637,264	16,462,174	4,595,395
Restricted	739,725	351,776	101,695	22,380	841,420	374,156
Unrestricted	1,102,281	1,110,958	264,057	295,715	1,366,338	1,406,673
TOTAL NET POSITION	\$ 2,812,752	\$ 2,420,865	\$ 15,857,180	\$ 3,955,359	\$ 18,669,932	\$ 6,376,224

**VILLAGE OF BELLEVUE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the Village's total net position, for the years ended December 31, 2025 and 2024.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues						
Charges for services	\$ 6,765	\$ 38,446	\$ 698,223	\$ 705,774	\$ 704,988	\$ 744,220
Grants and contributions	375,743	289,495	11,782,362	1,074,184	12,158,105	1,363,679
General revenues						
Property taxes	305,048	295,072	-	-	305,048	295,072
State shared revenue	181,959	185,691	-	-	181,959	185,691
Investment earnings	5,723	14,685	26,439	2,127	32,162	16,812
Other	76,729	226,454	1,006	-	77,735	226,454
TOTAL REVENUES	951,967	1,049,843	12,508,030	1,782,085	13,459,997	2,831,928
EXPENSES						
General government	187,310	129,665	-	-	187,310	129,665
Public safety	201,409	177,447	-	-	201,409	177,447
Public works	151,324	312,237	-	-	151,324	312,237
Community and economic development	1,287	1,040	-	-	1,287	1,040
Recreation and culture	18,750	13,436	-	-	18,750	13,436
Interest on long-term debt	-	4,681	-	-	-	4,681
Unallocated depreciation expense	-	-	-	-	-	-
Sewer	-	-	282,111	376,457	282,111	376,457
Water	-	-	324,098	251,513	324,098	251,513
TOTAL EXPENSES	560,080	638,506	606,209	627,970	1,166,289	1,266,476
Change in net position	391,887	411,337	11,901,821	1,154,115	12,293,708	1,565,452
Net position - beginning	2,420,865	2,009,528	3,955,359	2,801,244	6,376,224	4,810,772
Net Position Ending	<u>\$ 2,812,752</u>	<u>\$ 2,420,865</u>	<u>\$ 15,857,180</u>	<u>\$ 3,955,359</u>	<u>\$ 18,669,932</u>	<u>\$ 6,376,224</u>

Governmental Activities

The result of current year governmental activity was an increase of \$391,887 in net position to \$2,812,752. Of the total governmental activities net position, \$970,746 is invested in capital assets less related debt, \$739,725 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the Village government. The balance of \$1,102,281 is listed as unrestricted, having no legal commitment.

Revenues

The three largest revenue categories were property taxes and grants and contributions at 33% each and state shared revenue at 27%. Total governmental revenues decreased \$97,876 (9%) from the prior year. Significant changes in current year operations compared to the prior year for governmental revenues were as follows:

- The Village levied 11.7835 mills in the current year. Property tax revenue increased 3% from the prior year due to an increase in tax base.
- Grants and Contributions – increased \$86,248 (30%) from the prior year related to additional grants from Eaton County received and recognized.
- Other – decreased \$149,725 (66%) mainly due to fire authority proceeds received in the prior year.

**VILLAGE OF BELLEVUE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenses

The three largest expense categories were public safety at 37%, general government at 31%, and public works at 16%. Total governmental expenses decreased \$78,426 (12%) from the prior year. Significant changes in current year operations compared to the prior year for governmental expenses were as follows:

- Public Works – decrease of \$160,913 from the prior year is mainly due to OPEB benefit adjustment in the current year.
- General government - increased \$57,645 due to inflation related increases and change in internal service fund activity.
- Public safety increased \$23,962 due to increase in annual required contribution.

Business-type Activities

Net position in business-type activities increased by \$11,901,821 during fiscal year 2025. Of the business- type activities net position, \$15,491,428 is invested in capital assets, net of related debt, and \$101,695 is restricted. The balance of \$264,057 is listed as unrestricted, having no legal commitment.

FINANCIAL ANALYSIS OF THE VILLAGE'S MAJOR FUNDS

As the Village completed 2025, its governmental funds reported combined fund balances of \$1,513,414. This is a net increase of \$161,898. The net changes for major governmental funds are detailed out below:

General Fund

The General Fund is the chief operating fund of the Village. Unless otherwise required by statute, contractual agreement, or Council policy, all Village revenues and expenditures are recorded in the General Fund. As of December 31, 2025, the General Fund reported a fund balance of \$1,151,868. This amount is a net increase of \$39,483 from the fund balance of \$1,112,385 reported as of December 31, 2024.

The General Fund 2025 revenues exceeded 2025 expenditures by \$39,483. General fund revenue decreased \$75,555 (10%) from the prior year due to receiving fire authority settlement in the prior year net with increases in property taxes and other intergovernmental grants and contributions. General fund expenditures increased \$123,074 from the prior year due to park improvements made in the current year.

General Fund Budgetary Highlights

The Village's budget is a dynamic document. Although adopted prior to the start of the year, the budget is routinely amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue totaled \$674,345, which is \$7,697 (1.2%) more than the final amended budget, which is consistent.

Actual Village expenditures were \$28,662 (4.3%) less than the final budget which is due to departments spending slightly less than appropriated amount.

Major Street Fund

The Major Street Fund 2025 revenues exceeded 2025 expenditures by \$86,482. Revenues increased \$93,288 (102%) from the prior year due to receiving additional intergovernmental grants and contributions. Expenditures decreased \$3,057 (3%) from the prior year but were consistent.

**VILLAGE OF BELLEVUE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Enterprise Funds

As the Village completed 2025, its Water and Sewer fund reported combined net position of \$15,857,180. This is a net increase of \$11,901,821 resulting from current year operations. Of the entire net position, \$15,491,428 is invested in capital assets, net of related debt, \$101,695 is restricted related to net OPEB asset, and \$264,057 is unrestricted. The net changes are summarized in the following chart:

	Water Fund	Sewer Fund
Net Position, December 31, 2024	\$ 1,061,570	\$ 2,893,789
Net Position, December 31, 2025	1,084,241	14,772,939
Net Change	22,671	11,879,150

Water Fund had an increase in net position of \$22,671 which was consistent as a percentage of prior year net position. Sewer Fund increased net position \$11,879,150 mainly due to grant revenue recognized in the current year of \$11.77million related to infrastructure improvements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2025, the Village had invested \$17,438,513, net of accumulated depreciation, in a broad range of capital assets (see table below). Additional information related to capital assets is detailed in Note 4 of the Financial Statements.

	Governmental	Business-type	Total
Land and construction in progress	\$ -	\$ 14,192,488	\$ 14,192,488
Buildings and improvements, net	77,014	-	77,014
Land improvements, net	113,388	-	113,388
Infrastructure, net	718,002	-	718,002
Equipment, net	115,663	-	115,663
Sewer system, net	-	870,926	870,926
Water system, net	-	1,351,032	1,351,032
	\$ 1,024,067	\$ 16,414,446	\$ 17,438,513

The total additions to the capital asset schedule for the primary government were \$12,644,689. Major additions were infrastructure improvements made to the Village along with park improvements for pickleball & basketball court.

**VILLAGE OF BELLEVUE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term Obligations - As of December 31, 2025, the Village had \$361,660 in long-term obligations outstanding for the primary government. This level of net obligation is \$91,494 less than the obligation recorded as of December 31, 2024.

	<u>Jan. 1, 2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2025</u>
PRIMARY GOVERNMENT				
Governmental Activities				
Direct borrowing	<u>\$ 67,736</u>	<u>\$ -</u>	<u>\$ (14,412)</u>	<u>\$ 53,324</u>
Business-type Activities				
Direct borrowing	<u>385,418</u>	<u>-</u>	<u>(77,082)</u>	<u>308,336</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 453,154</u>	<u>\$ -</u>	<u>\$ (91,494)</u>	<u>\$ 361,660</u>

During the current year there was no additional long-term obligations entered into by the Village. A more detailed discussion of the Village's long-term debt obligations is presented in Note 5 to the financial statements.

VILLAGE'S GOVERNMENT ECONOMIC OUTLOOK

The Village's budget for next year will require tough decisions by the Village Council and the citizens of the Village, being mindful of our long-term obligations. There are several economic factors that will challenge the Village. The challenges include inflation, potential cuts to personal property tax, reduction in State Shared Revenue health insurance increases, overall millage rate, and state laws limiting the growth in property taxes. The 1978 Headlee Amendment (Headlee) and Proposal A passed in 1993 both limit growth to the rate of inflation. Headlee requires a rollback in the overall millage rate if total property values grow at a rate higher than inflation, and Proposal A limits increases in individual property tax assessments to the rate of inflation.

CONTACTING THE VILLAGE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Village of Bellevue's at (269) 763-9571.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF BELLEVUE
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	DDA
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,420,470	\$ 34,135	\$ 1,454,605	\$ 54,159
Investments	7,440	-	7,440	-
Current portion of lease receivable	-	12,241	12,241	-
Utility receivables	-	225,122	225,122	-
Due from other governmental units	63,403	3,872,479	3,935,882	-
Total current assets	<u>1,491,313</u>	<u>4,143,977</u>	<u>5,635,290</u>	<u>54,159</u>
Noncurrent assets				
Net other postemployment benefits asset	378,179	101,695	479,874	-
Noncurrent portion of lease receivable	-	291,350	291,350	-
Capital assets not being depreciated	-	14,192,488	14,192,488	-
Capital assets, net of accumulated depreciation	1,024,067	2,221,958	3,246,025	40,390
Total noncurrent assets	<u>1,402,246</u>	<u>16,807,491</u>	<u>17,918,387</u>	<u>40,390</u>
TOTAL ASSETS	<u>2,893,559</u>	<u>20,951,468</u>	<u>23,553,677</u>	<u>94,549</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	4,500,226	4,500,226	20,713
Accrued liabilities	973	-	973	-
Due to other governmental units	655	-	655	-
Current portion of long-term debt	15,546	77,084	92,630	-
Total current liabilities	<u>17,174</u>	<u>4,577,310</u>	<u>4,594,484</u>	<u>20,713</u>
Noncurrent liabilities				
Noncurrent portion of long-term debt	37,775	231,252	269,027	-
TOTAL LIABILITIES	<u>54,949</u>	<u>4,808,562</u>	<u>4,863,511</u>	<u>20,713</u>
DEFERRED INFLOWS OF RESOURCES				
Related to lease receivable	-	277,634	277,634	-
Related to other postemployment benefits	25,858	8,092	33,950	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>25,858</u>	<u>285,726</u>	<u>311,584</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	970,746	15,491,428	16,462,174	40,390
Restricted for:				
Net other postemployment benefits	378,179	101,695	479,874	-
Streets and highways	361,546	-	361,546	-
Unrestricted	1,102,281	264,057	1,366,338	33,446
TOTAL NET POSITION	<u>\$ 2,812,752</u>	<u>\$ 15,857,180</u>	<u>\$ 18,669,932</u>	<u>\$ 73,836</u>

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 187,310	\$ 6,765	\$ 130,167	\$ -	\$ (50,378)	\$ -	\$ (50,378)	\$ -
Public safety	201,409	-	-	-	(201,409)	-	(201,409)	-
Public works	151,324	-	245,576	-	94,252	-	94,252	-
Community and economic development	1,287	-	-	-	(1,287)	-	(1,287)	-
Recreation and culture	18,750	-	-	-	(18,750)	-	(18,750)	-
Total governmental activities	560,080	6,765	375,743	-	(177,572)	-	(177,572)	-
Business-type activities								
Sewer	282,111	392,046	-	11,767,712	-	11,877,647	11,877,647	-
Water	324,098	306,177	-	14,650	-	(3,271)	(3,271)	-
Total business-type activities	606,209	698,223	-	11,782,362	-	11,874,376	11,874,376	-
Total primary government	\$ 1,166,289	\$ 704,988	\$ 375,743	\$ 11,782,362	(177,572)	11,874,376	11,696,804	-
Component unit								
Downtown Development Authority	\$ 4,366	\$ -	\$ -	\$ -	-	-	-	(4,366)
General revenues								
Property taxes					305,048	-	305,048	25,677
State shared revenue					181,959	-	181,959	-
Investment earnings					5,723	26,439	32,162	414
Miscellaneous					76,729	1,006	77,735	-
Total general revenues					569,459	27,445	596,904	26,091
Change in net position					391,887	11,901,821	12,293,708	21,725
Net position, beginning of the year					2,420,865	3,955,359	6,376,224	52,111
Net position, end of the year					\$ 2,812,752	\$ 15,857,180	\$ 18,669,932	\$ 73,836

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
BALANCE SHEET
DECEMBER 31, 2025**

	General	Major Street	Nonmajor Special Revenue Local Street	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,115,177	\$ 291,154	\$ 37,868	\$ 1,444,199
Investments	7,440	-	-	7,440
Due from other governmental units	30,879	22,082	10,442	63,403
TOTAL ASSETS	\$ 1,153,496	\$ 313,236	\$ 48,310	\$ 1,515,042
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued liabilities	\$ 973	\$ -	\$ -	\$ 973
Due to other governmental units	655	-	-	655
TOTAL LIABILITIES	1,628	-	-	1,628
FUND BALANCES				
Restricted	-	313,236	48,310	361,546
Unassigned	1,151,868	-	-	1,151,868
TOTAL FUND BALANCES	1,151,868	313,236	48,310	1,513,414
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,153,496	\$ 313,236	\$ 48,310	\$ 1,515,042

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total fund balances - governmental funds \$ 1,513,414

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is		\$ 1,895,473	
Accumulated depreciation is		<u>(987,068)</u>	

Capital assets, net			908,405
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Position. 38,612

Some assets are not current financial resources and therefore are not reported as assets in the governmental funds. These amounts consist of:

Net OPEB asset			378,179
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Governmental funds report actual OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net OPEB asset as of the measurement date. Resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual OPEB plan investment earnings will be deferred over time in the government-wide and business-type financial statements. These amounts consist of:

Deferred inflows of resources related to OPEB			<u>(25,858)</u>
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Net position of governmental activities			<u><u>\$ 2,812,752</u></u>
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**VILLAGE OF BELLEVUE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	General	Major Street	Nonmajor Special Revenue Local Street	Total Governmental Funds
REVENUES				
Taxes	\$ 305,048	\$ -	\$ -	\$ 305,048
Licenses and permits	6,119	-	-	6,119
Intergovernmental	327,499	152,673	92,903	573,075
Fines and forfeits	646	-	-	646
Interest and rents	5,039	687	-	5,726
Other	29,994	31,278	81	61,353
TOTAL REVENUES	674,345	184,638	92,984	951,967
EXPENDITURES				
Current				
General government	158,188	-	-	158,188
Public safety	287,043	-	-	287,043
Public works	66,522	98,156	57,051	221,729
Community and economic development	1,287	-	-	1,287
Recreation and culture	121,822	-	-	121,822
TOTAL EXPENDITURES	634,862	98,156	57,051	790,069
NET CHANGE IN FUND BALANCES	39,483	86,482	35,933	161,898
Fund balances, beginning of year	1,112,385	226,754	12,377	1,351,516
Fund balances, end of year	<u>\$ 1,151,868</u>	<u>\$ 313,236</u>	<u>\$ 48,310</u>	<u>\$ 1,513,414</u>

See accompanying notes to financial statements.

VILLAGE OF BELLEVUE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds \$ 161,898

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	146,099
Depreciation expense		(75,383)
Loss on disposal of capital assets		<u>(18,000)</u>

Excess of capital outlay over depreciation expense and loss on disposal 52,716

Internal service funds are used by management to charge the costs of certain activities to individual funds. (63,830)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in deferred inflows of resources related to OPEB		(24,431)
Increase in net other post-employment benefits asset		<u>265,534</u>

241,103

Change in net position of governmental activities

\$ 391,887

**VILLAGE OF BELLEVUE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service
ASSETS				
Current assets				
Cash and cash equivalents	\$ 120,893	\$ (86,758)	\$ 34,135	\$ (23,729)
Current portion of lease receivable	-	12,241	12,241	-
Utility receivables	127,461	97,661	225,122	-
Due from other governmental units	3,872,479	-	3,872,479	-
Total current assets	4,120,833	23,144	4,143,977	(23,729)
Noncurrent assets				
Net other postemployment benefits asset	101,695	-	101,695	-
Noncurrent portion of lease receivable	-	291,350	291,350	-
Capital assets not being depreciated	14,181,988	10,500	14,192,488	-
Capital assets, net of accumulated depreciation	870,926	1,351,032	2,221,958	115,662
Total noncurrent assets	15,154,609	1,652,882	16,807,491	115,662
TOTAL ASSETS	19,275,442	1,676,026	20,951,468	91,933
LIABILITIES				
Current liabilities				
Accounts payable	4,494,411	5,815	4,500,226	-
Current portion of long-term debt	-	77,084	77,084	15,546
Total current liabilities	4,494,411	82,899	4,577,310	15,546
Noncurrent liabilities				
Noncurrent portion of long-term debt	-	231,252	231,252	37,775
TOTAL LIABILITIES	4,494,411	314,151	4,808,562	53,321
DEFERRED INFLOWS OF RESOURCES				
Related to lease receivable	-	277,634	277,634	-
Related to other postemployment benefits	8,092	-	8,092	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,092	277,634	285,726	-
NET POSITION				
Net investment in capital assets	14,438,232	1,053,196	15,491,428	62,341
Restricted for net other postemployment benefits	101,695	-	101,695	-
Unrestricted	233,012	31,045	264,057	(23,729)
TOTAL NET POSITION	\$ 14,772,939	\$ 1,084,241	\$ 15,857,180	\$ 38,612

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service
OPERATING REVENUES				
Charges for services	\$ 392,046	\$ 306,177	\$ 698,223	\$ 48,012
Other	396	610	1,006	33,826
TOTAL OPERATING REVENUES	<u>392,442</u>	<u>306,787</u>	<u>699,229</u>	<u>81,838</u>
OPERATING EXPENSES				
Personnel services	125,019	139,442	264,461	48,453
Supplies	19,782	5,476	25,258	10,662
Utilities	39,314	17,999	57,313	813
Repairs and maintenance	54,855	72,623	127,478	15,829
Other	442	24,431	24,873	10,792
Depreciation	42,699	64,127	106,826	54,513
TOTAL OPERATING EXPENSES	<u>282,111</u>	<u>324,098</u>	<u>606,209</u>	<u>141,062</u>
OPERATING INCOME (LOSS)	<u>110,331</u>	<u>(17,311)</u>	<u>93,020</u>	<u>(59,224)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earned	1,107	25,332	26,439	-
Intergovernmental -capital	11,767,712	14,650	11,782,362	-
Interest expense and fees	-	-	-	(4,606)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,768,819</u>	<u>39,982</u>	<u>11,808,801</u>	<u>(4,606)</u>
CHANGE IN NET POSITION	<u>11,879,150</u>	<u>22,671</u>	<u>11,901,821</u>	<u>(63,830)</u>
Net position, beginning of year	<u>2,893,789</u>	<u>1,061,570</u>	<u>3,955,359</u>	<u>102,442</u>
Net position, end of year	<u>\$ 14,772,939</u>	<u>\$ 1,084,241</u>	<u>\$ 15,857,180</u>	<u>\$ 38,612</u>

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities			Governmental Activities
	Sewer	Water	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 376,209	\$ 286,189	\$ 662,398	\$ 81,838
Cash paid to suppliers	(129,845)	(115,779)	(245,624)	(38,096)
Cash paid for employee benefits/wages	(196,525)	(139,442)	(335,967)	(48,453)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>49,839</u>	<u>30,968</u>	<u>80,807</u>	<u>(4,711)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments of borrowing	-	(77,082)	(77,082)	(14,412)
Receipt of grants	7,906,436	14,650	7,921,086	-
Purchase of capital assets	(7,929,079)	(75,100)	(8,004,179)	-
Interest expense and fees	-	-	-	(4,606)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(22,643)</u>	<u>(137,532)</u>	<u>(160,175)</u>	<u>(19,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest proceeds	1,107	19,806	20,913	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,303	(86,758)	(58,455)	(23,729)
Cash and cash equivalents, beginning of year	92,590	-	92,590	-
Cash and cash equivalents, end of year	<u>\$ 120,893</u>	<u>\$ (86,758)</u>	<u>\$ 34,135</u>	<u>\$ (23,729)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 110,331	\$ (17,311)	\$ 93,020	\$ (59,224)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	42,699	64,127	106,826	54,513
Decrease (increase) in:				
Utility receivable	(16,233)	(20,598)	(36,831)	-
Net other postemployment benefit related	(71,506)	-	(71,506)	-
Due from other governmental units	-	4,750	4,750	-
(Decrease) in:				
Accounts payable	(15,452)	-	(15,452)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 49,839</u>	<u>\$ 30,968</u>	<u>\$ 80,807</u>	<u>\$ (4,711)</u>
Noncash financing activities				
Purchase of capital assets on account	<u>\$ (4,494,411)</u>	<u>\$ -</u>	<u>\$ (4,494,411)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
FIDUCIARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Pension and Employee Benefit Trust
	OPEB Trust
ASSETS	
Investments	\$ 607,689
LIABILITIES	-
NET POSITION	
Restricted	\$ 607,689

See accompanying notes to financial statements.

**VILLAGE OF BELLEVUE
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025**

	Pension and Employee Benefit Trust
	OPEB Trust
ADDITIONS	
Net investment income	\$ 74,323
Contributions - employer	159,773
TOTAL ADDITIONS	234,096
DEDUCTIONS	
Benefit payments	16,200
Administrative expense	1,072
TOTAL DEDUCTIONS	17,272
CHANGE IN NET POSITION	216,824
Net position, beginning of year	390,865
Net position, end of year	\$ 607,689

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Bellevue is located in Eaton County, Michigan and was incorporated under the provisions of Public Act (PA) 3, P.A. of 1895, as amended, as a General Law Village. The Village operates under a President-Council form of government and provides the following services as authorized by the public act: public safety, public works, culture and recreation, public improvement, and general administration services. In addition, the Village owns and operates a water and sewer system.

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

Reporting Entity

As required by accounting principles generally accepted in the United States of America; these financial statements present the financial activities of the Village of Bellevue (primary government) and its component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Village.

The inclusion of the activities of various agencies is based on the financial accountability of the primary government, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management's, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Fiduciary Component Units

The Other Post-Employment Benefit Trust is governed by the Village Council and does not have a separate governing board. The Village Council has full authority over benefit provisions, eligibility requirements, and plan administration. Its purpose is to operate the OPEB benefit plan. It is reported in the Fiduciary Fund category.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Unit

The discretely presented component units are reported in a separate column to emphasize that, while legally separate, the Village remains financially accountable for these entities or the nature and significance of the relationship between the entities and the Village is such that exclusion of the entities would render the financial statements misleading or incomplete.

The financial statements contain the following discretely presented component unit:

Downtown Development Authority - The members of the governing board of the Village of Bellevue Downtown Development Authority are appointed by the Village President, subject to approval by a majority vote of the Village Council. The budgets and expenditures of the Downtown Development Authority must be approved by the Village Council. The Village also has the ability to significantly influence operations of the Downtown Development Authority. The financial statements of the DDA are included in the Village's financial statements and are not audited separately.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component unit as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of 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 presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and nonmajor fund. 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 the major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following *Major Governmental Funds*:

- a. The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The *Major Street Fund*, a special revenue fund, accounts for the revenue received from the State of Michigan under Act 51 which is specifically earmarked for construction and maintenance of roads and streets designed as major streets within the Village.

The Village reports the following *Major Enterprise Funds*:

- a. The *Sewer Fund* is used to account for the operations required to provide sewer services to the general public. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- b. The *Water Fund* is used to account for the operations required to provide water services to the general public. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the Village reports the following *Fund Types*:

The *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes other than debt service, capital projects, or permanent funds.

The *Internal Service Fund* accounts for the management of equipment pool services provided to other departments on a cost reimbursement basis. The Equipment Pool Internal Service Fund is the only internal service fund for the Village.

The *Other Post-Employment Benefits (OPEB) Trust Fund* account for the activities of the OPEB defined benefit plan which accumulates resources for post-employment health care benefits to qualified employees.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary (i.e., enterprise and internal service) funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the Village to disburse fiduciary resources.

If/when, both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a) On or before October 31, the Village Manager submits to the Council, a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.
- b) A public hearing is conducted at the Village hall to obtain taxpayer comments.
- c) Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.
- d) The legal level of budgetary control is at the activity level of the general fund and at the fund expenditure totals for the Special Revenue funds.
- e) The Village Manager is authorized to transfer budget amounts between line items within the department. Supplemental appropriations that amend total expenditures for any department require Village Council resolution.
- f) Budget appropriations lapse at year-end.
- g) Adoption and amendments of all budgets used by the Village are governed by Public Act 621, which was followed for the year ended December 31. Expenditures may not exceed appropriations.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. Budgetary control is exercised at the activity level in the general fund and the functional level in other funds.

Cash, Cash Equivalents, and Investments

The Village deposits consist of demand deposits and certificate of deposits with original maturities of three months or less from the date of acquisition.

Investments consist of certificate of deposits with original maturities of more than three months from date of acquisition or MERS total market portfolio. Investments are recorded at fair value or if established market values are not reported they are reported at estimated fair value.

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents (continued)

- b. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- c. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan and other units of government for contributions and grants.

Utility Receivables

Utility receivables consist of amounts due related to charges for services owed to the Village at year-end.

Property Tax

The Village of Bellevue bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the Village on July 1 and are payable without penalty through September 14. The July 1 levy is composed of the Village's millage. All real property taxes not paid to the Village by September 15 are turned over to the Eaton County Treasurer for collection. The Eaton County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable is retained by the Village for subsequent collection. Village property tax revenues are recognized in the fiscal year levied.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax (continued)

The Village is permitted to levy taxes up to 12.0277 mills (\$12.0277 per \$1,000 of taxable valuation) for general governmental services. For the year ended December 31, 2025, the Village levied 11.7835 mills per \$1,000 of taxable valuation for general governmental services. The total taxable value for the 2025 levy for property within the Village was \$27,736,243.

Interfund Transactions

The Internal Service Fund (Equipment Pool) records charges for services provided to various Village departments and funds as operating revenue. All Village funds record these payments as operating expenditures/expenses.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental, business-type, and component unit activities columns, respectively. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital 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 their estimated acquisition cost on the date received. Land and construction in progress are not depreciated, if applicable.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Village are depreciation using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Land improvements	20 years
Infrastructure	10 - 30 years
Equipment	7 - 20 years
Vehicles	3 - 5 years
Sewer system	50 - 75 years
Water system	50 - 75 years

Net OPEB Asset

For purposes of measuring the net other post-employment benefits (OPEB) asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Village's fiduciary net position have been determined on the same basis as they are reported for the Village. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if there were any, would be reported at fair value.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

Tax Abatements

The Village's tax revenues have been reduced by tax abatements. There have been no significant abatements made by the Village or by other governmental units that significantly reduce tax revenues within the Village. Management has determined these amounts to be immaterial to the financial statements.

Leases

Lessor: The Village is a lessor for a noncancelable lease of space on a cell tower. The Village recognizes a lease receivable and a deferred inflow of resources in the government-wide and business-type financial statements.

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Village determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Village uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net assets or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net assets or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Village has two items that qualify for reporting in these categories. The first item corresponds to the Village's net OPEB asset and is related to differences between projected and actual OPEB plan investment earnings. This amount is deferred and recognized as an outflow or inflow of resources in the period to which they apply and is recorded within the government-wide and business-type financial statements. The second item is deferred inflow of resources related to leases within the government-wide and business-type financial statements. These amounts are long-term leases entered into by the Village in which the Village is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

Details of Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications.

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification Policies and Procedures

For committed fund balance, the Village's highest level of decision-making authority is the Village Council. Formal action that is required to be taken to establish a fund balance commitment is a resolution of the Village Council.

For assigned fund balance, the Village Council has not approved a policy indicating an individual authorized to assign amounts to specific purposes. As a result, this authority is retained by the Village Council.

The Village has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of December 31, 2025, the Village had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of December 31, 2025, \$986,495 of the Village's bank balance of \$1,519,237 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, this 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.

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business.

Interest Rate Risk

In accordance with its investment policy, the Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Village's cash requirements. The Village does not have any investments subject to this risk.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The Village does not have any investments subject to this risk.

Foreign Currency Risk

The Village is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Village is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Village's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Village does not have any investments subject to fair value.

Investments in Entities that Calculate Net Asset Value Per Share

The Village holds shares or interest in an investment pool with MERS where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share (continued)

MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants. MERS total market portfolio are reported at their individual Net Asset Values.

At the year ended December 31, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
FIDUCIARY FUND				
MERS total market portfolio	\$ 607,689	\$ -	No restrictions	None

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of December 31, 2025:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,454,605	\$ 54,159	\$ -	\$ 1,508,764
Investments - current	7,440	-	607,689	615,129
	<u>\$ 1,462,045</u>	<u>\$ 54,159</u>	<u>\$ 607,689</u>	<u>\$ 2,123,893</u>
			Checking accounts	\$ 1,298,513
			Certificate of deposits	217,591
			MERS total market portfolio	607,689
			Cash on hand	100
				<u>\$ 2,123,893</u>

NOTE 3 - LEASE RECEIVABLE

The Village leases a portion of its water tower and an adjacent parcel for telecommunications equipment to a third-party. The lease was signed in April 2012 for five years with five additional five year terms that the Village is intending on executing. The Village will receive monthly payments ranging from \$1,617 to \$2,220. The Village recognized \$11,560 in lease revenue and \$7,748 in interest revenue during the current fiscal year related to this lease. As of December 31, 2025, the Village's receivable for lease payments was \$303,591. Also, the Village has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflows of resources was \$277,634.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 18,000	\$ -	\$ (18,000)	\$ -
Construction in progress	67,836	-	(67,836)	-
Subtotal	85,836	-	(85,836)	-
Capital assets being depreciated				
Buildings and improvements	282,044	-	(300)	281,744
Land improvements	-	115,310	-	115,310
Infrastructure	1,388,609	98,625	-	1,487,234
Equipment	546,982	-	-	546,982
Vehicles	2,024	-	-	2,024
Subtotal	2,219,659	213,935	(300)	2,433,294
Less accumulated depreciation for:				
Buildings and improvements	(193,770)	(11,260)	300	(204,730)
Land improvements	-	(1,922)	-	(1,922)
Infrastructure	(707,225)	(62,007)	-	(769,232)
Equipment	(376,612)	(54,707)	-	(431,319)
Vehicles	(2,024)	-	-	(2,024)
Subtotal	(1,279,631)	(129,896)	300	(1,409,227)
Net capital assets being depreciated	940,028	84,039	-	1,024,067
Capital assets, net	\$ 1,025,864	\$ 84,039	\$ (85,836)	\$ 1,024,067

Depreciation expense was charged to the following governmental activities:

General government	\$ 194
Public works	62,951
Recreation and culture	12,238
Internal service fund*	54,513
Total depreciation/amortization expense	\$ 129,896

*Depreciation of capital assets held by the Village of Bellevue's internal service funds are charged to the various functions as part of the fees paid to the internal services funds throughout the year.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (continued)

PRIMARY GOVERNMENT (continued)

	Balance Jan. 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2025
Business-type Activities				
Capital assets not being depreciated				
Construction in progress - water	\$ 764,727	\$ 10,500	\$ (764,727)	\$ 10,500
Construction in progress - sewer	1,794,095	12,423,491	(35,598)	14,181,988
Subtotal	<u>2,558,822</u>	<u>12,433,991</u>	<u>(800,325)</u>	<u>14,192,488</u>
Capital assets being depreciated				
Water system	1,844,148	829,327	(1,292)	2,672,183
Sewer system	3,466,663	35,597	(2,484)	3,499,776
Subtotal	<u>5,310,811</u>	<u>864,924</u>	<u>(3,776)</u>	<u>6,171,959</u>
Less accumulated depreciation for:				
Water system	(1,258,316)	(64,127)	1,292	(1,321,151)
Sewer system	(2,588,635)	(42,699)	2,484	(2,628,850)
Subtotal	<u>(3,846,951)</u>	<u>(106,826)</u>	<u>3,776</u>	<u>(3,950,001)</u>
Net capital assets being depreciated	<u>1,463,860</u>	<u>758,098</u>	<u>-</u>	<u>2,221,958</u>
Capital assets, net	<u>\$ 4,022,682</u>	<u>\$ 13,192,089</u>	<u>\$ (800,325)</u>	<u>\$ 16,414,446</u>

Depreciation expense was charged to the following business-type activities:

Water	\$ 64,127
Sewer	<u>42,699</u>
Total depreciation expense	<u>\$ 106,826</u>

COMPONENT UNIT

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Downtown Development Authority				
Capital assets being depreciated				
Equipment	\$ -	\$ 41,426	\$ -	\$ 41,426
Less accumulated depreciation for:				
Equipment	-	(1,036)	-	(1,036)
Capital assets, net	<u>\$ -</u>	<u>\$ 40,390</u>	<u>\$ -</u>	<u>\$ 40,390</u>

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Village for the year ended December 31, 2025.

	Balance Jan. 1, 2025	Additions	Reductions	Balance Dec. 31, 2025	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
Direct borrowing					
Promissory note payable	\$ 67,736	\$ -	\$ (14,412)	\$ 53,324	\$ 15,546
Business-type activities					
Direct borrowing					
Construction payable	385,418	-	(77,082)	308,336	77,084
TOTAL PRIMARY GOVERNMENT	<u>\$ 453,154</u>	<u>\$ -</u>	<u>\$ (91,494)</u>	<u>\$ 361,660</u>	<u>\$ 92,630</u>

Significant details regarding outstanding long-term debt are presented below:

Primary Government

Governmental Activities

Promissory Note Payable

\$78,900 commercial loan entered into on February 14, 2024, due in monthly installments of \$1,585, with interest of 7.05%. The lender has security interest in the 2009 truck as part of this loan.

\$ 53,324

Business-type Activities

Construction Payable

\$539,586 construction loan entered into on August 31, 2022, due in annual installments of \$77,084, with no imputed interest.

\$ 308,336

The annual requirements to pay the debt principal and interest outstanding for the notes and other obligations are as follows:

PRIMARY GOVERNMENT

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Direct Borrowing		Direct Borrowing	
	Principal	Interest	Principal	Interest
2026	\$ 15,546	\$ 3,472	\$ 77,084	\$ -
2027	16,753	2,265	77,084	-
2028	18,054	964	77,084	-
2029	2,971	27	77,084	-
	<u>\$ 53,324</u>	<u>\$ 6,728</u>	<u>\$ 308,336</u>	<u>\$ -</u>

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

PRIMARY GOVERNMENT (continued)

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

Plan Description

The Village administers a single-employer defined benefit healthcare plan (the “Plan”). The Village of Bellevue OPEB Plan provides certain health care benefits to certain employees who have retired and their beneficiaries. Benefit provisions are established by the Village. The Plan does not issue a separate stand-alone financial statement.

Benefits Provided and Contributions

The Village contributes \$150 monthly to the plan for eligible retirees and their beneficiaries. There are no contributions required by the plan participants. The plan is closed to new hires after November 2013. Employees who retire after 15 years of continuous service and are at least 62 years old qualified for the continued health insurance coverage for the employee only. Employees who retire after 20 years of continuous service and are at least 62 years old are eligible for continued health insurance coverage along with their dependents (at the time of retirement).

Summary of Plan Participants

At the December 31, 2025, the date of the most recent alternative measurement method, the following employees were covered by the benefit terms:

Eligible retirees/Non-active employees	4
Active employees	2
Total	6

Net OPEB Asset

The net OPEB asset of the Village was measured as of December 31, 2025, and was determined using the alternative measurement method, as permitted in GASB 75, as of that date.

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued)

Actuarial Assumptions

The net OPEB asset was determined using the alternative measurement method as of December 31, 2025, using the following assumptions (which were determined by management utilizing the best information available), applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate – 6.9%
- Long-term Rate of Return – 6.9%
- Salary Increases – 3.65%
- Healthcare Cost Trend Rate – n/a
- Retirement Age for Active Employees – Based on the historical average retirement age for the covered group were assumed to retire at age 66.
- Mortality Tables – based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
- Probably of Accepting Benefits – the probability of participants accepting benefits once they meet the years of service requirements was assumed at 100%.
- Future Contributions – it is assumed that future contributions to the plan will remain at the same flat rate amount over time.

Changes in Assumptions: there were no changes in assumptions during plan year 2025.

Changes of Benefits Terms: there were no changes of benefit terms during plan year 2025.

Change in Net OPEB Asset

The change in the net OPEB asset for the year ended December 31, 2025, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at December 31, 2024	\$ 255,840	\$ 390,865	\$ (135,025)
Changes for the year			
Service cost	714	-	714
Interest	17,153	-	17,153
Difference between expected and actual experience	(129,692)	-	(129,692)
Contributions - employer	-	159,773	(159,773)
Net investment income	-	74,323	(74,323)
Benefit payments, including employee refunds	(16,200)	(16,200)	-
Administrative expenses	-	(1,072)	1,072
Net changes	(128,025)	216,824	(344,849)
Balances at December 31, 2025	\$ 127,815	\$ 607,689	\$ (479,874)

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
MERS Total Market Portfolio	100.00%	6.90%

Summary of Significant Accounting Policies

For purposes of measuring the total other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Village’s fiduciary net position have been determined on the same basis as they are reported for the Village. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Village, as well as what the Village’s net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current discount rate:

	Sensitivity to Discount Rate		
	1% Decrease	Current Rate	1% Increase
Net OPEB (asset)	\$ (470,361)	\$ (479,874)	\$ (488,361)

Regarding the sensitivity of the net OPEB asset to changes in the healthcare cost trend rates, since the stipend is a fixed payment there is no trend applied. Therefore, a healthcare cost trend sensitivity is not applicable.

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Village recognized an OPEB benefit of \$152,496. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 33,950

**VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB benefit as follows:

Year Ending December 31,	OPEB (Benefit)
2026	\$ (8,487)
2027	(8,487)
2028	(8,487)
2029	(8,489)
	\$ (33,950)

NOTE 7 - DEFINED CONTRIBUTION PLANS

Michigan Municipal Employees Retirement System Health Care Savings Program (HCSP)

The Village participates in the HCSP, an agent multiple-employer defined contribution OPEB plan that covers all eligible full-time employees of the Village hired before November 1, 2013. As established by Village Council, the Village contributes 1 percent of eligible employee wages. For the year ended December 31, 2025, the Village contributed \$16,200. Employees are not required to and did not contribute to the plan in the current year.

Simple IRA Plus Defined Contribution Pension Plan

The Village allows its employees to participate in an IRA plan after completing one year of service. The Village matches up to 3.0% of an employee's annual compensation. The current year contribution was \$11,105 from the Village and \$24,188 from the employees.

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

NOTE 9 - 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. The Village carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

VILLAGE OF BELLEVUE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2027 fiscal year.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2025, the Village implemented the GASB Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncement:

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact.

There was no material impact on the Village's financial statements after the adoption of GASB Statement No. 102.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF BELLEVUE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 320,250	\$ 320,250	\$ 305,048	\$ (15,202)
Licenses and permits	6,415	6,415	6,119	(296)
Intergovernmental	205,614	323,748	327,499	3,751
Fines and forfeits	600	600	646	46
Interest and rents	13,236	13,235	5,039	(8,196)
Other	2,400	2,400	29,994	27,594
TOTAL REVENUES	<u>548,515</u>	<u>666,648</u>	<u>674,345</u>	<u>7,697</u>
EXPENDITURES				
Current				
General government				
Legislative	3,990	3,990	3,973	17
Chief executive	69,268	69,268	68,283	985
Finance and tax admin	59,653	63,541	63,495	46
Buildings and grounds	13,500	7,150	7,024	126
Other	13,196	15,416	15,413	3
Total general government	<u>159,607</u>	<u>159,365</u>	<u>158,188</u>	<u>1,177</u>
Public safety				
Police	195,192	190,192	180,209	9,983
Fire	105,000	106,840	106,834	6
Total public safety	<u>300,192</u>	<u>297,032</u>	<u>287,043</u>	<u>9,989</u>
Public works				
Routine maintenance	49,243	49,243	44,185	5,058
Street lighting	11,000	11,000	10,828	172
Other	23,540	23,540	11,509	12,031
Total public works	<u>83,783</u>	<u>83,783</u>	<u>66,522</u>	<u>17,261</u>
Community and economic development	1,180	1,510	1,287	223
Recreation and culture	3,700	121,834	121,822	12
TOTAL EXPENDITURES	<u>548,462</u>	<u>663,524</u>	<u>634,862</u>	<u>28,662</u>
NET CHANGE IN FUND BALANCE	53	3,124	39,483	36,359
Fund balance, beginning of year	<u>1,112,385</u>	<u>1,112,385</u>	<u>1,112,385</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,112,438</u>	<u>\$ 1,115,509</u>	<u>\$ 1,151,868</u>	<u>\$ 36,359</u>

**VILLAGE OF BELLEVUE
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 137,000	\$ 137,000	\$ 152,673	\$ 15,673
Interest	900	900	687	(213)
Other	23,436	23,436	31,278	7,842
TOTAL REVENUES	161,336	161,336	184,638	23,302
EXPENDITURES				
Current				
Public works	120,103	120,103	98,156	21,947
NET CHANGE IN FUND BALANCE	41,233	41,233	86,482	45,249
Fund balance, beginning of year	226,754	226,754	226,754	-
Fund balance, end of year	\$ 267,987	\$ 267,987	\$ 313,236	\$ 45,249

VILLAGE OF BELLEVUE
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF CHANGES IN VILLAGE'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST EIGHT FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	2025	2024	2023	2022	2021	2020	2019	2018
Changes in Total OPEB Liability								
Service cost	\$ 714	\$ 7,200	\$ 7,200	\$ 14,400	\$ 14,400	\$ 58,339	\$ 54,290	\$ 53,990
Interest	17,153	8,744	8,914	8,533	8,201	90,388	74,513	72,177
Changes of benefit terms	-	-	-	-	(2,338,767)	-	-	-
Difference between actual and expected experience	(129,692)	(54,214)	(6,976)	-	-	(19,379)	-	-
Contributions/benefit payments made from general operating funds	-	-	-	-	-	49,428	50,637	50,637
Benefit payments including employee refunds	(16,200)	(14,850)	(15,150)	(9,464)	(3,586)	(49,428)	(50,637)	(50,637)
Net Change in Total OPEB Liability	(128,025)	(53,120)	(6,012)	13,469	(2,319,752)	129,348	128,803	126,167
Total OPEB Liability - beginning	255,840	308,960	314,972	301,503	2,621,255	2,491,907	2,363,104	2,236,937
Total OPEB Liability - ending	<u>\$ 127,815</u>	<u>\$ 255,840</u>	<u>\$ 308,960</u>	<u>\$ 314,972</u>	<u>\$ 301,503</u>	<u>\$ 2,621,255</u>	<u>\$ 2,491,907</u>	<u>\$ 2,363,104</u>
Changes in Plan Fiduciary Net Position								
Contributions-employer	\$ 159,773	\$ 129,727	\$ 112,731	\$ 106,270	\$ 56,857	\$ 49,428	\$ 50,637	\$ 50,637
Net investment income (loss)	74,323	23,916	14,298	(8,370)	(223)	-	-	-
Benefit payments including employee refunds	(16,200)	(14,850)	(15,150)	(9,464)	(3,586)	(49,428)	(50,637)	(50,637)
Administrative expense	(1,072)	(715)	(407)	(150)	(19)	-	-	-
Net Change in Plan Fiduciary Net Position	216,824	138,078	111,472	88,286	53,029	-	-	-
Plan Fiduciary Net Position - beginning	390,865	252,787	141,315	53,029	-	-	-	-
Plan Fiduciary Net Position - ending	<u>\$ 607,689</u>	<u>\$ 390,865</u>	<u>\$ 252,787</u>	<u>\$ 141,315</u>	<u>\$ 53,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Net OPEB Liability (asset)	<u>\$ (479,874)</u>	<u>\$ (135,025)</u>	<u>\$ 56,173</u>	<u>\$ 173,657</u>	<u>\$ 248,474</u>	<u>\$ 2,621,255</u>	<u>\$ 2,491,907</u>	<u>\$ 2,363,104</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	475.44%	152.78%	81.82%	44.87%	17.59%	0.00%	0.00%	0.00%
Covered Payroll	\$ 126,267	\$ 133,511	\$ 137,038	\$ 140,565	\$ 139,377	\$ 132,724	\$ 127,993	\$ 125,433
Employer's Net OPEB Liability (asset) as a percentage of covered payroll	-380.05%	-101.13%	40.99%	123.54%	178.27%	1974.97%	1946.91%	1883.96%

The Village began funding the trust in fiscal year 2021. This schedule is being built prospectively from the implementation of GASB 75. Ultimately, ten years of data will be presented.

**VILLAGE OF BELLEVUE
 OTHER POSTEMPLOYMENT BENEFITS PLAN
 SCHEDULE OF INVESTMENT RETURNS
 LAST FIVE FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)**

<u>Year Ended December 31,</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2025	14.89%
2024	7.43%
2023	7.26%
2022	-8.61%
2021	0.84%

The Village began funding the trust in fiscal year 2021. This schedule is being built prospectively from the implementation of GASB 75. Ultimately, ten years of data will be presented.

VILLAGE OF BELLEVUE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Change of Benefit Terms - There were no significant changes of benefit terms for each of the reported plan years ended December 31 except for the following:

- 2021 - Change from Village paying 80% of insurance premiums to \$150 per month for retirees.

Changes in Assumptions - There were no significant changes of assumptions for each of the reported plan years.

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF BELLEVUE
COMPONENT UNIT FUND
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY
DECEMBER 31, 2025**

ASSETS	
Cash and cash equivalents	<u>\$ 54,159</u>
LIABILITIES	
Accounts payable	<u>\$ 20,713</u>
FUND BALANCE	
Unassigned	<u>33,446</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 54,159</u>

**VILLAGE OF BELLEVUE
 COMPONENT UNIT FUND
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
 NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY
 DECEMBER 31, 2025**

Total fund balance - governmental fund \$ 33,446

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$	41,426	
Accumulated depreciation is		<u>(1,036)</u>	
Capital assets, net			<u>40,390</u>

Net position of governmental activities \$ 73,836

**VILLAGE OF BELLEVUE
 COMPONENT UNIT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED DECEMBER 31, 2025**

REVENUES		
Taxes	\$	25,677
Interest		414
		<u> </u>
TOTAL REVENUES		<u>26,091</u>
EXPENDITURES		
Current		
Community and economic development		44,756
		<u> </u>
NET CHANGE IN FUND BALANCE		(18,665)
Fund balance, beginning of year		<u>52,111</u>
Fund balance, end of year	\$	<u><u>33,446</u></u>

**VILLAGE OF BELLEVUE
 COMPONENT UNIT FUND
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT
 OF ACTIVITIES - DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED DECEMBER 31, 2025**

Net change in fund balance - governmental fund \$ (18,665)

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

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	41,426
Depreciation expense	<u>(1,036)</u>

Change in net position of governmental activities \$ 21,725

SINGLE AUDIT SECTION

**VILLAGE OF BELLEVUE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025**

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Grantor and Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY Passed through Michigan Department of Environment, Great Lakes, and Energy Coronavirus State and Local Fiscal Recovery Funds COVID-19 American Rescue Plan Act	21.027	SLFRP0127	<u>\$ 11,767,712</u>

Note: There were no funds that were provided to subrecipients from the above programs.

VILLAGE OF BELLEVUE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position or changes in net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Village of Bellevue has elected to not use the 10- percent de minimis indirect cost rate allowed under the Uniform Guidance for awards executed on or before September 30, 2024 and also has not elected to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance for awards executed on or after October 1, 2024.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

The following reconciles the federal revenues reported in the December 31, 2025 basic financial statements to the expenditures of the Village administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/State Revenue	Reconciliation	Federal Award Expenditures
PRIMARY GOVERNMENT			
GENERAL FUND			
Other Programs	\$ 327,499	\$ (327,499)	\$ -
MAJOR STREETS FUND			
Other Programs	152,673	(152,673)	-
NONMAJOR GOVERNMENTAL FUNDS			
Other Funds	92,903	(92,903)	-
WATER FUND	14,650	(14,650)	-
SEWER FUND			
Coronavirus State and Local Fiscal Recovery Funds	11,767,712	-	11,767,712
TOTAL REPORTING ENTITY	\$ 12,355,437	\$ (587,725)	\$ 11,767,712



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council
Village of Bellevue, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 Village of Bellevue, 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, and have issued our report thereon dated May 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Bellevue's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Bellevue's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Bellevue's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bellevue's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Bellevue's Responses to Findings

The Village's responses to the finding identified in our audit are described in the schedule of findings and questioned costs. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Maney Costeiran PC

Lansing, Michigan
May 27, 2026



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Village Council
Village of Bellevue, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Village of Bellevue's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Village of Bellevue's major federal programs for the year ended December 31, 2025. Village of Bellevue's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Village of Bellevue complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Village of Bellevue and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Village of Bellevue's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Village of Bellevue's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Village of Bellevue's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Village of Bellevue's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village of Bellevue's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Village of Bellevue's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Village of Bellevue's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Village of Bellevue's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Village of Bellevue's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costerian PC

Lansing, Michigan
May 27, 2026

VILLAGE OF BELLEVUE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Section II - Financial Statement Findings

2025-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Finding Type: Material Weakness

Condition: Material journal entries for the proper recognition of Village accounts were proposed by the auditors. These misstatements were not detected by the Village's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the Village's general ledger. A similar issue was noted and reported last year as 2024-001.

Criteria: Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Cause: Management did not properly identify the misstatements and record the necessary adjustments.

Effect: The Village's financial reports initially contained material misstatements that were not otherwise identified by management.

Recommendation: We recommend that the Village take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.

2025-002 SEGREGATION OF DUTIES OVER KEY FINANCIAL PROCESSES

Finding Type: Material Weakness

Condition: The Village does not maintain adequate segregation of duties over key financial processes. The same individual is responsible for preparing journal entries and performing bank reconciliations, without independent review or approval by another qualified individual. These tasks represent incompatible functions that, if not segregated or independently reviewed, increase the risk of undetected errors or irregularities in financial reporting. A similar issue was noted and reported last year as 2024-002.

Criteria: Management is responsible for establishing and maintaining internal controls to safeguard Village assets and ensure the integrity of financial reporting. A fundamental element of effective internal control is the segregation of incompatible duties such that no single individual has control over all aspects of a transaction.

Cause: The Village's limited staffing structure does not allow for full segregation of duties, and formal compensating controls-such as documented secondary review-have not been implemented.

VILLAGE OF BELLEVUE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Section II - Financial Statement Findings (continued)

2025-002 SEGREGATION OF DUTIES OVER KEY FINANCIAL PROCESSES (continued)

Effect: As a result of this condition, the Village is exposed to an increased risk that errors or misstatements—whether due to error or fraud—may occur and not be prevented or detected and corrected in a timely manner. The lack of review over reconciliations and journal entries reduces the effectiveness of the Village’s control environment.

Recommendation: For entities of similar size to the Village, balancing the costs and benefits of internal controls and the segregation of incompatible duties can be challenging but we would encourage management to actively seek ways to strengthen its internal control structure. This may include requiring as much independent review, reconciliation, and approval of journal entries and bank reconciliations by qualified members of management and documenting such review as part of the Village’s control procedures.

Views of Responsible Officials: Management agrees with the finding and has taken appropriate action to remedy the bank reconciliation portion of the finding during fiscal year 2025.

2025-003 BANK RECONCILIATIONS

Finding Type: Material Weakness

Condition: During our analysis of the Village’s cash accounts, we noted various outstanding reconciling items being reflected on the reconciliations that were not truly reconciling items. We also noted that documented review of bank reconciliations did not take place until the end of the fiscal year. A similar issue was noted and reported last year as 2024-003.

Criteria: All cash accounts are to be reconciled to their respective bank statements monthly in accordance with the Accounting Procedures Manual for Local Units of Government in Michigan.

Cause: Management did not properly document review the completed bank reconciliations nor identify discrepancies noted within the bank reconciliation through the normal bank reconciliation process.

Effect: This internal control issue could cause the financial statements to be materially misstated or lead to inappropriate or incorrect transactions being processed through the Village’s accounts and those transactions going unidentified.

Recommendation: We recommend that the Village take steps to ensure that bank reconciliations are documented as reviewed and reconciling items are properly documented.

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.

VILLAGE OF BELLEVUE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Section III - Federal Award Findings and Questioned Costs

2025-004 LACK OF WRITTEN FEDERAL POLICIES AND PROCEDURES REQUIRED BY UNIFORM GUIDANCE

Type of Finding: Material noncompliance

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (ALN# 21.027)

Compliance Requirement: All

Criteria - Per 2 CFR §200.303 and related sections (including §§200.305 and 200.318-320), non-federal entities expending federal awards must establish and maintain effective internal controls and must document policies and procedures governing compliance with applicable federal statutes, regulations, and terms of award.

Condition - The Village has not developed or implemented the written policies and procedures required under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Required documentation is absent in areas such as internal controls over compliance, cash management, procurement, and allowable costs. A similar issue was noted and reported last year as 2024-005.

Cause - The Village has not formally developed Uniform Guidance-compliant policies due to limited administrative resources and competing operational priorities.

Effect - The absence of formal written policies and procedures increases the risk of inconsistent or noncompliant treatment of federal expenditures. Without documented controls and expectations, the Village may fail to detect or prevent noncompliance with federal requirements in key grant administration areas.

Questioned Costs - None

Recommendation - We recommend that the Village adopt written policies and procedures addressing the specific requirements outlined in the Uniform Guidance. These policies should include, but not be limited to, internal controls over compliance, procurement, cash management, subrecipient monitoring (if applicable), and allowable cost determinations. Management should ensure that these policies are communicated and periodically reviewed.

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.



VILLAGE OF BELLEVUE

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CORRECTIVE ACTION PLAN

Certain matters were brought to our attention as a result of the audit process. These are described more fully in the Schedule of Findings and Questioned Costs. We evaluated the matters as noted below and have described our planned actions as a result.

2025-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.

Corrective action plan response: The Village will take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Responsible Party: Nicole Roberts (Village Manager) and Michelle Pennington (Assistant Village Manager).

Date of Planned Corrective Action: December 31, 2026

2025-002 SEGREGATION OF DUTIES OVER KEY FINANCIAL PROCESSES

Views of Responsible Officials: Management agrees with the finding and has taken appropriate action to remedy the bank reconciliation portion of the finding during fiscal year 2025.

Corrective action plan response: The Village will take steps to actively seek ways to strengthen its internal control structure. This may include requiring as much independent review, reconciliation, and approval of journal entries and bank reconciliations by qualified members of management and documenting such review as part of the Village's control procedures.

Responsible Party: Nicole Roberts (Village Manager) and Michelle Pennington (Assistant Village Manager).

Date of Planned Corrective Action: December 31, 2026

2025-003 BANK RECONCILIATIONS

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.

Corrective action plan response: The Village will take steps to ensure that bank reconciliations are documented as reviewed and reconciling items are properly documented.

Responsible Party: Nicole Roberts (Village Manager) and Michelle Pennington (Assistant Village Manager).

Date of Planned Corrective Action: December 31, 2026

2025-004 LACK OF WRITTEN FEDERAL POLICIES AND PROCEDURES REQUIRED BY UNIFORM GUIDANCE

Views of Responsible Officials: Management agrees with the finding and will take appropriate steps to remedy noted finding.

Corrective action plan response: The Village will take steps to adopt written policies and procedures addressing the specific requirements outlined in the Uniform Guidance.

Responsible Party: Nicole Roberts (Village Manager)

Date of Planned Corrective Action: December 31, 2026

**VILLAGE OF BELLEVUE
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025**

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

2024-001 Preparation of GAAP Financial Statements and Material Audit Adjustments

Finding Type: Material Weakness

Condition: As is the case with many smaller and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Village's internal controls. In addition, we proposed, and management approved, material journal entries to properly record cash, payables, accrued wages, capital asset transactions (including depreciation expense and additions) , receivables (including grant revenue) , and long-term debt in the proprietary and governmental funds along with the government-wide financial statements. This was originally noted in the schedule of findings and questioned costs as 2013-2.

Resolution: Issues such as this are reevaluated each year as a part of audit procedures. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2025-001.

2024-002 Inadequate Segregation of Duties Over Key Financial Processes

Finding Type: Material Weakness

Condition: The Village does not maintain adequate segregation of duties over key financial processes. The same individual is responsible for preparing journal entries and performing bank reconciliations, without independent review or approval by another qualified individual. These tasks represent incompatible functions that, if not segregated or independently reviewed, increase the risk of undetected errors or irregularities in financial reporting. This was originally noted in the schedule of findings and questioned costs as 2013-1.

Resolution: Issues such as this are reevaluated each year as a part of audit procedures. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2025-002.

2024-003 Untimely Bank Reconciliations

Finding Type: Material Weakness

Condition: Bank reconciliations were not performed on a timely basis during the fiscal year. Several accounts were reconciled months after the close of the reporting period to which they related, and there was no documented evidence of secondary review. Timely reconciliation of cash is a critical control to ensure accurate reporting and safeguard of assets. This was originally noted in the schedule of findings and questioned costs as 2021-02.

Resolution: Issues such as this are reevaluated each year as a part of audit procedures. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2025-003.

VILLAGE OF BELLEVUE
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES (concluded)
YEAR ENDED DECEMBER 31, 2025

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

2024-004 Material Misstatement of the Schedule of Expenditures of Federal Awards (SEFA)

Finding Type: Material Weakness In Internal Control Over Compliance

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (ALN# 21.027)

Condition: The Schedule of Expenditures of Federal Awards (SEFA), as initially provided for audit, contained material misstatements. The original version of the SEFA did not accurately report the total amount of federal expenditures and required significant audit adjustments to reflect the proper award amounts and program classifications in accordance with the Uniform Guidance. This was originally noted in the schedule of findings and questioned costs as 2024-004.

Resolution: Issues such as this are reevaluated each year as a part of audit procedures. This finding is considered resolved in the current year.

2024-005 Lack of Written Federal Policies and Procedures Required by Uniform Guidance

Finding Type: Material Weakness In Internal Control Over Compliance

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (ALN# 21.027)

Condition: The Village has not developed or implemented the written policies and procedures required under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Required documentation is absent in areas such as internal controls over compliance, cash management, procurement, and allowable costs. This was originally noted in the schedule of findings and questioned costs as 2024-005.

Resolution: Issues such as this are reevaluated each year as a part of audit procedures. A similar issue was noted during the current audit and reported in the schedule of findings and questioned costs as finding 2025-004.