

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the City for the purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2026**

**NEW ISSUE**

**Rating♦: S&P Global Ratings: "A+"**

*In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent described herein, (2) interest on the Bonds is not an item of tax preference in calculating the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the corporate alternative minimum tax of the Code, and (3) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof to the extent described herein. The Bonds have been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.*

**\$9,295,000<sup>†</sup>**

**CITY OF FLUSHING  
COUNTY OF GENESEE, STATE OF MICHIGAN  
GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

**SALE DATE: June 10, 2026, 11:30 a.m. prevailing Eastern Time**

**AUTHORIZATION, PURPOSE AND SECURITY:** The General Obligation Limited Tax Bonds, Series 2026 (the "Bonds") are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a bond resolution adopted by the City Council of the City of Flushing, Michigan (the "City") on May 11, 2026. Proceeds from the sale of the Bonds will be used to finance the cost to design, acquire, and construct certain capital improvements, including without limitation: (i) improvements to the Sanitary Sewer System, including, but not limited to upgrades to the supervisory control and data acquisition (SCADA) system, including but not limited to PLCs, instrumentation, wiring, servers, HMI development, and communications; preliminary treatment system improvements, including, but not limited to bar screens, pump, piping and valve replacements, and related electrical, HVAC and control upgrades, together with all related work, equipment, site improvements, furnishings, appurtenances, and incidental items necessary to support the improvements and such other Sanitary Sewer System improvements the City shall determine to make; and (ii) to pay certain expenses relating to the issuance of the Bonds. The City has pledged its limited tax, full faith and credit, as security for the payment of principal of and interest on the Bonds when due. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such taxes is subject to applicable constitutional, statutory and charter tax rate limitations. See "THE BONDS – Authorization and Security," and APPENDIX A, herein.

**BOOK-ENTRY ONLY SYSTEM:** The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in the Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry Only System" and APPENDIX E, "FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

**PAYMENT OF BONDS:** Interest on the Bonds will be payable semi-annually on the first day of April and October of each year commencing April 1, 2027. The Bonds will be issued fully registered as to principal and interest in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan or other designated office, the Bond Registrar and Paying Agent, or such other Bond Registrar and Paying Agent as the City may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

**Dated:** Date of Delivery (July 1, 2026, anticipated)

**QUALIFIED TAX-EXEMPT OBLIGATIONS**

**Principal Due:** April 1 of each year, as shown on the inside cover

**LEGAL OPINION:** Dickinson Wright PLLC

Municipal Advisor:



This cover page contains certain information for quick reference only. It is not a summary of this issue of Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

♦ See "BOND RATING" herein. As of delivery date.

† Preliminary, subject to change: See "Adjustment in Principal Amount" herein and in APPENDIX E, "FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM."

**\$9,295,000<sup>†</sup>**  
**CITY OF FLUSHING**  
**COUNTY OF GENESEE, STATE OF MICHIGAN**  
**GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

**MATURITY SCHEDULE<sup>†</sup>**

**Principal Due: April 1**

**Base CUSIP◇: \_\_\_\_\_**

<b>Maturity</b>	<b>CUSIP</b>	<b>Coupon</b>	<b>Maturity</b>	<b>CUSIP</b>	<b>Coupon</b>				
<b>April 1</b>	<b>Number◇</b>	<b>Amount †</b>	<b>Rate %</b>	<b>Yield %</b>	<b>April 1</b>	<b>Number◇</b>	<b>Amount †</b>	<b>Rate %</b>	<b>Yield %</b>
2027		\$325,000			2040	*	\$360,000		
2028		245,000			2041	*	375,000		
2029		250,000			2042	*	390,000		
2030		260,000			2043	*	405,000		
2031		265,000			2044	*	425,000		
2032		275,000			2045	*	440,000		
2033		285,000			2046	*	460,000		
2034		290,000			2047	*	480,000		
2035		300,000			2048	*	505,000		
2036		310,000			2049	*	525,000		
2037	*	320,000			2050	*	550,000		
2038	*	335,000			2051	*	575,000		
2039	*	345,000							

**\*PRIOR REDEMPTION:** Bonds maturing in the years 2037 through 2051 are subject to optional redemption as described under the heading “THE BONDS – Optional Redemption Prior to Maturity” herein.

**INFORMATION FOR BIDDERS ON DETAILS OF SALE**

**DATE BIDS DUE: June 10, 2026**

**TIME BIDS DUE: 11:30 a.m., prevailing Eastern Time**

**LOCATIONS OF SUBMISSION OF BIDS:** Bids ONLY accepted electronically via PARITY and by email to the Municipal Advisory Council of Michigan at: [munibids@macmi.com](mailto:munibids@macmi.com). Bidder bears all risk of transmission failure.

**BOND DETAILS:**

**Principal Amount:** \$9,295,000<sup>†</sup>

**Dated:** Date of Delivery (July 1, 2026, anticipated)

**Interest Payment Dates:** April 1 and October 1, commencing April 1, 2027

**Rating:** S&P Global Ratings: “A+”

**Maximum Interest Rate:** 6%

**Maximum Interest Rate Spread:** N/A

**Good Faith Deposit:** \$92,950

**Maximum Discount:** \$0

**Denominations:** \$5,000 or a multiple of \$5,000

**The published Official Notice of Sale shall control if there is a conflict between this Official Statement and the published Official Notice of Sale.**

**RESTRICTIONS:** The Bonds shall bear interest at a rate not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. Bonds maturing after 2036 shall bear interest at a minimum coupon rate of 4.00%. The interest on any one Bond shall be at one rate only and all Bonds maturing in any one year must carry the same interest rate. No bid for the purchase of less than all of the Bonds or at a price that is less than 100% of their par value will be considered.

<sup>†</sup> Preliminary, subject to change: See “Adjustment in Principal Amount” herein and in APPENDIX E, “FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM.”

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## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth in this Official Statement has been obtained from the City and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained under the heading "Book-Entry-Only System," but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement. The Paying Agent has not participated in the preparation of this Official Statement and assumes no responsibility for it.



**CITY OF FLUSHING**  
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Flushing, MI 48433  
Phone: (810) 659-5665  
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**CITY OF FLUSHING OFFICIALS**

**CITY COUNCIL**

Mayor  
Edward Sullivan

Mayor Pro Tem  
Dane Miller

Brooke Good

Eric Johnson

Joseph Karlichek

Danielle Smith

**CITY ADMINISTRATION**

City Manager  
Michelle M. King

City Treasurer  
Kimberly Lynch

City Clerk  
Monica M. Zofchak

City Assessor  
Heather McDermaid

**PROFESSIONAL SERVICES**

Bond Counsel .....Dickinson Wright PLLC  
Grand Rapids, Michigan

Municipal Advisor ..... MFCI, LLC  
Milford, Michigan

Paying Agent.....Argent Institutional Trust Company  
Grand Rapids, Michigan

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**OFFICIAL STATEMENT OF THE  
\$9,295,000<sup>†</sup>  
CITY OF FLUSHING  
COUNTY OF GENESEE, STATE OF MICHIGAN  
GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

**INTRODUCTION**

The purpose of this Official Statement is to set forth information concerning the City of Flushing (the “City”) General Obligation Limited Tax Bonds, Series 2026 (the “Bonds”). The information contained herein is presented in connection with the sale of the Bonds and for the information of those who initially became holders of the Bonds. Information describing the Bonds, summarized on the inside cover page, is part of this Official Statement.

**THE FINANCING**

**Purpose of the Bonds**

Proceeds from the sale of the Bonds will be used to finance the cost to design, acquire and construct certain capital improvements, including without limitation, (i) improvements to the Sanitary Sewer System, including, but not limited to upgrades to the supervisory control and data acquisition (SCADA) system, including but not limited to PLCs, instrumentation, wiring, servers, HMI development, and communications; preliminary treatment system improvements, including, but not limited to bar screens, pump, piping and valve replacements, and related electrical, HVAC and control upgrades; together with all related work, equipment, site improvements, furnishings, appurtenances, and incidental items necessary to support the improvements and such other Sanitary Sewer System improvements the City shall determine to make (the “Project”), and (ii) pay certain expenses relating to the issuance of the Bonds (together with the Project, the “Financing”).

**Estimated Sources and Uses of Funds**

The sources and uses of funds with respect to the Financing are estimated as follows:

<u>Sources of Funds</u>	
Par Value of Bonds	
[Net] Original Issue Premium	_____
Total Sources	=====
 <u>Uses of Funds</u>	
Deposit to Construction Fund	
Underwriter’s Discount	
Costs of Issuance <sup>(1)</sup>	_____
Total Uses	=====

<sup>(1)</sup> Includes legal, municipal advisor, printing, ratings, publication, and other miscellaneous costs of issuance.

*Source: City of Flushing*

<sup>†</sup> Preliminary, subject to change: See “Adjustment in Principal Amount” herein and in APPENDIX E, “FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM.”

## **THE BONDS**

### **Authorization and Security**

The Bonds are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), and a bond authorizing resolution (the “Resolution”) adopted by the City Council of the City on May 11, 2026. The City has pledged its limited tax, full faith and credit as security for the payment of the principal of and interest on the Bonds. The City is obligated to make such payments as a first budget obligation from its general funds, including any collections of ad valorem taxes it may be authorized to levy. The ability of the City to levy such taxes is subject to applicable constitutional, statutory and charter tax rate limitations. See “CITY TAXATION AND LIMITATIONS” herein.

The rights or remedies of Bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

### **Interest Payment**

The Bonds shall bear interest payable April 1, 2027, and semi-annually thereafter on each April 1 and October 1, until maturity or earlier redemption. Interest shall be paid by check or draft mailed to the registered owner of each bond as of the applicable date of record.

### **Adjustment in Principal Amount**

The aggregate principal amount of the Bonds has been determined as the amount necessary to fund the City’s project costs, cost of issuance, and capitalized interest, assuming certain conditions and events exist on the date of sale. Following receipt of bids and prior to final award, the City reserves the right to increase or decrease the aggregate principal amount of the Bonds. The increase or decrease, if necessary, will be made in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the increase or decrease in the principal amount of the Bonds, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw the bid as a result of any changes made as provided in this paragraph.

### **Term Bond Option**

Bidders shall have the option of designating any one or more maturities of the Bonds as term bonds. If a bidder designates any one or more maturities for the Bonds as term bonds, the principal requirements on the cover page hereof for the designated years shall represent a mandatory redemption requirement for a term bond or a term bond maturity as designated by the bidder. In any event, the principal amounts on the cover page hereof shall be represented by either serial bond maturities or mandatory sinking fund redemption requirements for terms bonds or a combination of both. If the winning bid does not designate any one or more maturities of the Bonds as term bonds, then the maturities shown on the inside cover page hereof shall be serial maturities. The bid must designate which principal amounts shown on the inside cover, if any, represent a mandatory sinking fund redemption requirement for a term bond maturity. A bidder may designate more than one term bond maturity.

### **Optional Redemption Prior to Maturity**

The Bonds maturing in the years 2027 through 2036, inclusive, shall not be subject to optional redemption prior to maturity. The Bonds, or portions of Bonds in multiples of \$5,000 maturing in the years 2037 through 2051, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after April 1, 2036, at par plus accrued interest to the date fixed for redemption.

### **Notice and Manner of Redemption**

Notice of redemption for any Bond shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail to the registered holder thereof at the address shown on the registration books of the City maintained by the Bond Registrar/Paying Agent. The Bonds shall be called for redemption in multiples of \$5,000. The Bonds in denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$5,000 within a maturity. The Bonds may be redeemed in part. In the event of redemption

of the Bonds in part, upon surrender of the Bond to be redeemed a new Bond or Bonds in aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof. No further interest payment on the Bonds or portions of the Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided the City has funds on hand with the Bond Registrar/Paying Agent to redeem the same.

### **Registration, Payment, and Transfer**

The Bonds are issuable only as fully registered Bonds without coupons and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. Purchasers will not receive certificates representing their beneficial interests in Bonds purchased. So long as Cede & Co. is the Bondholder references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners, as hereinafter defined, of the Bonds. See “BOOK-ENTRY ONLY SYSTEM,” herein.

The Bonds will be issued in the original aggregate principal amount as shown on the inside cover of this Official Statement. The Bonds will be dated as of the original date of delivery and will bear interest from that date. Interest on the Bonds shall be payable semiannually on April 1 and October 1 of each year commencing on April 1, 2027. Interest on the Bonds shall be computed using a 360-day year and twelve 30-day months. The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside front cover of this Official Statement. The Bonds will be registered Bonds in the denomination of \$5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the designated corporate trust office of the Bond Registrar/Paying Agent or such other paying agent as the City may hereafter designate by notice mailed to the Bondholders. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, both as hereinafter defined, as more fully described below. Interest shall be paid when due by check or draft drawn on the Bond Registrar/Paying Agent by first class mail to the registered owners of Bonds at the address as shown on the registration books of the City kept by the Bond Registrar/Paying Agent as of the close of business on the fifteenth day of the calendar month preceding the payment date for each interest payment, provided, however, that if such day is a Saturday, Sunday or legal holiday in the State of Michigan (the “State”), then to the registered owners at the addresses shown on the registration books as of the close of business on the day next preceding such 15th day of the month which is not a Saturday, Sunday or legal holiday in the State.

### **Book-Entry Only System**

The information in this section has been furnished by DTC. No representation is made by the City, the Bond Registrar/Paying Agent, the Municipal Advisor or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City, its Bond Counsel, the Bond Registrar/Paying Agent, the Municipal Advisor or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City, the Bond Registrar/Paying Agent, the Municipal Advisor nor the Underwriter will have any responsibility or obligation to DTC, Direct Participants or Indirect Participants (defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Standard & Poor's has rated DTC "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar/Paying Agent, on payable date in accordance with their respective holdings on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar/Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by

an authorized representative of DTC) is the responsibility of the City or Bond Registrar/Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar/Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The City, the Bond Registrar/Paying Agent, and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest on the Bonds, (ii) any document representing or confirming beneficial ownership interests in the Bonds, or (iii) notices sent to DTC or Cede & Co. its nominee, as the registered owner of the Bonds, or that it will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with the Participants are on file with DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Neither the City, the Bond Registrar/Paying Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (a) the Bonds; (b) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (c) the payment by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any amount due with respect to the principal of or interest on the Bonds; (d) the delivery by DTC to any Participant, or by any Direct Participant or Indirect Participant to any Beneficial Owner of any notice which is required or permitted under the terms of the Resolution to be given to Bondholders; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (f) any consent given or other action taken by DTC as Bondholder.

### **Transfer Outside Book-Entry Only System**

In the event the book-entry only system is discontinued, the Bond Registrar/Paying Agent will act as transfer agent and bond registrar and shall keep the registration books for the Bonds (the "Bond Register") at its designated office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the designated office of the Bond Registrar/Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Bond Registrar/Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations. The Bond Registrar/Paying Agent shall not be required to register the transfer of or exchange any Bond selected for redemption in whole or in part, except the unredeemed portion of Bonds redeemed in part. Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion. The City and the Bond Registrar/Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

### **ABSENCE OF CERTAIN LITIGATION**

Simultaneously with the delivery of the Bonds, the City will certify that there are no actions, proceedings or investigations at law or in equity before or by any court, public board or body, either actual or threatened, which would adversely affect the issuance of the Bonds or questioning or affecting the validity of the proceedings or authority under which the Bonds were issued.

## **BOND RATING**

S&P Global Ratings has assigned its rating of “A+” to this issue of Bonds. The City has furnished to the rating agency certain materials and information in addition to that provided here. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies, and assumptions by the rating agencies. The above rating reflects the independent judgment of the rating agency and there is no assurance that such rating will prevail for any given period of time or that it will not be revised or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such revision or withdrawal of such rating may have an effect on the market price of the Bonds. Any rating assigned represents only the views of the respective rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency.

## **TAX MATTERS**

### **General**

In the opinion of Dickinson Wright PLLC, Bond Counsel (“Bond Counsel”), as more fully described below, under existing law and assuming continuing compliance by the City of certain tax covenants, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as an item of tax preference in calculating the federal alternative minimum tax imposed on individuals under the Code; however, the interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the corporate alternative minimum tax under the Code.

The City has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel is also of the opinion that, under existing law and assuming continuing compliance with certain tax covenants, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal, state or local tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, including, but not limited to, certain requirements relating to the use, investment and expenditure of proceeds of the Bonds under Sections 141 and 148 of the Code relating to private activity and arbitrage rebate and yield restriction, respectively, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. The opinions assume the accuracy of the City’s certifications and representations and the continuing compliance with the City’s covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs or is ascertained. Bond Counsel has not undertaken to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to its attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds after the date of issuance of the Bonds.

The opinion of Bond Counsel is based on current facts and circumstances and on existing law and interpretations thereof as of the date such opinion is delivered and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel cannot give, and has not given, any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of, receipt or accrual of interest on, or disposition of, tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or

Railroad Retirement benefits, individuals eligible to receive the earned income tax credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

### **Arbitrage and Rebate Requirements**

Interest on the Bonds will remain excluded from gross income under applicable federal tax law only if, among other requirements, the City complies with certain arbitrage requirements set forth in Section 148 of the Code. These requirements include yield and other limits regarding investment of the proceeds of the Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance may occur or be ascertained. The City has covenanted in the Resolution to comply with all such requirements.

### **Tax Treatment of Accruals on Original Issue Discount Bonds**

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds initially sold at a discount as shown on the inside cover page hereof (the "OID Bonds") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

### **Amortizable Bond Premium**

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "**Premium Bonds**"). The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

### **Market Discount**

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

## **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a valid IRS Form W-9, together with appropriate attachments, reporting and certifying under penalties of perjury the recipient's correct taxpayer identification number and further certifying the recipient is not subject to backup withholding on a valid IRS Form W-9 or suitable substitute, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a valid IRS Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

## **Future Developments**

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL, STATE OR LOCAL INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE IRS, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY SUCH AUDIT EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF INTEREST THEREON, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL, STATE, INCLUDING STATE OF MICHIGAN, OR LOCAL TAX LEGISLATION.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds have been designated as "qualified tax-exempt obligations" for the purpose of deduction of interest expense by commercial banks, thrift institutions, and other financial institutions pursuant to Section 265(b)(3) of the Code.

## **STATE TREASURY QUALIFICATION**

The City has obtained a letter from the Department of Treasury of the State of Michigan stating that the City is in material compliance with the criteria identified in the Revised Municipal Finance Act, Act 34 of the Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The City may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

## **UNDERWRITING**

The Bonds were purchased through a competitive sale on June \_\_\_\_, 2026, by \_\_\_\_\_ (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which represents the par amount of the Bonds of \$\_\_\_\_\_, plus the net original issue premium of \$\_\_\_\_\_ less the Underwriter’s discount of \$\_\_\_\_\_.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

## **MUNICIPAL ADVISOR TO THE CITY**

MFCI, LLC of Milford, Michigan (the “Municipal Advisor”), is a registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (“MSRB”). The Municipal Advisor has been retained by the City to provide certain municipal advisory services relating to the planning, structuring, and issuance of the Bonds, including preparation of certain parts of the deemed “final” Preliminary Official Statement and the final Official Statement (the “Official Statements”).

The Municipal Advisor will make no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Preliminary Official Statement or Official Statement, other than information about the Municipal Advisor supplied by the Municipal Advisor, and its assistance in preparing these documents should not be construed as a representation that it has independently verified such information.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing, or the distribution of securities or any other negotiable instruments. The Municipal Advisor’s duties, responsibilities, and fees arise solely as registered Municipal Advisor to the City, and it has no secondary obligation or other responsibility. The Municipal Advisor’s fees are expected to be paid from Bond proceeds.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Dickinson Wright PLLC, Bond Counsel. A copy of the opinion of Bond Counsel will be delivered with the Bonds, which opinion will be substantially in the form as set forth in Appendix C “FORM OF APPROVING OPINION.”

## **BOND COUNSEL’S RESPONSIBILITY**

The fees of Dickinson Wright PLLC (“Bond Counsel”) for services rendered in connection with its approving opinion are expected to be paid from the proceeds of the Bonds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, and except as stated below, Bond Counsel has not been retained to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements in this Official Statement made under the captions entitled “THE FINANCING” (except those statements made under the sub-caption “Estimated Sources and Uses of Funds”), “THE BONDS” (except those statements made under the sub-caption “Book-Entry Only System”), “TAX MATTERS,” “QUALIFIED TAX-EXEMPT OBLIGATIONS,” “LEGAL MATTERS,” “BOND COUNSEL’S RESPONSIBILITY,” and “CONTINUING DISCLOSURE” (first three paragraphs only). Bond Counsel has not been retained to review and has not reviewed any other portions of the Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the City, or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion or belief as to any such other portions hereof.

## **CONTINUING DISCLOSURE**

The City has covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners, pursuant to the Resolution and a Disclosure Certificate to be delivered on the date of issuance of the Bonds to the Underwriter, to provide

or cause to be provided: (i) each year, certain financial information and operating data relating to the City for its preceding fiscal year (the “City Annual Report”) by not later than the date seven (7) months after the end of the City’s fiscal year, commencing with the Annual Report for its fiscal year ended June 30, 2026; provided, however, that if the audited financial statements of the City are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the City will be included in the City Annual Report; and (ii) timely notices of the occurrence of certain enumerated events, if material. The City’s fiscal year commences on July 1.

“Beneficial Owner” means (under this caption only) any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

Each Annual Report and City Annual Report will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) electronically through the MSRB’s Electronic Municipal Market Access system (“EMMA”). If the City is unable to provide the MSRB any Annual Report by the date required, the City shall send in a timely manner, to the MSRB through EMMA, a notice of the failure to file the City Annual Report by such date. All notices required by the Rule and the Disclosure Certificate will be filed by the City, as applicable, with MSRB through EMMA. These covenants have been made by the City in order to assist the purchaser(s) of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”). The information to be contained in the City Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate, are set forth in “APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

A failure by the City to comply with the Disclosure Certificate will not constitute an event of default under the Resolution, and Beneficial Owners of the Bonds are limited to the remedies described in the Disclosure Certificate. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City failed to file its June 30, 2025 Annual Report on time. A Notice of Failure to File along with the City Annual Report was posted to EMMA on April 28, 2026. Apart from the omission above, the City has not failed to comply, in all material respects, with any of its previous undertakings of the Rule.

#### **OTHER MATTERS**

The City certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of its date, and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements included herein, in light of the circumstances under which they are made, not misleading.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original source thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

This Official Statement has been duly executed and delivered by the City.

City of Flushing  
By: \_\_\_\_\_  
Michelle M. King  
Its: City Manager

**APPENDIX A**

**CITY OF FLUSHING  
GENERAL AND ECONOMIC INFORMATION**

**Appendix A**  
**CITY OF FLUSHING**  
**GENERAL AND ECONOMIC INFORMATION**

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**LOCATION AND DESCRIPTION**

The City of Flushing (the “City”) is located in Genesee County, Michigan, and is considered a suburb of the City of Flint along the Flint River. The City is situated approximately 80 miles northwest of Detroit and 55 miles northeast of Lansing, the State’s capital. The City sits along I-75, the main north – south corridor in Michigan.

**FORM OF GOVERNMENT**

The City has a council-manager form of government. A seven-member City Council is the legislative and governing body of the City. Members of the City Council are elected at large on a nonpartisan basis to serve four-year staggered terms of office. The City electors elect the Mayor, and City Council appoints the Mayor Pro-Tem who performs the statutory and charter duties of the Mayor in his or her absence. The City Manager is the chief administrative officer of the City and is appointed by the City Council to serve at its pleasure. All other administrative officers of the City are appointed by the City Manager and approved by the City Council. The City meets on the second Monday of each month.

**POPULATION**

<u>Year</u>	<u>Population</u>
Current Estimate	8,224
2020 U.S. Census	8,411
2010 U.S. Census	8,389

*Source: U.S. Department of Commerce-Bureau of the Census*

**FISCAL YEAR**

July 1 to June 30.

**CITY TAXATION AND LIMITATIONS**

**Property Assessments**

Real property is land, and the things permanently attached to or part of the land and improvements made to it by human efforts (“Real Property”). Examples of Real Property include land, buildings, water and sewer facilities, roads, and acquisition of various property rights. Personal property is property owned by an individual or business which is not affixed to or associated with the land, consisting of movable items such as furniture, fixtures, and machines and equipment if belonging to a business (“Personal Property”). Customary household goods such as furnishings, appliances and clothing are typically exempt as they are kept or used within the household.

Real and Personal Property is assessed, or valued, by the City, equalized by the County of Genesee (the “County”), and further equalized by the State as of December 31 of each year. The value as equalized by the State becomes the state equalized valuation (“State Equalized Valuation” or “SEV”). See “Property Valuation” following.

Article IX, Section 3, of the Michigan Constitution provides that Real and Personal Property assessments will not exceed 50% of true cash value. The Michigan Legislature has provided by statute that Real and Personal Property will be assessed at 50% of true cash value. The Michigan Legislature, or the electorate, may change the percentage of true cash value at which Real and Personal Property is assessed.

Personal Property assessments also reflect the taxpayer reported cost of the Personal Property and the application of one of the depreciation schedules formulated by the State Tax Commission. The City’s assessor determines which depreciation schedule will be used to value the Personal Property.

Owners of taxable property may appeal their assessment to the City Assessor, the City’s Board of Review, and the Michigan Tax Tribunal. Outstanding appeals are not anticipated to adversely impact the financial condition of the City.

**Property Valuation**

In 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize the levy of taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as taxable value (“Taxable Value”). Since 1995, property that is taxable has two valuations, SEV and Taxable Value. Michigan statute provides that Real and Personal Property taxes (“Ad Valorem Taxes”) be levied on Taxable Value (the “Ad Valorem Tax Roll”).

Generally, the Taxable Value of Real or Personal Property is the lesser of (a) the SEV or Taxable Value of the property in the immediately preceding year, minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions, or (b) the property’s current SEV. Under certain circumstances, the Taxable Value of property may be different from the same property’s SEV. When Real or Personal Property is sold or transferred, Taxable Value is adjusted to the SEV the year after the sale or transfer, which under existing law is 50% of the true cash value. The Taxable Value of new construction is equal to its SEV.

**Taxable Value**

Taxable Value does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198 of the Public Acts of Michigan of 1974, as amended (“Act 198”).

**City of Flushing  
Total Taxable Value  
Fiscal Years Ended or Ending June 30, 2023 – 2027**

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30,	Ad Valorem Taxable Value	Increase over Prior Year
2025	2026	2027	\$ 275,124,039	4.60%
2024	2025	2026	263,024,671	4.56%
2023	2024	2025	251,562,788	7.57%
2022	2023	2024	233,865,522	6.72%
2021	2022	2023	219,130,731	6.30%
Per Capita .....				\$33,453.80

Source: Genesee County Equalization Department

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Excluding the Equivalent Taxable Value of property granted tax abatement under Act 198, a breakdown of the City's Total Taxable Value by use and class is shown below.

**City of Flushing**  
**Total Taxable Value by Use and Class**  
**Fiscal Years Ended or Ending June 30, 2023 – 2027**

Taxable Value by Use	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Residential	\$ 182,193,385	\$ 195,800,556	\$ 211,701,582	\$ 222,736,809	\$ 233,449,498
Commercial	31,597,170	32,778,618	34,679,985	34,744,999	35,817,304
Industrial	386,976	272,648	252,921	312,863	326,737
Utility	4,953,200	5,013,700	4,928,300	5,230,000	5,530,500
<b>Total</b>	<b>\$ 219,130,731</b>	<b>\$ 233,865,522</b>	<b>\$ 251,562,788</b>	<b>\$ 263,024,671</b>	<b>\$ 275,124,039</b>

Taxable Value by Class	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Real	\$ 209,606,231	\$ 224,514,422	\$ 241,557,788	\$ 253,740,971	\$ 265,383,939
Personal	9,524,500	9,351,100	10,005,000	9,283,700	9,740,100
<b>Total</b>	<b>\$ 219,130,731</b>	<b>\$ 233,865,522</b>	<b>\$ 251,562,788</b>	<b>\$ 263,024,671</b>	<b>\$ 275,124,039</b>

Source: Genesee County Equalization Department

**City of Flushing**  
**Percent of Total Taxable Value by Use and Class**  
**Fiscal Years Ended or Ending June 30, 2023 – 2027**

Percent Taxable Value by Use	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Residential	83.14%	83.72%	84.15%	84.68%	84.85%
Commercial	14.42%	14.02%	13.79%	13.21%	13.02%
Industrial	0.18%	0.12%	0.10%	0.12%	0.12%
Utility	2.26%	2.14%	1.96%	1.99%	2.01%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Percent Taxable Value by Class	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Real	95.65%	96.00%	96.02%	96.47%	96.46%
Personal	4.35%	4.00%	3.98%	3.53%	3.54%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Genesee County Equalization Department

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**State Equalized Valuation**

Aside from its use in determining Taxable Value for the purpose of levying Ad Valorem Taxes, SEV is important because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Ad Valorem SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatement under Act 198.

**City of Flushing  
Total State Equalized Valuation  
Fiscal Years Ended or Ending June 30, 2023 – 2027**

Assessed Value as of December 31,	Year of State Equalization and Tax Levy	City's Fiscal Year End June 30,	Ad Valorem SEV	Increase over Prior Year
2025	2026	2027	\$ 395,025,300	3.44%
2024	2025	2026	381,883,900	6.99%
2023	2024	2025	356,938,500	10.68%
2022	2023	2024	322,483,600	9.03%
2021	2022	2023	295,768,100	7.94%
Per Capita.....				\$48,033.23

Source: Genesee County Equalization Department

The following tables show a breakdown of the City’s total SEV by use and class by dollars and percentages.

**City of Flushing  
Total SEV by Use and Class  
Fiscal Years Ended or Ending June 30, 2023 – 2027**

SEV by Use	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Residential	\$ 252,146,100	\$ 278,554,700	\$ 310,514,000	\$ 335,682,000	\$ 348,507,100
Commercial	38,201,400	38,549,400	41,157,000	40,575,600	40,571,700
Industrial	467,400	365,800	339,200	396,300	416,000
Utility	4,953,200	5,013,700	4,928,300	5,230,000	5,530,500
<b>Total</b>	<b>\$ 295,768,100</b>	<b>\$ 322,483,600</b>	<b>\$ 356,938,500</b>	<b>\$ 381,883,900</b>	<b>\$ 395,025,300</b>

SEV by Class	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Real	\$ 286,243,600	\$ 313,132,500	\$ 346,933,500	\$ 372,600,200	\$ 385,285,200
Personal	9,524,500	9,351,100	10,005,000	9,283,700	9,740,100
<b>Total</b>	<b>\$ 295,768,100</b>	<b>\$ 322,483,600</b>	<b>\$ 356,938,500</b>	<b>\$ 381,883,900</b>	<b>\$ 395,025,300</b>

Source: Genesee County Equalization Department

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**City of Flushing**  
**Percent of Total SEV by Use and Class**  
**Fiscal Years Ended or Ending June 30, 2023 – 2027**

Percent SEV by Use	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Residential	85.25%	86.38%	86.99%	87.90%	88.22%
Commercial	12.92%	11.95%	11.53%	10.63%	10.27%
Industrial	0.16%	0.11%	0.10%	0.10%	0.11%
Agricultural	0.00%	0.00%	0.00%	0.00%	0.00%
Utility	1.67%	1.55%	1.38%	1.37%	1.40%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Percent SEV by Class	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026	2027
Real	96.78%	97.10%	97.20%	97.57%	97.53%
Personal	3.22%	2.90%	2.80%	2.43%	2.47%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*Source: Genesee County Equalization Department*

**Personal Property Tax Reform**

The voters of the State approved enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, the “PPT Reform Acts”), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property is at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments, the PPT Reform Acts divided the existing state use tax into two components, a “state share tax” and a “local community stabilization share tax,” and established the Local Community Stabilization Authority (the “LCSA”) to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The LCSA began distributions of the local community stabilization share tax to local governments on November 21, 2016.

The ultimate nature, extent, and impact of any other future amendments to Michigan’s property tax laws on the City’s finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

**Tax Abatement**

The City's Taxable Value does not include the value of certain facilities which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198. Act 198 was designed to provide a stimulus in the form of significant tax incentives to industrial enterprises to renovate and expand aging facilities and to build new facilities. Except as indicated below, under the provisions of Act 198, a local governmental unit (i.e., a city, village or township) may establish plant rehabilitation districts

and industrial development districts and offer industrial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial facilities exemption certificate granted under Act 198 entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities tax (the "IFT Tax"). For properties granted tax abatement under Act 198 there exists a separate tax roll referred to as the industrial facilities tax roll (the "IFT Tax Roll"). The IFT Tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the Taxable Value level prior to the improvements even if the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT Tax is also determined the same as the Ad Valorem Tax but instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. This millage rate equals 1/2 of all tax rates levied by other than the State plus 0%, 50% or 100% of the State Education Tax (as determined by the State Treasurer).

The abatements amounted to \$7,761 in reduced City tax revenues for the fiscal year ended June 30, 2025.

### **Property Taxes**

Michigan statute provides that all ad valorem taxes be levied on Taxable Value. The City's ability to tax is limited by the State Constitution and State statutes. A mill is equal to \$1.00 for each \$1,000 of Taxable Value. Home rule cities are permitted by Act 279 of the Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes.

Pursuant to the Home Rule Cities Act, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill (plus one additional mill with voter approval) for library purposes pursuant to Act 164 of the Public Acts of Michigan of 1877, as amended. Act 359 of the Public Acts of Michigan of 1925, as amended, also authorizes home rule cities to levy up to \$50,000 for promotional expenses.

In addition, the City's electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City.

### **State Limitations on Property Taxes**

In 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35 of the Public Acts of Michigan of 1979, may have the effect of reducing the maximum authorized tax rate which could be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index, the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. However, should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would be increased accordingly. Once reduced, a millage rate cannot increase in a subsequent year unless such increase is approved by the voters.

The Amendment does not limit taxes for the payment of principal of and interest on bonds or other evidence of indebtedness outstanding at the time the Amendment became effective, or which have been approved by the electorate of the State or such political subdivision.

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**City of Flushing  
Maximum Tax Rates  
Fiscal Year Ending June 30, 2026**

<u>Purpose</u>	<u>Authorized</u>	<u>Maximum FY 2025 Millage after Rollback</u>	<u>Millage Reduction Fraction</u>	<u>Maximum FY 2026 Millage after Rollback</u>	<u>Expiration Date of Levy</u>
City Operating	15.0000	12.1831	0.9868	12.0220	N/A

Source: City of Flushing

**Property Tax Rates**

In addition to the City’s property tax rates, residents of the City must pay property taxes to other units of local government. The State levies a State Education Tax (“SET”) of 6.00 mills on all Real and Personal Property currently subject to the general property tax, except industrial personal property, which is exempt. To be eligible for state school aid, a local school district is also required to levy not more than the lesser of 18.00 mills or the number of mills levied in 1993 for school operating purposes on non-homestead property. These property taxes are in lieu of those previously levied for local school district operating purposes.

The table below shows total tax rates, expressed as a dollar for each \$1,000 of Taxable Value.

**City of Flushing  
Principal Residence <sup>(1)</sup> and Non-Principal Residence Property Tax Rates by Governmental Unit  
Fiscal Years Ended or Ending June 30, 2022 – 2026**

<u>Category</u>	<u>Fiscal Year Ended or Ending June 30,</u>				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City Operating	10.5675	10.3299	10.3299	10.1831	10.0222
Capital Improvement	2.0000	2.0000	2.0000	2.0000	2.0000
City Total	12.5675	12.3299	12.3299	12.1831	12.0222
<b>Flushing Community Schools <sup>(2)</sup></b>					
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	3.3500	3.1800	3.1800	3.1800	3.1800
Building	0.7413	0.7301	0.7301	0.7241	0.7162
Total Non-Principal Residence	28.0913	27.9101	27.9101	27.9041	27.8962
Total Principal Residence <sup>(1)</sup>	10.0913	9.9101	9.9101	9.9041	9.8962
Genesee County	10.5416	10.5302	10.5302	10.4918	10.4515
Bishop International Airport Authority	0.4775	0.4743	0.4743	0.4725	0.4725
Genesee Library	0.9765	0.9692	0.9692	0.9653	0.9653
Mass Transportation	1.2175	1.2095	1.2095	1.2051	1.2051
ISD	3.7207	3.6485	3.6810	3.6810	3.6529
Mott Community College	4.7044	4.6076	4.4876	2.5365	2.5292
Total Mills - Non Principal Residence	62.2970	61.6793	61.5918	59.4394	59.1949
Total Mills - Principal Residence	44.2970	43.6793	43.5918	41.4394	41.1949

<sup>(1)</sup> Principal residence means a dwelling or unit in a multiple-unit dwelling subject to Ad Valorem Taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Principal residence includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the

owner, the principal residence includes only 5 acres adjacent and contiguous to the home of the owner. Principal residence includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Principal residence also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-principal residence is property not included in the above definition.

- (2) Industrial Personal Property is exempt from the State Education Tax (“SET”) and up to 18 mills of the school operating millage. Commercial personal property is exempt from up to 12 mills of the school operating millage.

*Source: City of Flushing*

**Property Tax Collections**

Property taxes attach as enforceable liens on property as of December 31. Taxes are mailed on July 1 of the following year and are payable from the date of levy through September 30 (summer taxes). The City bills and collects its own property taxes and also taxes for the county and school districts. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection with additional penalties. The County pays the City 100% of the uncollected taxes by June 30<sup>th</sup> of each year.

It is anticipated that the County will purchase the City’s Delinquent Real Property Taxes from its delinquent tax payment fund. In return, the City will assign to the County all amounts due from the taxpayers with respect to such Delinquent Real Property Taxes. As a result of the anticipated purchases the City’s Real Property tax receipts are expected to approach 100%.

The purchase of Delinquent Real Property Taxes may be dependent upon the sale of delinquent tax notes by the County for that purpose. There is no assurance that the County will issue such delinquent tax notes or purchase such Delinquent Real Property Taxes in any fiscal year. If the Delinquent Real Property Taxes are not purchased by the County, they will be paid to the City within a month following collection.

**City of Flushing  
Property Tax Collections  
Fiscal Years Ended or Ending June 30, 2022 – 2026**

Year of State Equalization and Tax Levy	Fiscal Year Ended or June 30,	Total Tax Levy	Collections to March 1st of the Following Year	
			Dollar Amount	Percent
2025	2026	\$ 2,608,334	\$ 2,515,412	96.44%
2024	2025	2,531,256	2,427,856	95.92%
2023	2024	2,405,645	2,316,342	96.29%
2022	2023	2,256,337	2,175,256	96.41%
2021	2022	2,175,175	2,111,879	97.09%

*Source: City of Flushing*

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**Profiles of the Ten Largest Taxpayers**

The top ten taxpayers in the City and their Taxable Value are shown in the table below.

**City of Flushing  
Ten Largest Taxpayers  
Fiscal Year Ending June 30, 2027**

<u>10 Largest Taxpayers</u>	<u>Industry</u>	<u>2027 Taxable Valuation</u>
Consumers Energy Company	Utility Personal Property	\$ 5,530,500
FVE 1, LLC	Apartments	3,238,277
Flushing SNF Realty, LLC	Apartments	3,147,800
300 Flushing Center LLC	Commercial Property	2,171,500
Somerset Apartments Flushing, LLC	Apartments	1,679,062
The Kroger Co. of Michigan	Commercial Property-Super Market	1,371,155
Najjar, Mazen & Sankari, Hana	Residential	993,575
The Kroger Co. Prop Tax 7th Floor	Commercial Personal Property	844,200
Comcast of Flint, Inc	Commercial Personal Property	823,000
Flushing Investments, Inc	Commercial Property-Restaurant	758,045
		<u>\$ 20,557,114</u>
<u>Top Ten % of 2027 Taxable Value</u>		<u>7.47%</u>

*Source: City of Flushing*

**STATE SHARED REVENUES**

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities, and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02. The City anticipates receiving \$1,001,480 in total revenue sharing for fiscal year 2026.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

**City of Flushing**  
**Revenue Sharing Payments**  
**Fiscal Years Ended or Ending June 30, 2023 - 2027**

	Fiscal Year Ended or Ending June 30,				
	2023	2024	2025	2026 <sup>†</sup>	2027 <sup>†</sup>
Constitutional	\$ 924,229	\$ 908,729	\$ 906,563	\$ 903,978	\$ 871,095
Statutory	73,554	77,952	97,228	97,502	97,516
Census Adjustment	-	-	-	-	-
<b>Total State Shared Revenues</b>	<b>\$ 997,783</b>	<b>\$ 986,681</b>	<b>\$ 1,003,791</b>	<b>\$ 1,001,480</b>	<b>\$ 968,611</b>

<sup>†</sup> Preliminary, subject to change.

Source: Michigan Department of Treasury

**CITY DEBT**

**Statutory and Constitutional Debt Provisions**

Section 21 of Article VII of the Michigan Constitution establishes the authority, subject to statutory and constitutional limitations, for municipalities to incur debt for public purposes:

“The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes and restrict the powers of cities and villages to borrow money and contract debts. Each city and village are granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law.”

In accordance with the foregoing authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have outstanding at any time. Section 4(a) of this Act provides:

“...the net indebtedness incurred for all public purposes may be as much as but shall not exceed the greater of the following:

- (a) Ten percent of the assessed value of all real and personal property in the city.
- (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.”

Significant exceptions to the debt limitation have been permitted by the Home Rule Cities Act for certain types of indebtedness which include: special assessment bonds and Michigan transportation fund bonds (formerly, motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations assessments incurred to comply with an order of the Water Resources Commission of the State of Michigan or a court of competent jurisdiction, obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution and bonds issued or assessments or contract obligations incurred for the construction, improvement or replacement of a combined sewer overflow abatement facility.

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**Legal Debt Margin**

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur.

**City of Flushing**  
**Legal Debt Margin Calculation**  
*as of June 2, 2026, including the Bonds described herein*

<b>LEGAL DEBT MARGIN CALCULATION</b>		
2026 State Equalized Value (SEV)	\$ 395,025,300	
Plus: Half Assessed Value Equivalent of Act 198 Property	6,455,557	
Plus: for Revenue Sharing <sup>(1)</sup>	96,646,545	
Plus: LCSA/PPT <sup>(2)</sup>	<u>1,453,142</u>	
Equivalent Valuation for Debt Margin Purposes	<u>\$ 499,580,544</u>	
Legal Debt Limit - 10% of SEV <sup>(3)</sup>		\$ 49,958,054
Total Bonded Debt Outstanding	\$ 20,964,846	
Less: Exempt Debt <sup>(4)</sup>	<u>7,669,846</u>	
Net Amount Subject to Legal Debt Limit		<u>\$ 13,295,000</u>
		<u><u>\$ 36,663,054</u></u>
<b>LEGAL DEBT MARGIN AVAILABLE</b>		

- <sup>(1)</sup> Constitutional and CVTRS State Revenue Sharing payments divided by the City’s operating millage rate.
- <sup>(2)</sup> The Local Community Stabilization Authority (“LCSA”) was established to administer distribution of the replacement of personal property tax revenues lost by local government. Eligible reimbursements for LCSA equals Total Reimbursement less Total Qualified Loss Reimbursement divided by the City’s eligible millage.
- <sup>(3)</sup> 10% of City’s Equivalent Valuation for debt margin purposes.
- <sup>(4)</sup> Debt excluded from calculation pursuant to statute.

*Source: City of Flushing*

*[Remainder of page intentionally left blank]*

**Debt Statement**

The following table reflects a breakdown of the City’s direct and overlapping debt, including the Bonds described herein.

**City of Flushing  
Debt Statement**  
*as of June 2, 2026, including the Bonds described herein*

**DIRECT DEBT**

<u>Dated</u>	<u>Series</u>	<u>Total Outstanding</u>	<u>Self- Supporting</u>	<u>Net Direct Debt</u>
July 1, 2026	General Obligation Limited Tax Bonds, Series 2026	\$ 9,295,000 †	\$ -	\$ 9,295,000
September 4, 2025	General Obligation Limited Tax Bonds, Series 2025	4,000,000	-	4,000,000
February 16, 2021	Sewer Revenue Bonds (USDA), Series A	2,974,000	2,974,000	-
February 16, 2021	Sewer Revenue Bonds (USDA), Series B	1,863,000	1,863,000	-
March 29, 2018	Water Revenue Bonds (USDA)	2,597,000	2,597,000	-
September 28, 2008	DWSRF 7729-01 Bonds	235,846	235,846	-
<b>TOTAL DIRECT DEBT</b>		<u>\$ 20,964,846</u>	<u>\$ 7,669,846</u>	<u>\$ 13,295,000</u>

**OVERLAPPING DEBT**

School Districts	\$ 8,070,486
County	7,535,819
Intermediate School District	225,707
Community College	1,196,953
<b>TOTAL OVERLAPPING DEBT</b>	<u>\$ 17,028,965</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 37,993,811</u>

†The Bonds. Preliminary, subject to change.

Source: City of Flushing and the Municipal Advisory Council of Michigan

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**City of Flushing**  
**Direct and Overlapping Debt Statistics**  
*as of June 2, 2026, including the Bonds described herein*

Estimated City Population	8,224
2027 Taxable Value	\$275,124,039
2027 State Equalized Value (SEV)	\$395,025,300
2027 True Cash Value (TCV)	\$790,050,600
Per Capita 2027 Taxable Value	\$33,453.80
Per Capita 2027 State Equalized Value	\$48,033.23
Per Capita 2027 True Cash Value	\$96,066.46
Per Capita Net Direct Debt	\$1,616.61
Per Capita Net Direct and Overlapping Debt	\$3,687.25
Percent of Net Direct Debt of 2027 Taxable Value	4.83%
Percent of Net Direct and Overlapping Debt of 2027 Taxable Value	11.02%
Percent of Net Direct Debt of 2027 SEV	3.37%
Percent of Net Direct and Overlapping Debt of 2027 SEV	7.68%
Percent of Net Direct Debt of 2027 True Cash Value	1.68%
Percent of Net Direct and Overlapping Debt of 2027 TCV	3.84%

*Source: City of Flushing and the Municipal Advisory Council of Michigan*

*[Remainder of page intentionally left blank]*

**Schedule of Bond Maturities**

The following tables sets forth the annual maturities of the City’s bonded indebtedness by type.

**City of Flushing**  
**Schedule of Bond Maturities**  
*as of June 2, 2026, including the Bonds described herein*

Fiscal Year Ending June 30,	Water Revenue Bonds	Sewer Revenue Bonds	General Obligation Limited Tax Bonds <sup>†</sup>	Total Bonds Outstanding
2027	\$ 135,000	\$ 94,000	\$ 400,000	\$ 629,000
2028	136,000	96,000	340,000	572,000
2029	133,846	99,000	345,000	577,846
2030	59,000	101,000	360,000	520,000
2031	61,000	103,000	370,000	534,000
2032	62,000	105,000	390,000	557,000
2033	63,000	107,000	405,000	575,000
2034	65,000	109,000	415,000	589,000
2035	67,000	112,000	430,000	609,000
2036	68,000	114,000	445,000	627,000
2037	70,000	117,000	465,000	652,000
2038	71,000	119,000	485,000	675,000
2039	73,000	122,000	500,000	695,000
2040	75,000	124,000	520,000	719,000
2041	77,000	127,000	545,000	749,000
2042	78,000	130,000	565,000	773,000
2043	80,000	132,000	585,000	797,000
2044	82,000	135,000	615,000	832,000
2045	84,000	138,000	640,000	862,000
2046	86,000	141,000	665,000	892,000
2047	88,000	145,000	695,000	928,000
2048	90,000	147,000	730,000	967,000
2049	92,000	150,000	760,000	1,002,000
2050	95,000	153,000	795,000	1,043,000
2051	97,000	156,000	830,000	1,083,000
2052	99,000	160,000	-	259,000
2053	102,000	163,000	-	265,000
2054	104,000	167,000	-	271,000
2055	106,000	171,000	-	277,000
2056	109,000	174,000	-	283,000
2057	111,000	177,000	-	288,000
2058	114,000	182,000	-	296,000
2059	-	185,000	-	185,000
2060	-	189,000	-	189,000
2061	-	193,000	-	193,000
	<u>\$ 2,832,846</u>	<u>\$ 4,837,000</u>	<u>\$ 13,295,000</u>	<u>\$ 20,964,846</u>

<sup>†</sup> Includes the Bonds. Preliminary, subject to change.

Source: City of Flushing and the Municipal Advisory Council of Michigan

**Debt History**

The City has no history of defaults on its obligations.

**Future Financing**

The City does not anticipate any new financing plans in the next twelve months.

**RETIREMENT PLANS**

**Defined Benefit Plan**

The City participates in the Municipal Employees Retirement System (MERS) of Michigan, a defined benefit pension plan that provides certain retirement, disability, and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, state-wide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Employees Covered by Benefit Terms*

At the December 31, 2024, valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	44
Inactive Employees Entitled to but Not Yet Receiving Benefits	2
Active Employees	<u>9</u>
Total Membership	<u><u>55</u></u>

*Contributions*

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2025, the active employee contribution rate and the City’s contribution rate was a percentage of covered payroll, depending on division or a flat amount per month for closed divisions, as follows:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
General - Closed	7.00%	\$ 29,495
Police - Closed	8.00%	35,115
Administration - Closed	10.00%	24,095
Police - Closed	2.93%	306

*[Remainder of page intentionally left blank]*

*Net Changes in Pension Asset*

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2023	\$ 24,871,175	\$ 14,397,249	\$ 10,473,926
Changes for the Year			
Service Cost	124,506	-	124,506
Interest	1,737,118	-	1,737,118
Changes in Benefit Terms	723	-	723
Experience Differences	479,414	-	479,414
Changes in assumptions	(56,821)	-	(56,821)
Employer Contributions	-	1,037,199	(1,037,199)
Employee Contributions	-	63,732	(63,732)
Net investment income (loss)	-	1,074,856	(1,074,856)
Benefit payments and refunds	(1,479,205)	(1,479,205)	-
Administrative Expense	-	(31,895)	31,895
Net changes	<u>805,735</u>	<u>664,687</u>	<u>141,048</u>
Balances at December 31, 2024	<u>\$ 25,676,910</u>	<u>\$ 15,061,936</u>	<u>\$ 10,614,974</u>

Please see Note 7 – Defined Benefit Plan of the City’s June 30, 2025 Financial Statements, Appendix B of this document for additional information.

**Post-Employment Benefits Plan**

The City of Flushing Other Post-Employment Benefits Plan is a single employer plan established and administered by City of Flushing and can be amended at its discretion.

*Plan Membership*

Membership of the Plan consisted of the following at the Date of the latest actuarial valuation (June 30, 2025):

Retirees and Beneficiaries	33
Inactive Plan Members	-
Active Plan Members	<u>13</u>
Total Membership	<u><u>46</u></u>

*Contributions*

City of Flushing’s Other Post-Employment Benefits Plan was established and is being funded under the authority of the City and under agreements with unions representing various classes of employees. Currently, the City does not have a fixed amount that will be contributed toward the OPEB Trust each year. Benefit payments made directly to retirees or on behalf of retirees from general operating funds will be counted as plan contributions. There are no long-term contracts for contributions to the plan.

*Changes in Net OPEB Liability*

Changes in the net OPEB (asset) liability during the measurement year were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2024	\$ 5,184,044	\$ 2,575,022	\$ 2,609,022
<b>Changes for the Year</b>			
Service cost	8,635	-	8,635
Interest	354,532	-	354,532
Experience differences	88,244	-	88,244
Changes in benefit terms	-	-	-
Changes in assumptions	119,275	-	119,275
Employer Contributions	-	255,870	(255,870)
Net investment income (loss)	-	250,783	(250,783)
Benefit payments	(255,870)	(255,870)	-
Administrative expense	-	(5,628)	5,628
Net changes	314,816	245,155	69,661
Balances at June 30, 2025	\$ 5,498,860	\$ 2,820,177	\$ 2,678,683

Please see Note 8 – Other Postemployment Benefits Plan of the City’s June 30, 2025 Financial Statements, Appendix B of this document for additional information.

**LABOR CONTRACTS**

The City has two labor agreements with various employee groups which provide for comprehensive salary, wage, and fringe benefit programs. The expiration dates of the various contracts are as follows:

Collective Bargaining Unit	Number of Positions	Expiration Date of Contract
Police Officers Labor Council (POLC)	12	6/30/2027
AFSCME	10	6/30/2028
Total	22	

*Source: City of Flushing*

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## UNEMPLOYMENT RATE STATISTICS

The charts below reflect the unadjusted yearly average unemployment statistics for the County of Genesee and the State of Michigan.

### County of Genesee Unadjusted Unemployment Rates 2022 – 2026

	2026	2025	2024	2023	2022
January	8.9%	6.9%	5.2%	5.6%	6.3%
February	6.3%	7.2%	5.6%	5.7%	5.9%
March	-	6.7%	5.4%	5.4%	5.5%
April	-	6.2%	5.2%	4.4%	5.1%
May	-	6.3%	5.3%	4.8%	5.2%
June	-	6.6%	6.2%	5.1%	5.6%
July	-	7.2%	6.7%	5.3%	6.0%
August	-	6.3%	6.2%	5.1%	5.5%
September	-	5.6%	5.5%	4.6%	4.8%
October <sup>(1)</sup>	-	-	5.5%	4.6%	4.8%
November	-	5.4%	5.5%	4.0%	4.4%
December	-	5.8%	6.1%	4.5%	4.8%
Annual	-	6.4%	5.7%	4.9%	5.3%

<sup>(1)</sup> Due to the lapse in federal appropriations, October 2025 data collection did not occur for the Current Population Survey (CPS), which provides the primary inputs to LAUS estimation. Annual averages for 2025 are calculated as 11-month averages and are not strictly comparable to annual averages for prior years.

Source: Michigan Center for Data and Analytics

### State of Michigan Unadjusted Unemployment Rates 2022 – 2026

	2026	2025	2024	2023	2022
January	5.6%	5.7%	4.0%	4.8%	5.0%
February	5.3%	5.7%	4.2%	4.6%	4.9%
March	-	5.5%	3.9%	4.1%	4.5%
April	-	4.7%	3.8%	2.9%	4.0%
May	-	5.1%	4.1%	3.8%	4.1%
June	-	5.2%	5.0%	4.1%	4.4%
July	-	5.7%	5.8%	4.3%	4.5%
August	-	4.9%	4.5%	4.2%	4.3%
September	-	4.6%	4.2%	3.9%	3.8%
October <sup>(1)</sup>	-	-	4.6%	4.2%	3.7%
November	-	4.8%	4.8%	3.6%	3.5%
December	-	4.8%	5.0%	3.5%	3.8%
Annual	-	5.2%	4.7%	3.9%	4.2%

<sup>(1)</sup> Due to the lapse in federal appropriations, October 2025 data collection did not occur for the Current Population Survey (CPS), which provides the primary inputs to LAUS estimation. Annual averages for 2025 are calculated as 11-month averages and are not strictly comparable to annual averages for prior years.

Source: Michigan Center for Data and Analytics

**GENERAL FUND REVENUES AND EXPENDITURES**

**City of Flushing  
General Fund Revenues and Expenditures  
Fiscal Years Ended June 30, 2023-2025**

	Fiscal Year Ended June 30,		
	2023	2024	2025
Revenues	\$ 4,973,160	\$ 5,733,138	\$ 6,058,939
Expenses	(4,746,604)	(5,602,374)	(6,382,363)
Revenues Over (Under) Expense	\$ 226,556	\$ 130,764	\$ (323,424)
Transfers in	\$ 6,800	\$ -	\$ 244,800
Transfers out	-	(67,239)	(115,698)
Sale of Capital Assets	-	179,522	93,115
Total other financing (uses) sources	\$ 6,800	\$ 112,283	\$ 222,217
Net Change in Fund Balance	233,356	243,047	(101,207)
Beginning Balance	3,303,111	3,536,467	3,779,514
Ending Balance	\$ 3,536,467	\$ 3,779,514	\$ 3,678,307

*Source: City of Flushing*

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**COMPARATIVE BALANCE SHEET**

**City of Flushing  
Comparative Balance Sheets  
Fiscal Years Ended June 30, 2023 – 2025**

	Fiscal Year Ended June 30,		
	2023	2024	2025
<b>Assets</b>			
Cash and Investments	\$ 3,951,841	\$ 3,189,286	\$ 3,304,996
Accounts Receivable	115,114	291,653	116,147
Prepaid Items	97,143	111,801	75,964
Due from Other Governmental Units	314,369	349,452	335,281
Due from Other Funds	-	-	20,000
<b>Total Assets</b>	<b>\$ 4,478,467</b>	<b>\$ 3,942,192</b>	<b>\$ 3,852,388</b>
<b>Liabilities</b>			
Accounts Payable	\$ 49,793	\$ 46,151	\$ 76,901
Accrued Wages	43,669	58,555	68,295
Deposits Payable	20,439	24,583	16,094
Due to Other Units of Government	-	-	6,291
Unearned Revenue	828,099	33,389	6,500
<b>Total Liabilities</b>	<b>\$ 942,000</b>	<b>\$ 162,678</b>	<b>\$ 174,081</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	\$ -	\$ -	\$ -
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balances</b>			
Nonspendable	\$ 97,143	\$ 111,801	\$ 75,964
Restricted	-	152,057	193,718
Committed	246,871	205,969	212,222
Assigned	-	-	-
Unassigned	3,192,453	3,309,687	3,196,403
<b>Total Fund Balances</b>	<b>\$ 3,536,467</b>	<b>\$ 3,779,514</b>	<b>\$ 3,678,307</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 4,478,467</b>	<b>\$ 3,942,192</b>	<b>\$ 3,852,388</b>

Source: City of Flushing Audited Financial Statements

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**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**City of Flushing  
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance  
Fiscal Years Ended June 30, 2023 – 2025**

Revenues	Fiscal Year Ended June 30,		
	2023	2024	2025
Property Taxes	\$ 2,385,996	\$ 2,551,121	\$ 2,678,700
Special Assessments	-	503,527	539,276
Licenses and Permits	130,533	121,786	110,976
Intergovernmental	1,076,662	1,120,565	1,167,027
Charges for Services	1,216,101	1,266,060	1,297,742
Fines and Forfeitures	7,466	13,599	16,451
Interest and Rentals	64,343	68,544	146,557
Other Revenue	92,059	87,936	102,210
<b>Total Revenues</b>	<b>\$ 4,973,160</b>	<b>\$ 5,733,138</b>	<b>\$ 6,058,939</b>
<b>Expenditures</b>			
General Government	\$ 1,303,376	\$ 1,411,537	\$ 1,464,377
Public Safety	2,205,157	2,835,812	3,215,911
Public Works	998,589	1,062,621	1,281,391
Recreation and Culture	176,347	225,659	369,644
Community and Economic Development	23,196	26,806	11,101
Debt Service - Principal	37,114	38,033	38,975
Debt Service - Interest	2,825	1,906	964
<b>Total Expenditures</b>	<b>\$ 4,746,604</b>	<b>\$ 5,602,374</b>	<b>\$ 6,382,363</b>
Revenues Over (Under) Expenditures	\$ 226,556	\$ 130,764	\$ (323,424)
<b>Other Financing Sources (Uses)</b>			
Transfers In	\$ 6,800	\$ -	\$ 244,800
Transfers out	-	(67,239)	(115,698)
Sale of Capital Assets	-	179,522	93,115
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 6,800</b>	<b>\$ 112,283</b>	<b>\$ 222,217</b>
Net Change in Fund Balances	233,356	243,047	(101,207)
Fund Balance, Beginning of Year	\$ 3,303,111	\$ 3,536,467	\$ 3,779,514
Fund Balance, End of Year	\$ 3,536,467	\$ 3,779,514	\$ 3,678,307

*Source: City of Flushing Audited Financial Statements*

**APPENDIX B**

**CITY OF FLUSHING  
AUDITED FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2025**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.



**CITY OF FLUSHING  
GENESEE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR’S REPORT

To the City Council  
 City of Flushing, 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, each major fund, and the aggregate remaining fund information of the City of Flushing, Michigan (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 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 City 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.

***Emphasis of Matter – Implementation of New Accounting Standard***

As discussed in Note 13 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

***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, 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 City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards 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 City’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 City’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 required pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 December 18, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



Gabridge & Company, PLC  
Grand Rapids, Michigan  
December 18, 2025

## Management's Discussion and Analysis

### City of Flushing Management's Discussion and Analysis June 30, 2025

As management of the City of Flushing, Michigan (The "City" or "government") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements.

#### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,328,039 (net position).
- Combined program and general revenues for the City's activities amounted to \$13,054,510 while expenses amounted to \$12,410,190, causing the net position to increase by \$644,320 from the prior fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$7,907,173, an increase of \$231,595 from the prior year. Approximately 40.4% of this amount, \$3,196,403, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,196,403, or approximately 49.2% of total general fund expenditures and transfers out.

#### Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., accrued but unpaid other postemployment benefits and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police and fire protection, streets, health and welfare, community and economic development, and recreation and culture. The business-type activities of the City include water and sewer services along with building inspection activities.

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

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and major streets funds which are considered to be major funds. Data from the capital improvement, local streets, narcotic, community development, public improvement, and the cemetery trust funds is presented as a separate column as they are considered nonmajor funds.

The City adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

**Proprietary Funds.** The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its water, sewer, and building inspection operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses an internal service fund to account for motor vehicle costs by allocating the cost to the funds that are using the resources. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the City. The building department is considered a nonmajor fund and is presented in a separate column. The internal service fund data is presented in the proprietary fund financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports one type of fiduciary fund, which is a custodial fund. The City maintains three custodial funds.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary comparison schedules and the City's schedules of funding progress and employer contributions for the pension and other postemployment benefits plans.

This report also presents other supplementary information which includes the nonmajor fund combining and individual statements. The combining statements are presented immediately following the required supplementary information on pensions.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,328,039 at the close of the most recent fiscal year.

### City of Flushing's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Investments	\$ 7,665,038	\$ 7,019,158	\$ 4,240,930	\$ 4,077,333	\$ 11,905,968	\$ 11,096,491
Receivables, net	162,219	316,715	1,052,116	1,061,176	1,214,335	1,377,891
Due from Other Units of Government	624,176	615,218	-	-	624,176	615,218
Inventory	-	-	30,319	21,917	30,319	21,917
Prepaid Items	75,964	144,311	-	29,876	75,964	174,187
<b>Total Current Assets</b>	<b>8,527,397</b>	<b>8,095,402</b>	<b>5,323,365</b>	<b>5,190,302</b>	<b>13,850,762</b>	<b>13,285,704</b>
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	310,640	244,680	310,640	244,680
Capital Assets, net	13,292,541	13,002,456	11,973,185	11,921,649	25,265,726	24,924,105
<b>Total Assets</b>	<b>21,819,938</b>	<b>21,097,858</b>	<b>17,607,190</b>	<b>17,356,631</b>	<b>39,427,128</b>	<b>38,454,489</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension Related	811,081	661,474	175,877	440,984	986,958	1,102,458
OPEB Related	-	29,840	-	7,460	-	37,300
<b>Total Deferred Outflows of Resources</b>	<b>811,081</b>	<b>691,314</b>	<b>175,877</b>	<b>448,444</b>	<b>986,958</b>	<b>1,139,758</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	153,683	67,688	249,113	469,751	402,796	537,439
Accrued Wages	77,602	68,621	17,985	13,854	95,587	82,475
Deposits Payable	18,094	26,583	4,201	4,551	22,295	31,134
Due to Other Units of Government	6,291	-	-	-	-	-
Accrued Interest	965	965	64,593	63,335	65,558	64,300
Unearned Revenue	6,500	33,389	-	-	6,500	33,389
Current Portion of Compensated Absences	129,549	126,459	-	-	129,549	126,459
Current Portion of Long-term Debt	-	38,975	227,000	224,000	227,000	262,975
<b>Total Current Liabilities</b>	<b>392,684</b>	<b>362,680</b>	<b>562,892</b>	<b>775,491</b>	<b>955,576</b>	<b>1,138,171</b>
<i>Noncurrent Liabilities</i>						
Compensated Absences	388,647	379,377	-	-	388,647	379,377
Long-term Debt	-	-	7,414,846	7,308,304	7,414,846	7,308,304
Net Pension Liability	8,723,370	6,284,356	1,891,604	4,189,570	10,614,974	10,473,926
Net OPEB Liability	2,142,946	2,087,218	535,737	521,804	2,678,683	2,609,022
<b>Total Liabilities</b>	<b>11,647,647</b>	<b>9,113,631</b>	<b>10,405,079</b>	<b>12,795,169</b>	<b>22,052,726</b>	<b>21,908,800</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
OPEB Related	26,657	1,382	6,664	346	33,321	1,728
<b>NET POSITION</b>						
Net Investment in Capital Assets	13,292,541	12,963,481	4,331,339	4,389,345	17,623,880	17,352,826
Restricted	4,527,826	4,048,121	310,640	244,680	4,838,466	4,292,801
Unrestricted	(6,863,652)	(4,337,443)	2,729,345	375,535	(4,134,307)	(3,961,908)
<b>Total Net Position</b>	<b>\$ 10,956,715</b>	<b>\$ 12,674,159</b>	<b>\$ 7,371,324</b>	<b>\$ 5,009,560</b>	<b>\$ 18,328,039</b>	<b>\$ 17,683,719</b>

A large portion of the City's net position, \$17,623,880, reflects its investment in capital assets (e.g., land, right-of-ways, buildings and improvements, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$4,838,466, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of (\$4,134,307) is unrestricted.

The following summarizes significant changes in assets, deferred inflows and outflows, and liabilities:

During fiscal year 2025, assets experienced significant changes. Cash and cash equivalents increased by \$809,477, primarily due to the increase in net position of \$644,320. Receivables, net, decreased by \$163,556, reflecting the timing of grant-related cash inflows. Capital assets, net, grew by \$341,621 as ongoing investments were made in the sewer improvement project.

Deferred outflows of resources also shifted, with pension-related items decreasing by \$115,500 due to difference between expected and actual earnings. Similarly, OPEB-related items declined by \$37,300 due to the amortization of prior-year deferred expenses.

Liabilities saw notable adjustments, including a \$134,643 decrease in accounts payable, driven by the timing of year-end payables and a reduction in construction-related payables. Long-term debt increased by \$70,567, reflecting the final draw on USDA bonds for the sewer improvement project. The net pension liability increased by \$141,048. Finally, the net OPEB liability increased by \$69,661 due to favorable differences in actuarial valuations.

### City of Flushing's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,690,306	\$ 1,743,144	\$ 4,754,697	\$ 4,500,122	\$ 6,445,003	\$ 6,243,266
Operating Grants and Contributions	2,201,236	2,529,874	-	906,064	2,201,236	3,435,938
Capital Grants and Contributions	-	-	-	489,891	-	489,891
<b>Total Program Revenues</b>	<b>3,891,542</b>	<b>4,273,018</b>	<b>4,754,697</b>	<b>5,896,077</b>	<b>8,646,239</b>	<b>10,169,095</b>
<b>General Revenues and Transfers</b>						
Property Taxes	3,178,370	3,020,028	-	-	3,178,370	3,020,028
Unrestricted State Sources	1,018,640	1,015,623	-	-	1,018,640	1,015,623
Investment Income	171,713	20,041	39,548	11,092	211,261	31,133
<b>Total General Revenues and Transfers</b>	<b>4,368,723</b>	<b>4,055,692</b>	<b>39,548</b>	<b>11,092</b>	<b>4,408,271</b>	<b>4,066,784</b>
<b>Total Revenues</b>	<b>8,260,265</b>	<b>8,328,710</b>	<b>4,794,245</b>	<b>5,907,169</b>	<b>13,054,510</b>	<b>14,235,879</b>
<b>Expenses</b>						
General Government	2,434,664	1,560,956	-	-	2,434,664	1,560,956
Public Safety	4,496,025	2,686,091	93,076	47,588	4,589,101	2,733,679
Public Works	2,786,772	2,480,455	2,339,405	4,088,304	5,126,177	6,568,759
Community and Economic Development	21,523	49,488	-	-	21,523	49,488
Recreation and Culture	237,761	303,718	-	-	237,761	303,718
Interest on Long-term Debt	964	965	-	-	964	965
<b>Total Expenses</b>	<b>9,977,709</b>	<b>7,081,673</b>	<b>2,432,481</b>	<b>4,135,892</b>	<b>12,410,190</b>	<b>11,217,565</b>
<b>Change in Net Position</b>	<b>(1,717,444)</b>	<b>1,247,037</b>	<b>2,361,764</b>	<b>1,771,277</b>	<b>644,320</b>	<b>3,018,314</b>
<i>Net Position at Beginning of Period</i>	<i>12,674,159</i>	<i>11,427,122</i>	<i>5,009,560</i>	<i>3,238,283</i>	<i>17,683,719</i>	<i>14,665,405</i>
<b>Net Position at End of Period</b>	<b>\$ 10,956,715</b>	<b>\$ 12,674,159</b>	<b>\$ 7,371,324</b>	<b>\$ 5,009,560</b>	<b>\$ 18,328,039</b>	<b>\$ 17,683,719</b>

Net position for governmental activities decreased by \$1,717,444 during the year for an ending balance of \$10,956,715. The net position for business-type activities grew by \$2,361,764 during the year for an ending balance of \$7,371,324. Notable changes in revenues and expenses are summarized below:

Revenues increased across several categories during the fiscal year. Charges for services rose by \$201,737, primarily due increased water and sewer service charges. Operating grants and contributions saw a significant decrease of \$1,234,702, largely driven by the receipt of a \$1,230,036 Protection MI Pension grant (which was sent directly to MERS as a one-time voluntary payment reducing the City's net pension liability) in the prior year. Capital grants and contributions decreased by \$489,891, there was remaining ARPA funding in the current year. Property taxes also grew by \$158,342, a result of a 6.9% increase in taxable property values during the fiscal year.

Expenses also experienced notable increases and decreases. General government expenses rose by \$873,708, public safety expenses increased by \$1,855,422, and public works expenses decreased by \$1,442,582 primarily due to changes in pension. Pension related balances were allocated based on recorded retirement expenses in the current year which resulted in large changes between the governmental and business type activities. In 2024, governmental activities were allocated 60% of pension related balances which was increased to about 80% in 2025. Similarly, business type activities were decreased from 40% to about 20%. This change in allocation resulted in the expense functions increases and decreases.

#### **Financial Analysis of Governmental Funds**

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

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2025, the City's governmental funds reported combined fund balances of \$7,907,173, an increase of \$231,595 in comparison with the prior year. Approximately 40.4% of this amount, \$3,196,403, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as follows: nonspendable for items not in spendable form, such as prepaid expenditures, amounting to \$491,812 (6.1%); restricted for particular purposes, totaling \$4,006,736 (50.8%); and committed for specific projects or uses, totaling \$212,222 (2.7%).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$3,196,403, while total fund balance decreased by \$101,207 to \$3,678,307. To assess the general fund's liquidity, it is helpful to compare both unassigned and total fund balance to total general fund expenditures and transfers out. The unassigned fund balance represents approximately 49.2% of total general fund expenditures and transfers out, while the total fund balance represents approximately 56.6% of the same amount.

The major streets fund, a major governmental fund, reported an increase in fund balance of \$45,775, bringing the total to \$1,882,458 at the end of the fiscal year. The increase is largely due to intergovernmental revenue exceeding public works expenditures.

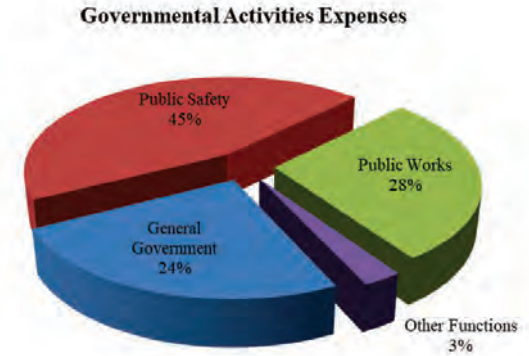
**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year for the sewer fund was \$1,805,210 and for the water fund was \$920,997. Net position for the sewer fund and water fund increased by \$676,615 to \$4,032,004 and \$1,724,935 to \$3,336,182, respectively. Information regarding the changes in net position was explained in an earlier section of this report.

**Governmental Activities**

The following chart summarizes the revenue sources for the governmental activities of the City for the most recent fiscal year-end.



The following chart summarizes the expenses for the governmental activities of the City for the most recent fiscal year-end.



**General Fund Budgetary Highlights**

*Original budget compared to final budget.* During the year there were no significant amendments to the original estimated revenues or expenses.

*Final budget compared to actual results.* The City had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2025:

<u>Expenditure</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Negative Variance</u>
<b>General Fund</b>			
<i>Public Safety</i>			
Police Department	\$ 2,346,926	\$ 2,449,738	\$ (102,812)

**Capital Assets and Debt Administration**

*Capital Assets*

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$25,265,726 (net of accumulated depreciation). This investment in capital assets includes land, right-of-ways, buildings and improvements, machinery and equipment, vehicles, and water and sewer infrastructure.

More detailed information about the City’s capital assets can be found in the notes to the financial statements.

*Long-term Debt*

As described in the notes to the financial statements, the City had \$7,641,846 of long-term debt at the end of the fiscal year. The City is well under its legal debt limit as of year-end.

More detailed information about the City’s long-term debt can be found in the notes to the financial statements.

**Economic Condition and Outlook**

The City is committed to maintaining long-term financial stability by addressing retirement liabilities, managing utility rates, and anticipating economic factors that impact its fiscal health.

In response to increased rates from suppliers, the City recently adjusted water and sewer rates. These adjustments aim to cover operating costs, debt service obligations, and future maintenance. Management will continue to monitor and evaluate rates annually to ensure they remain sufficient and equitable for all customers.

The City anticipates a modest increase in property tax revenues due to rising taxable values, which will help offset escalating operational costs. State-shared revenues have shown slight increases,

and the City hopes to maintain this trend for the fiscal year ending 2026. However, challenges such as inflation, and rising wages and benefits continue to exert pressure on the budget. To address these challenges, the City will implement tight spending controls while striving to provide residents with the high level of services they expect.

Similar-sized local governments in Michigan face comparable financial challenges. Additionally, many Michigan local governments have had to adjust water and sewer rates to address aging infrastructure and funding shortfalls. The City's proactive measures in adjusting utility rates and budgeting for pension liabilities align with strategies employed by other municipalities to achieve financial stability.

By focusing on these key areas, the City of Flushing aims to navigate the financial challenges ahead and maintain its commitment to fiscal responsibility and quality public services.

#### **Contacting the City**

This financial report is designed to provide a general overview of the City's finances to its citizens, customers, investors, and creditors and to demonstrate the City's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The City of Flushing  
725 East Main Street  
Flushing, MI 48433

#### **Basic Financial Statements**

**City of Flushing  
Statement of Net Position  
June 30, 2025**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 7,665,038	\$ 4,240,930	\$ 11,905,968
Receivables, net	162,219	1,052,116	1,214,335
Due from Other Units of Government	624,176	--	624,176
Inventory	--	30,319	30,319
Prepaid Items	75,964	--	75,964
<b>Total Current Assets</b>	<b>8,527,397</b>	<b>5,323,365</b>	<b>13,850,762</b>
<i>Noncurrent Assets</i>			
Restricted Cash and Investments, RRI	--	138,000	138,000
Restricted Cash and Investments, Bond Reserve	--	172,640	172,640
Capital Assets not being Depreciated	6,562,995	18,790	6,581,785
Capital Assets being Depreciated, net	6,729,546	11,954,395	18,683,941
<b>Total Assets</b>	<b>21,819,938</b>	<b>17,607,190</b>	<b>39,427,128</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	811,081	175,877	986,958
<b>Total Deferred Outflows of Resources</b>	<b>811,081</b>	<b>175,877</b>	<b>986,958</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	153,683	249,113	402,796
Accrued Wages	77,602	17,985	95,587
Deposits Payable	18,094	4,201	22,295
Due to Other Units of Government	6,291	--	6,291
Accrued Interest	965	64,593	65,558
Unearned Revenue	6,500	--	6,500
Current Portion of Compensated Absences	129,549	--	129,549
Current Portion of Long-term Debt	--	227,000	227,000
<b>Total Current Liabilities</b>	<b>392,684</b>	<b>562,892</b>	<b>955,576</b>
<i>Noncurrent Liabilities</i>			
Compensated Absences	388,647	--	388,647
Long-term Debt	--	7,414,846	7,414,846
Net Pension Liability	8,723,370	1,891,604	10,614,974
Net OPEB Liability	2,142,946	535,737	2,678,683
<b>Total Liabilities</b>	<b>11,647,647</b>	<b>10,405,079</b>	<b>22,052,726</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB Related	26,657	6,664	33,321
<b>Total Deferred Inflows of Resources</b>	<b>26,657</b>	<b>6,664</b>	<b>33,321</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,292,541	4,331,339	17,623,880
<i>Restricted for:</i>			
Cemetery Care - Nonexpendable	415,848	--	415,848
Emergency Services	193,718	--	193,718
Police and Fire	14,593	--	14,593
Streets and Highways	2,570,657	--	2,570,657
Drug Law Enforcement	5,888	--	5,888
Capital Projects	1,221,880	--	1,221,880
Grants	105,242	--	105,242
Debt Service, Bond Reserves	--	172,640	172,640
Debt Service, RRI	--	138,000	138,000
<i>Unrestricted</i>	(6,863,652)	2,729,345	(4,134,307)
<b>Total Net Position</b>	<b>\$ 10,956,715</b>	<b>\$ 7,371,324</b>	<b>\$ 18,328,039</b>

**City of Flushing  
Statement of Activities  
For the year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 2,434,664	\$ 389,644	\$ 214,886	\$ --	\$ (1,830,134)	\$ --	\$ (1,830,134)
Public Safety	4,496,025	270,075	614,776	--	(3,611,174)	--	(3,611,174)
Public Works	2,786,772	1,001,214	1,233,200	--	(552,358)	--	(552,358)
Community and Economic Development	21,523	1,525	135,574	--	115,576	--	115,576
Recreation and Culture	237,761	27,848	2,800	--	(207,113)	--	(207,113)
Interest on Long-term Debt	964	--	--	--	(964)	--	(964)
<b>Total Governmental Activities</b>	<b>9,977,709</b>	<b>1,690,306</b>	<b>2,201,236</b>	<b>--</b>	<b>(6,086,167)</b>	<b>--</b>	<b>(6,086,167)</b>
<b>Business-type Activities:</b>							
Sewer	1,165,978	1,820,276	--	--	--	654,298	654,298
Water	1,173,427	2,881,133	--	--	--	1,707,706	1,707,706
Building Department (Nonmajor)	93,076	53,288	--	--	--	(39,788)	(39,788)
<b>Total Business-type Activities</b>	<b>2,432,481</b>	<b>4,754,697</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,322,216</b>	<b>2,322,216</b>
<b>Total Primary Government</b>	<b>\$ 12,410,190</b>	<b>\$ 6,445,003</b>	<b>\$ 2,201,236</b>	<b>\$ --</b>	<b>(6,086,167)</b>	<b>2,322,216</b>	<b>(3,763,951)</b>
<b>General Purpose Revenues:</b>							
Property Taxes					3,178,370	--	3,178,370
Intergovernmental					1,018,640	--	1,018,640
Investment Income					171,713	39,548	211,261
<b>Total General Revenues</b>					<b>4,368,723</b>	<b>39,548</b>	<b>4,408,271</b>
<b>Change in Net Position</b>							
<i>Net Position at Beginning of Period</i>					12,674,159	5,009,560	17,683,719
<i>Net Position at End of Period</i>					<b>\$ 10,956,715</b>	<b>\$ 7,371,324</b>	<b>\$ 18,328,039</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

The Notes to the Financial Statements are an Integral part of these Financial Statements

**City of Flushing**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2025**

**City of Flushing**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<u>Special Revenue</u>		Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets		
<b>ASSETS</b>				
Cash and Investments	\$ 3,304,996	\$ 1,766,707	\$ 2,325,627	\$ 7,397,330
Receivables, net	116,147	46,072	--	162,219
Due from Other Units of Government	335,281	132,068	156,827	624,176
Prepaid Items	75,964	--	--	75,964
Due from Other Funds	20,000	--	--	20,000
<b>Total Assets</b>	<b>\$ 3,852,388</b>	<b>\$ 1,944,847</b>	<b>\$ 2,482,454</b>	<b>\$ 8,279,689</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 76,901	\$ 56,836	\$ 6,821	\$ 140,558
Accrued Wages	68,295	5,553	1,983	75,831
Deposits Payable	16,094	--	2,000	18,094
Due to Other Units of Government	6,291	--	--	6,291
Unearned Revenue	6,500	--	--	6,500
Due to Other Funds	--	--	20,000	20,000
<b>Total Liabilities</b>	<b>174,081</b>	<b>62,389</b>	<b>30,804</b>	<b>267,274</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues	--	--	105,242	105,242
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>174,081</b>	<b>62,389</b>	<b>136,046</b>	<b>372,516</b>
<b>FUND BALANCE</b>				
Nonspendable	75,964	--	415,848	491,812
Restricted	193,718	1,882,458	1,930,560	4,006,736
Committed	212,222	--	--	212,222
Unassigned	3,196,403	--	--	3,196,403
<b>Total Fund Balance</b>	<b>3,678,307</b>	<b>1,882,458</b>	<b>2,346,408</b>	<b>7,907,173</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 3,852,388</b>	<b>\$ 1,944,847</b>	<b>\$ 2,482,454</b>	<b>\$ 8,279,689</b>

Total Fund Balance - Governmental Funds	\$ 7,907,173
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.	968,388
General government capital assets of \$35,976,580, net of accumulated depreciation of \$23,399,615, are not financial resources and, accordingly, are not reported in the funds.	12,576,965
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.	(965)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.	(7,912,289)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.	(2,169,603)
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.	(518,196)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	105,242
<b>Total Net Position - Governmental Activities</b>	<b>\$ 10,956,715</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

The Notes to the Financial Statements are an Integral part of these Financial Statements

**City of Flushing**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the year Ended June 30, 2025**

**City of Flushing**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the year Ended June 30, 2025**

	<u>Special Revenue</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Major Streets</u>		
<b>Revenues</b>				
Property Taxes	\$ 2,678,700	\$ --	\$ 499,670	\$ 3,178,370
Special Assessments	539,276	--	--	539,276
Licenses and Permits	110,976	--	--	110,976
Intergovernmental	1,167,027	890,838	498,701	2,556,566
Charges for Services	1,297,742	--	--	1,297,742
Fine and Forfeits	16,451	--	--	16,451
Interest and Rentals	146,557	21,976	62,039	230,572
Other Revenue	102,210	--	12,179	114,389
<b>Total Revenues</b>	<b>6,058,939</b>	<b>912,814</b>	<b>1,072,589</b>	<b>8,044,342</b>
<b>Expenditures</b>				
General Government	1,464,377	--	5,374	1,469,751
Public Safety	3,215,911	--	8,909	3,224,820
Public Works	1,281,391	802,039	436,989	2,520,419
Community and Economic Development	11,101	--	135,722	146,823
Recreation and Culture	369,644	--	--	369,644
Capital Outlay	--	--	127,315	127,315
Debt Service, Principal	38,975	--	--	38,975
Debt Service, Interest	964	--	--	964
<b>Total Expenditures</b>	<b>6,382,363</b>	<b>802,039</b>	<b>714,309</b>	<b>7,898,711</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(323,424)</b>	<b>110,775</b>	<b>358,280</b>	<b>145,631</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	93,115	--	--	93,115
Transfers In	244,800	--	420,698	665,498
Transfers Out	(115,698)	(65,000)	(491,951)	(672,649)
<b>Net Other Financing Sources (Uses)</b>	<b>222,217</b>	<b>(65,000)</b>	<b>(71,253)</b>	<b>85,964</b>
<b>Net Change in Fund Balance</b>	<b>(101,207)</b>	<b>45,775</b>	<b>287,027</b>	<b>231,595</b>
<i>Fund Balance at Beginning of Period</i>	<i>3,779,514</i>	<i>1,836,683</i>	<i>2,059,381</i>	<i>7,675,578</i>
<b>Fund Balance at End of Period</b>	<b>\$ 3,678,307</b>	<b>\$ 1,882,458</b>	<b>\$ 2,346,408</b>	<b>\$ 7,907,173</b>

Total Net Change in Fund Balances - Governmental Funds \$ 231,595

Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements. (53,728)

Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$648,053 and loss on disposal of capital assets of \$59,762 are exceeded by capital outlay of \$1,080,897. 373,082

The statement of activities reports changes to net OPEB liability and OPEB related deferrals as OPEB expense; however, the expenditures recorded on the governmental funds equals actual OPEB contributions. (110,843)

Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. 38,975

Changes to compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. (12,360)

The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions. (2,289,407)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year. 105,242

**Changes in Net Position - Governmental Activities** \$ **(1,717,444)**

The Notes to the Financial Statements are an Integral part of these Financial Statements

The Notes to the Financial Statements are an Integral part of these Financial Statements

City of Flushing  
Statement of Net Position  
Proprietary Funds  
June 30, 2025

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer	Water	Building Department (Nonmajor)		
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 3,048,489	\$ 1,182,764	\$ 9,677	\$ 4,240,930	\$ 267,708
Receivables, net	419,162	632,954	--	1,052,116	--
Inventory	--	30,319	--	30,319	--
<b>Total Current Assets</b>	<b>3,467,651</b>	<b>1,846,037</b>	<b>9,677</b>	<b>5,323,365</b>	<b>267,708</b>
<i>Noncurrent Assets</i>					
Restricted Cash and Investments, RRI	138,000	--	--	138,000	--
Restricted Cash and Investments, Bond Reserve	79,040	93,600	--	172,640	--
Capital Assets not being Depreciated	18,790	--	--	18,790	--
Capital Assets being Depreciated, net	6,920,964	5,033,431	--	11,954,395	715,576
<b>Total Assets</b>	<b>10,624,445</b>	<b>6,973,068</b>	<b>9,677</b>	<b>17,607,190</b>	<b>983,284</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related	130,317	45,560	--	175,877	--
<b>Total Deferred Outflows of Resources</b>	<b>130,317</b>	<b>45,560</b>	<b>--</b>	<b>175,877</b>	<b>--</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	65,855	177,245	6,013	249,113	13,125
Accrued Wages	10,457	7,002	526	17,985	1,771
Deposits Payable	--	4,201	--	4,201	--
Accrued Interest	43,651	20,942	--	64,593	--
Current Portion of Long-term Debt	93,000	134,000	--	227,000	--
<b>Total Current Liabilities</b>	<b>212,963</b>	<b>343,390</b>	<b>6,539</b>	<b>562,892</b>	<b>14,896</b>
<i>Noncurrent Liabilities</i>					
Long-term Debt	4,837,000	2,577,846	--	7,414,846	--
Net Pension Liability	1,401,595	490,009	--	1,891,604	--
Net OPEB Liability	267,868	267,869	--	535,737	--
<b>Total Liabilities</b>	<b>6,719,426</b>	<b>3,679,114</b>	<b>6,539</b>	<b>10,405,079</b>	<b>14,896</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB Related	3,332	3,332	--	6,664	--
<b>Total Deferred Inflows of Resources</b>	<b>3,332</b>	<b>3,332</b>	<b>--</b>	<b>6,664</b>	<b>--</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,009,754	2,321,585	--	4,331,339	715,576
<i>Restricted for:</i>					
Debt Service, Bond Reserves	79,040	93,600	--	172,640	--
Debt Service, RRI	138,000	--	--	138,000	--
Unrestricted	1,805,210	920,997	3,138	2,729,345	252,812
<b>Total Net Position</b>	<b>\$ 4,032,004</b>	<b>\$ 3,336,182</b>	<b>\$ 3,138</b>	<b>\$ 7,371,324</b>	<b>\$ 968,388</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

City of Flushing  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer	Water	Building Department (Nonmajor)		
<b>Operating Revenues</b>					
Charges for Services	\$ 1,820,276	\$ 2,881,133	\$ 53,288	\$ 4,754,697	\$ 499,596
<b>Total Operating Revenues</b>	<b>1,820,276</b>	<b>2,881,133</b>	<b>53,288</b>	<b>4,754,697</b>	<b>499,596</b>
<b>Operating Expenses</b>					
Personnel Services	(6,934)	(1,041,545)	27,856	(1,020,623)	119,089
Materials and Supplies	255,539	27,011	--	282,550	193,927
Administrative	184,972	109,514	--	294,486	30,164
Contractual Services	272,311	69,817	65,220	407,348	67,800
Water Purchases	--	1,528,579	--	1,528,579	--
Other Functions	--	202,020	--	202,020	--
Depreciation	357,041	211,891	--	568,932	167,061
<b>Total Operating Expenses</b>	<b>1,062,929</b>	<b>1,107,287</b>	<b>93,076</b>	<b>2,263,292</b>	<b>578,041</b>
<b>Operating Income (Loss)</b>	<b>757,347</b>	<b>1,773,846</b>	<b>(39,788)</b>	<b>2,491,405</b>	<b>(78,445)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income	22,317	17,229	2	39,548	20
Other Revenue	--	--	--	--	17,546
Interest Expense	(103,049)	(66,140)	--	(169,189)	--
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(80,732)</b>	<b>(48,911)</b>	<b>2</b>	<b>(129,641)</b>	<b>17,566</b>
<b>Income Before Transfers</b>	<b>676,615</b>	<b>1,724,935</b>	<b>(39,786)</b>	<b>2,361,764</b>	<b>(60,879)</b>
Transfers In	--	--	--	--	7,151
<b>Change In Net Position</b>	<b>676,615</b>	<b>1,724,935</b>	<b>(39,786)</b>	<b>2,361,764</b>	<b>(53,728)</b>
<i>Net Position at Beginning of Period</i>	<i>3,355,389</i>	<i>1,611,247</i>	<i>42,924</i>	<i>5,009,560</i>	<i>1,022,116</i>
<b>Net Position at End of Period</b>	<b>\$ 4,032,004</b>	<b>\$ 3,336,182</b>	<b>\$ 3,138</b>	<b>\$ 7,371,324</b>	<b>\$ 968,388</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**City of Flushing**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Sewer	Water	Building Department (Nonmajor)	Total Enterprise Funds	
<b>Cash Flows from Operating Activities</b>					
Cash Receipts from Customers	\$ 1,788,399	\$ 2,921,720	\$ 53,288	\$ 4,763,407	\$ 504,902
Cash Payments to Employees for Services and Fringe Benefits	(579,889)	(372,736)	(27,856)	(980,481)	(121,636)
Cash Payments to Suppliers for Goods and Services	(926,971)	(1,927,969)	(59,120)	(2,914,060)	(262,299)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>281,539</b>	<b>621,015</b>	<b>(33,688)</b>	<b>868,866</b>	<b>120,967</b>
<b>Cash Flows from Non-capital Financing Activities</b>					
Transfers In	--	--	--	--	7,151
Other Revenue	--	--	--	--	17,546
<b>Net Cash Provided by Non-capital Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>24,697</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Principal Paid on Long-term Debt	(91,000)	(133,000)	--	(224,000)	--
Interest Paid on Long-term Debt	(100,871)	(67,060)	--	(167,931)	--
Issuance of Long-term Debt	333,542	--	--	333,542	--
Capital Assets Purchased	(343,039)	(277,429)	--	(620,468)	(84,064)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(201,368)</b>	<b>(477,489)</b>	<b>--</b>	<b>(678,857)</b>	<b>(84,064)</b>
<b>Cash Flows From Investing Activities</b>					
Investment Income	22,317	17,229	2	39,548	20
<b>Net Cash Provided by Investing Activities</b>	<b>22,317</b>	<b>17,229</b>	<b>2</b>	<b>39,548</b>	<b>20</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>102,488</b>	<b>160,755</b>	<b>(33,686)</b>	<b>229,557</b>	<b>61,620</b>
<i>Cash and Investments - Beginning of Year</i>	<i>3,163,041</i>	<i>\$ 1,115,609</i>	<i>\$ 43,363</i>	<i>4,322,013</i>	<i>206,088</i>
<b><i>Cash and Investments - End of Year</i></b>	<b><i>\$ 3,265,529</i></b>	<b><i>\$ 1,276,364</i></b>	<b><i>\$ 9,677</i></b>	<b><i>\$ 4,551,570</i></b>	<b><i>\$ 267,708</i></b>
<b>Statement of Net Position</b>					
Cash and Investments	\$ 3,048,489	\$ 1,182,764	\$ 9,677	\$ 4,240,930	\$ 267,708
Restricted Cash	217,040	93,600	--	310,640	--
<b>Total Statement of Net Position</b>	<b>\$ 3,265,529</b>	<b>\$ 1,276,364</b>	<b>\$ 9,677</b>	<b>\$ 4,551,570</b>	<b>\$ 267,708</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements  
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**City of Flushing**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Fund
	Sewer	Water	Building Department (Nonmajor)	Total Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating Income (Loss)	\$ 757,347	\$ 1,773,846	\$ (39,788)	\$ 2,491,405	\$ (78,445)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Depreciation Expense	357,041	211,891	--	568,932	167,061
<b>Changes in Assets, Liabilities, and Related Deferrals</b>					
Receivables, net	(31,877)	40,937	--	9,060	5,306
Inventory	--	(8,402)	--	(8,402)	--
Prepaid Items	27,332	2,544	--	29,876	30,484
Accounts Payable	(241,481)	14,830	6,013	(220,638)	(892)
Accrued Wages	2,337	1,707	87	4,131	(2,547)
Deposits Payable	--	(350)	--	(350)	--
Net Pension Liability and Related Deferrals	(603,015)	(1,429,844)	--	(2,032,859)	--
Net OPEB Liability and Related Deferrals	13,855	13,856	--	27,711	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 281,539</b>	<b>\$ 621,015</b>	<b>\$ (33,688)</b>	<b>\$ 868,866</b>	<b>\$ 120,967</b>

The Notes to the Financial Statements are an Integral part of these Financial Statements  
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**City of Flushing**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2025**

	<u>Pension and Benefit Trust</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and Investments	\$ --	\$ 115,267
MERS Retiree Healthcare Funding Vehicle	2,820,177	--
Receivables, net	--	53
<i>Total Assets</i>	<u>2,820,177</u>	<u>115,320</u>
<b>LIABILITIES</b>		
Accounts Payable	--	--
Deposits Payable	--	8,650
Due to Other Units of Government	--	106,670
<i>Total Liabilities</i>	<u>--</u>	<u>115,320</u>
<b>NET POSITION</b>		
Restricted for OPEB	<u>\$ 2,820,177</u>	<u>\$ --</u>

**City of Flushing**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2025**

	<u>Pension and Benefit Trust</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Property Taxes Collected for Other Governments	\$ --	\$ 8,397,023
Clerk/Treasurer Collections	--	79,327
Employer Contributions	255,870	38,985
Net Investment Income	250,783	--
<i>Total Additions</i>	<u>506,653</u>	<u>8,515,335</u>
<b>Deductions</b>		
Payments of Property Taxes to Other Governments	--	8,397,023
Clerk/Treasurer Distributions	--	79,327
Benefit Payments	255,870	38,985
Administrative Expenses	5,628	--
<i>Total Deductions</i>	<u>261,498</u>	<u>8,515,335</u>
<i>Change in Net Position</i>	<u>245,155</u>	<u>--</u>
<i>Net Position at Beginning of Period</i>	2,575,022	--
<i>Net Position at End of Period</i>	<u>\$ 2,820,177</u>	<u>\$ --</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

The Notes to the Financial Statements are an Integral part of these Financial Statements

**City of Flushing**

Notes to the Financial Statements

**Notes to the Financial Statements**

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**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Flushing (the “City” or “government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the City’s accounting policies are described below.

**Reporting Entity**

The City of Flushing was incorporated in 1964, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

**Jointly Governed Organization**

The City has entered into a joint agreement with the Charter Township of Flushing to share in the acquisition costs and operating costs of a senior citizens center and library for Township and City residents. Operating expenses will be divided by the number of registered library users from the City and Township respectively. The City of Flushing acts as the fiduciary agent for the Senior Center and Library and records its share of the expenditures in the general fund. The City owns the building occupied by the Senior Center and Library as such it is recorded as a capital asset of the City. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the Senior Center and Library are available as of June 30, 2025 from their administrative office.

**Government-wide and Fund Financial Statements**

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

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

## City of Flushing

### Notes to the Financial Statements

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for custodial funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Flushing reports two major governmental funds:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **major streets fund** is used to account for the proceeds of the street property taxes that are restricted to repairs and maintenance of the City's streets.

## City of Flushing

### Notes to the Financial Statements

The City reports the following proprietary funds:

The **sewer fund** accounts for the activities of the City's sewage collection system and wastewater treatment plant.

The **water fund** accounts for the activities of the City's water distribution system.

The **building department** accounts for the activities of the City's building permits.

Additionally, the government reports the following fund types:

**Special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects, the major streets, local streets, and narcotic funds are special revenue funds.

**Capital projects funds** account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

**Internal service funds** account for the financing of goods or services provided by the City to other departments or funds on a cost reimbursement basis.

**Custodial funds** are custodial in nature and do not present results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

The **pension and benefit trust fund** accounts for the activities of the City of Flushing Other Post-Employment Benefits Plan, which accumulates resources for retiree health care payments to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

## City of Flushing

### Notes to the Financial Statements

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#### **Property Tax Revenue Recognition**

Property taxes are levied on each July 1 on the taxable valuation of property located in the City as of the preceding December 31. Taxes are considered delinquent on October 1 of the same year, at which time penalties and interest are assessed.

The City's 2024-2025 taxes are levied and collectible on July 1 with the lien on the property established on that date. The taxes are recognized as revenue in the year ended June 30, 2025, when the proceeds of the levy are budgeted and available for the financing of operations.

The City is permitted by charter to levy up to \$15.00 (15 mills) per \$1,000 of taxable value for general governmental services. However, as a result of the Headlee Amendment, that amount has been reduced to 12.1831 mills. For the year ended June 30, 2025, the City levied 12.1831 mills for general governmental services. The amounts are recognized in the respective general and capital projects fund's financial statements as tax revenue.

#### **Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Fund Equity**

##### ***Cash and Cash Equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and City policy authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

## City of Flushing

### Notes to the Financial Statements

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- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

#### ***Investments***

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

#### ***Restricted Cash***

Certain resources of the water and sewer funds are classified as restricted investments on the statement of net position because they are restricted for the funding of certain reserves by applicable bond covenants. The bond reserve account is used to report resources set aside for debt service. The replacement account is used to report resources set aside to fund asset renewals and replacements. There was \$310,640 classified as restricted assets as of year-end.

#### ***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

#### ***Inventory***

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

#### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**City of Flushing**

Notes to the Financial Statements

**Capital Assets**

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

The City will capitalize individual assets other than buildings, building improvements and land improvements, and infrastructure that cost \$5,000 or more and have an estimated useful life of at least two years. The capitalization threshold for buildings and building improvements shall be \$50,000 and for land improvements the capitalization threshold shall be \$25,000. However, assets acquired with debt proceeds may be capitalized regardless of cost. In addition, assets acquired prior to fiscal year ended June 30, 2023 and capitalized at a lower threshold, may continue to be depreciated on the basis of past practice.

Infrastructure projects and improvements shall be capitalized so as to substantially account for the City's investment in infrastructure and consider related debt. Individual assets that cost less than \$5,000, but that operates as part of a network system may be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is at least two years. A network is determined to be where individual components may be below \$5,000 but are interdependent and the overriding value to the City on the entire network and not the individual assets (e.g. computer systems and telephone systems).

Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

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

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

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and Structures	20 - 50
Vehicles	4 - 15
Other Equipment	3 - 25
Infrastructure	20 - 100

**City of Flushing**

Notes to the Financial Statements

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

**Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net 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 City of Flushing Retiree Health Care Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City of Flushing. For this purposes, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

**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 position 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 position 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 City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position. These items relate to the City's net pension liability or net OPEB liability. The net pension liability or net OPEB liability amounts are related to differences between expected and actual experience, changes of assumptions, differences between projected and actual pension/OPEB plan investment earnings, and employer contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

**Compensated Absences**

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded

## City of Flushing

### Notes to the Financial Statements

on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources.

In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported in the district-wide financial statements. Accruals include vacation, sick leave, and paid time off in accordance with the provisions of GASB Statement No. 101.

#### ***Long-term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### ***Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider

## City of Flushing

### Notes to the Financial Statements

restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council, or its designee, is authorized to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

#### ***Use of Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**City of Flushing**

Notes to the Financial Statements

**Note 2 - Stewardship, Compliance, and Accountability**

***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general and special revenue funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than the 3<sup>rd</sup> Monday of May, the budget is adopted on a departmental (activity) basis for the general fund and fund level for most special revenue funds for the ensuing fiscal year, through passage of a resolution and in accordance with Public Act 621 of 1978 of the State of Michigan. Management can transfer appropriations within departments for the general fund, but any budgetary amendments which affect the total department appropriations must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
5. Budget appropriation lapse at year-end. The City had no encumbrances outstanding at June 30, 2025.
6. The original budget was amended during the year in compliance with the City Charter and applicable state law. Budgeted amounts are reported in the financial statements as originally adopted and as amended by the City Council.

***Excess of Expenditures Over Budget Appropriations in Budgetary Funds***

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The City had the following expenditures in excess of the amount appropriated during the year ended June 30, 2025:

**City of Flushing**

Notes to the Financial Statements

<u>Expenditure</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Negative Variance</u>
<b>General Fund</b>			
<i>Public Safety</i>			
Police Department	\$ 2,346,926	\$ 2,449,738	\$ (102,812)

***Deficit Net Position***

The City's governmental activities had an unrestricted net position deficit balance of \$(6,863,652) and a total net position of \$10,956,715. The City as a whole had an unrestricted net position deficit of \$(4,134,307) and a total net position of \$18,328,039.

As current assets are in excess of current liabilities for each of these funds, no deficit elimination plan is necessary.

**Note 3 - Deposits and Investments**

Following is a reconciliation of deposit and investment balances as of June 30, 2025:

<b>Statement of Net Position</b>	
Cash and Investments	\$ 11,905,969
Restricted Cash, Repair, Replacement, and Improvement Fund	138,000
Restricted Cash, Bond Reserve Account	172,640
<b>Statement of Fiduciary Net Position</b>	
Cash and Investments - Pension and Benefit Trust	2,820,177
Cash and Investments - Custodial Funds	<u>115,267</u>
<b>Total Cash and Investments</b>	<u>\$ 15,152,053</u>
<b>Deposits and Investments</b>	
Checking and Savings Accounts	\$ 7,412,663
Investments	
MERS Retiree Healthcare Funding Vehicle	2,820,177
Pooled Investments - MI Class	3,916,572
Certificates of Deposit (Matures within 1 to 5 Years)	272,378
Certificates of Deposit (Matures within 1 Year)	<u>730,263</u>
<b>Total Deposits and Investments</b>	<u>\$ 15,152,053</u>

***Custodial Credit Risk - Deposits.*** Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. State law does not require, and the City does not have a policy for deposit custodial credit risk. As of year-end, \$7,819,451 of the City's bank balance of \$12,511,215 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**City of Flushing**

Notes to the Financial Statements

Due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk - Investments.** Following is a summary of the City's investments as of June 30, 2025:

MERS Total Market Portfolio	\$ 2,820,177
Michigan CLASS	3,916,572
Certificates of Deposit	<u>1,002,641</u>
<b>Total</b>	<b><u>\$ 7,739,390</u></b>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the government's name. In accordance with the City's investment policy, all investments are held in the name of the City and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

**Credit Risk.** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

Credit risk ratings, where applicable, are summarized as follows:

Standards & Poor's AAAM	\$ 3,916,572
Unavailable/Not Rated	<u>3,822,818</u>
<b>Total</b>	<b><u>\$ 7,739,390</u></b>

**Interest Rate Risk.** State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**City of Flushing**

Notes to the Financial Statements

Maturity dates for investments held at year-end are summarized as follows:

Less than One Year	\$ 730,263
One to Five Years	272,378
N/A	<u>6,736,749</u>
<b>Total</b>	<b><u>\$ 7,739,390</u></b>

**Concentration of Credit Risk.** State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies.

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three levels of inputs that may be used to measure fair value:

- 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 quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

**City of Flushing**

Notes to the Financial Statements

The City had the following recurring fair value measurements at year-end:

	<u>Carried at Net Asset Value</u>	<u>Total</u>
MERS Total Market Portfolio	\$ 2,820,177	\$ 2,820,177
Michigan CLASS	3,916,572	3,916,572
<b>Totals</b>	<u>\$ 6,736,749</u>	<u>6,736,749</u>
 <b>Investment accounts not subject to fair value disclosure requirements:</b>		
	Certificates of Deposits	<u>1,002,641</u>
	<b>Total Investments:</b>	<u>\$ 7,739,390</u>

**Investments in Entities that Calculate Net Asset Value per Share**

The City holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the City's investment in the Michigan CLASS government investment pool was \$3,916,572. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

**Restricted Cash**

Restricted cash for USDA bond reserve requirements as of year-end were as follows:

**Sanitary Sewer Junior Lien Revenue Bonds**  
 Repair, Replacement, and Improvement Fund – \$138,000  
 Bond Reserve Account – \$79,040

**Water Supply System Revenue Bond**  
 Bond Reserve Account – \$93,600

The City fully funded the amount required for bond reserve and repair, replacement, and improvements in both the water and sewer funds.

**City of Flushing**

Notes to the Financial Statements

**Note 4 - Interfund Transactions**

Interfund transfers for the year ended June 30, 2025 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 244,800
Motor Vehicle	Nonmajor Governmental	7,151
Nonmajor Governmental	General	115,698
Nonmajor Governmental	Major Street	65,000
Nonmajor Governmental	Nonmajor Governmental	240,000

Interfund transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Flushing

Notes to the Financial Statements

Note 5 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Governmental Activities</b>					
<b>Capital Assets not being Depreciated</b>					
Land	\$ 1,060,976	\$ 150,000	\$ (500)		\$ 1,210,476
Construction in Progress	485,674	273,922	-	(485,674)	273,922
Right-of-Ways	5,137,859	-	(59,262)	-	5,078,597
<i>Subtotal</i>	<u>6,684,509</u>	<u>423,922</u>	<u>(59,262)</u>	<u>(485,674)</u>	<u>6,562,995</u>
<b>Capital Assets being Depreciated</b>					
Buildings and Improvements	4,025,047	191,285	-	485,674	4,702,006
Machinery and Equipment	2,362,717	253,156	-	-	2,615,873
Infrastructure	21,883,172	212,534	-	-	22,095,706
<i>Subtotal</i>	<u>28,270,936</u>	<u>656,975</u>	<u>-</u>	<u>485,674</u>	<u>29,413,585</u>
<b>Accumulated Depreciation</b>					
Buildings and Improvements	(3,459,748)	(125,603)	-	-	(3,585,351)
Machinery and Equipment	(1,830,062)	(112,265)	-	-	(1,942,327)
Infrastructure	(17,461,752)	(410,185)	-	-	(17,871,937)
<i>Subtotal</i>	<u>(22,751,562)</u>	<u>(648,053)</u>	<u>-</u>	<u>-</u>	<u>(23,399,615)</u>
<b>Capital Assets being Depreciated, net</b>	<u>5,519,374</u>	<u>8,922</u>	<u>-</u>	<u>485,674</u>	<u>6,013,970</u>
<b>Capital Assets, net - Internal Service Fund</b>	<u>798,573</u>	<u>(82,997)</u>	<u>-</u>	<u>-</u>	<u>715,576</u>
<b>Capital Assets, net</b>	<u>\$ 13,002,456</u>	<u>\$ 349,847</u>	<u>\$ (59,762)</u>	<u>\$ -</u>	<u>\$ 13,292,541</u>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Internal Service Fund</b>					
<b>Capital Assets being Depreciated</b>					
Machinery and Equipment	\$ 2,216,429	\$ 84,064	\$ -		\$ 2,300,493
Buildings and Improvements	53,883	-	-		53,883
<i>Subtotal</i>	<u>2,270,312</u>	<u>84,064</u>	<u>-</u>	<u>-</u>	<u>2,354,376</u>
<b>Accumulated Depreciation</b>					
Machinery and Equipment	(1,426,177)	(166,463)	-		(1,592,640)
Buildings and Improvements	(45,562)	(598)	-		(46,160)
<i>Subtotal</i>	<u>(1,471,739)</u>	<u>(167,061)</u>	<u>-</u>	<u>-</u>	<u>(1,638,800)</u>
<b>Capital Assets being Depreciated, net</b>	<u>798,573</u>	<u>(82,997)</u>	<u>-</u>	<u>-</u>	<u>715,576</u>
<b>Capital Assets, net</b>	<u>\$ 798,573</u>	<u>\$ (82,997)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,576</u>

Depreciation expense was charged to the governmental functions of the City as follows:

Governmental Activities	
General Government	\$ 178,975
Public Safety	41,010
Public Works	402,865
Community and Economic	8,936
Recreation and Culture	16,267
Internal Service Fund	167,061
<b>Total</b>	<u>\$ 815,114</u>

City of Flushing

Notes to the Financial Statements

Capital asset activity for business-type activities for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Business-type Activities</b>					
<b>Capital Assets not being Depreciated</b>					
Land	\$ 18,790	\$ -	\$ -		\$ 18,790
Construction in Progress	5,429,242	6,767	-	(5,436,009)	-
<i>Subtotal</i>	<u>5,448,032</u>	<u>6,767</u>	<u>-</u>	<u>(5,436,009)</u>	<u>18,790</u>
<b>Capital Assets being Depreciated</b>					
Buildings and System	13,530,418	-	-	-	13,530,418
Water and Sewer System Infrastructure	9,137,434	383,800	-	5,436,009	14,957,243
Machinery and Equipment	1,156,329	229,901	-	-	1,386,230
<i>Subtotal</i>	<u>23,824,181</u>	<u>613,701</u>	<u>-</u>	<u>5,436,009</u>	<u>29,873,891</u>
<b>Accumulated Depreciation</b>					
Buildings and System	(11,773,689)	(229,999)	-	-	(12,003,688)
Water and Sewer System Infrastructure	(5,057,740)	(267,845)	-	-	(5,325,585)
Machinery and Equipment	(519,135)	(71,088)	-	-	(590,223)
<i>Subtotal</i>	<u>(17,350,564)</u>	<u>(568,932)</u>	<u>-</u>	<u>-</u>	<u>(17,919,496)</u>
<b>Capital Assets being Depreciated, net</b>	<u>6,473,617</u>	<u>44,769</u>	<u>-</u>	<u>-</u>	<u>11,954,395</u>
<b>Capital Assets, net</b>	<u>\$ 11,921,649</u>	<u>\$ 51,536</u>	<u>\$ -</u>	<u>\$ (5,436,009)</u>	<u>\$ 11,973,185</u>

Depreciation expense for business-type activities was charged to sewer fund (\$357,041) and water fund (\$211,891) of the City.

Note 6 - Long-term Debt

The following is a summary of long-term debt activity of the City for the year ended June 30, 2025:

	Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
<i>Direct Placement</i>							
Fire Truck Installment Purchase Contract	2.480%	2024	\$ 38,975	\$ -	\$ (38,975)	\$ -	\$ -
Compensated Absences			505,836	-	(126,459)	379,377	94,844
<b>Total Governmental Activities</b>			<u>544,811</u>	<u>-</u>	<u>(165,434)</u>	<u>379,377</u>	<u>94,844</u>
<b>Business-type Activities</b>							
<i>Direct Placement</i>							
Water Revolving Fund	2.500%	2029	395,846	-	(80,000)	315,846	80,000
Water Supply System Revenue Bond, 2018	2.375%	2058	2,449,000	-	(53,000)	2,396,000	54,000
Sanitary Sewer Junior Lien Revenue Bonds, 2021A	2.125%	2061	3,087,000	-	(56,000)	3,031,000	57,000
Sanitary Sewer Junior Lien Revenue Bonds, 2021B	2.125%	2061	1,600,458	333,542	(35,000)	1,899,000	36,000
<b>Total Business-type Activities</b>			<u>7,532,304</u>	<u>333,542</u>	<u>(224,000)</u>	<u>7,641,846</u>	<u>227,000</u>
<b>Total Government Long-term Debt</b>			<u>\$ 8,077,115</u>	<u>\$ 333,542</u>	<u>\$ (389,434)</u>	<u>\$ 8,021,223</u>	<u>\$ 321,844</u>

City of Flushing

Notes to the Financial Statements

Annual debt service requirements, exclusive of compensated absences, to maturity are as follows:

	Business-type Activities		
	Principal	Interest	Total
2026	\$ 227,000	\$ 174,308	\$ 401,308
2027	229,000	168,862	397,862
2028	232,000	163,473	395,473
2029	232,846	158,584	391,430
2030	160,000	154,310	314,310
2031-2035	855,000	717,085	1,572,085
2036-2040	953,000	618,113	1,571,113
2041-2045	1,063,000	507,545	1,570,545
2046-2050	1,186,000	384,022	1,570,022
2051-2055	1,325,000	246,293	1,571,293
2056-2060	986,000	117,144	1,103,144
2061	193,000	4,113	197,113
<b>Totals</b>	<b>\$ 7,641,846</b>	<b>\$ 3,413,852</b>	<b>\$ 11,055,698</b>

**Note 7 - Defined Benefit Pension Plan**

**Plan Description**

The City participates in the Municipal Employees Retirement System (MERS) of Michigan, a defined benefit pension plan that provides certain retirement, disability, and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, state-wide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
General - Closed	2.50%	80%	3	60	50/25	55/15	10
Police - Closed	2.50%	80%	3	60	50/25	55/15	10
Administration - Closed	2.50%	80%	5	60	50/25	55/15	10
Police - Closed	1.50%	No Max	3	60	N/A	N/A	6

City of Flushing

Notes to the Financial Statements

**Employees Covered by Benefit Terms**

At the December 31, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Inactive Plan Members Entitled To But Not Yet Receiving Benefits	2
Active Plan Members	9
<b>Total Employees Covered By MERS</b>	<b>55</b>

**Contributions**

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2025, the active employee contribution rate and the City's contribution rate was a percentage of covered payroll depending on division or a flat amount per month for closed divisions, as follows:

Division	Employee Contributions	Employer Contributions
General - Closed	7.00%	\$29,495
Police - Closed	8.00%	\$35,115
Administration - Closed	10.00%	\$24,095
Police - Closed	2.93%	\$306

**Net Pension Liability**

The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability in the December 31, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%  
Salary Increases: 3.00% plus merit and longevity: 3.00% in the long-term

**City of Flushing**

Notes to the Financial Statements

Investment Rate of Return: 6.93%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00-4.00%.

The mortality tables used were the Pub-2010 Male and Female tables with mortality improvements projected using scale MP-2024.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2019-2023, first used in the December 31, 2024 Valuation.

The long-term expected rate of return on pension 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-term Expected Gross Rate of Return</u>
Global Equity	60.00%	7.00%	4.20%
Global Fixed Income	20.00%	4.66%	0.93%
Private Investments	20.00%	9.00%	1.80%
<b>Totals</b>	<b>100.00%</b>		<b>6.93%</b>

**Discount Rate**

The discount rate used to measure the total pension liability in the current year and prior year is 7.18%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive

**City of Flushing**

Notes to the Financial Statements

employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

Changes in the net pension liability during the measurement year were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
<b>Balance at December 31, 2023</b>	\$ 24,871,175	\$ 14,397,249	\$ 10,473,926
<i>Changes for the Year:</i>			
Service Cost	124,506	-	124,506
Interest on Total Pension Liability	1,737,118	-	1,737,118
Changes in Benefit Terms	723	-	723
Differences Between Expected and Actual Experience	479,414	-	479,414
Changes of Assumptions	(56,821)	-	(56,821)
Contributions - Employer	-	1,037,199	(1,037,199)
Contributions - Employee	-	63,732	(63,732)
Net Investment Income	-	1,074,856	(1,074,856)
Benefit Payments, Including Refunds	(1,479,205)	(1,479,205)	-
Administrative Expenses	-	(31,895)	31,895
<i>Net Changes</i>	<u>805,735</u>	<u>664,687</u>	<u>141,048</u>
<b>Balance at December 31, 2024</b>	\$ 25,676,910	\$ 15,061,936	\$ 10,614,974
		<b>Allocated to:</b>	
		Governmental Activities	\$ 8,723,370
		Business-type Activities	1,891,604
		<b>Total</b>	<u>\$ 10,614,974</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.18%) or one percentage higher (8.18%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.18%)</u>	<u>(7.18%)</u>	<u>(8.18%)</u>
Net Pension Liability of the City	\$ 13,538,738	\$ 10,614,974	\$ 8,170,717

**City of Flushing**

Notes to the Financial Statements

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended June 30, 2025, the City recognized pension expense of \$1,327,061. At June 30, 2025, the City reported deferred outflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 452,728	\$ -
Contributions Subsequent to the Measurement Date*	534,230	-
<b>Totals</b>	<u>\$ 986,958</u>	<u>\$ -</u>
<b>Allocated to:</b>		
Governmental Activities	\$ 811,081	\$ -
Business-type Activities	175,877	-
	<u>\$ 986,958</u>	<u>\$ -</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2026.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 208,602
2027	367,158
2028	(111,860)
2029	(11,172)

**Note 8 - Other Postemployment Benefits Plan**

**Plan Description**

The City of Flushing Other Post-Employment Benefits Plan is a single employer plan established and administered by City of Flushing and can be amended at its discretion.

**Benefits Provided**

The plan provides either 80% or 100% of health insurance benefits to eligible retirees and their spouse until death or Medicare eligibility. Dependents are covered until age 26. Eligibility is

**City of Flushing**

Notes to the Financial Statements

determined based on position and classification and is maintained until the employee's and spouse death, or the at Medicare eligibility depending on bargaining unit.

Membership of the Plan consisted of the following at the Date of the latest actuarial valuation (June 30, 2025):

Retirees and Beneficiaries	33
Inactive Plan Members	-
Active Plan Members	13
<b>Total Employees Covered By The Plan</b>	<u>46</u>

**Contributions**

The City of Flushing's Other Post-Employment Benefits Plan was established and is being funded under the authority of the City and under agreements with unions representing various classes of employees. Currently, the City does not have a fixed amount that will be contributed toward the OPEB Trust each year. Benefit payments made directly to retirees or on behalf of retirees from general operating funds will be counted as plan contributions. There are no long-term contracts for contributions to the plan.

**Methods and Assumptions**

The City's OPEB liability was measured as of June 30, 2025.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary Increases	3.00% (for purposes of allocating liabilities)
Investment Rate of Return	6.93%, including inflation
20-Year AA Municipal Bond Rate	4.81%
Mortality	Public General and Public Safety 2016 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense 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.

**City of Flushing**

Notes to the Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00%	4.50%
Global Fixed Income	20.00%	2.16%
Private Investments	20.00%	6.50%
<b>Totals</b>	<b>100.00%</b>	

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumed that the City would continue to contribute to the plan as necessary and make benefit payments from general operating funds such that assets will not be depleted. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members, there is no cross-over point. Therefore, all projected benefits are covered by projected assets, thus the long-term expected rate was used to discount the projected benefits. This discount rate is used to determine the Total OPEB Liability. As of June 30, 2024 the discount rate used to value OPEB liabilities was 7.00%.

**City of Flushing**

Notes to the Financial Statements

**Changes in the Net OPEB Liability**

Changes in the net OPEB liability during the measurement year were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
<b>Balance at June 30, 2024</b>	<b>\$ 5,184,044</b>	<b>\$ 2,575,022</b>	<b>\$ 2,609,022</b>
<i>Changes for the Year:</i>			
Service Cost	8,635	-	8,635
Interest on Total OPEB Liability	354,532	-	354,532
Differences Between Expected and Actual Experience	88,244	-	88,244
Changes of Assumptions	119,275	-	119,275
Contributions - Employer	-	255,870	(255,870)
Net Investment Income	-	250,783	(250,783)
Benefit Payments, Including Refunds	(255,870)	(255,870)	-
Administrative Expenses	-	(5,628)	5,628
<i>Net Changes</i>	<u>314,816</u>	<u>245,155</u>	<u>69,661</u>
<b>Balance at June 30, 2025</b>	<b>\$ 5,498,860</b>	<b>\$ 2,820,177</b>	<b>\$ 2,678,683</b>
<b>Allocated to:</b>			
		Governmental Activities	\$ 2,142,946
		Business-type Activities	535,737
		<b>Total</b>	<b>\$ 2,678,683</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(5.93%)</u>	<u>(6.93%)</u>	<u>(7.93%)</u>
Net OPEB Liability	<u>\$ 3,183,033</u>	<u>\$ 2,678,683</u>	<u>\$ 2,248,949</u>

**City of Flushing**

Notes to the Financial Statements

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the employer, calculated using the current healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 2,276,724	\$ 2,678,683	\$ 3,145,019

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB Plan**

For the year ended June 30, 2025, the City recognized OPEB expense of \$394,425. The employer reported deferred outflows/inflows of resources related to the OPEB from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	33,321
<b>Totals</b>	<b>\$ -</b>	<b>\$ 33,321</b>
	<b>Allocated as Follows:</b>	
	Governmental Activities	\$ 26,657
	Business-type Activities	6,664
	<b>Totals</b>	<b>\$ -</b>

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	
<u>Ended June 30,</u>	<u>Amount</u>
2026	\$ 41,747
2027	(31,463)
2028	(29,461)
2029	(14,144)

**City of Flushing**

Notes to the Financial Statements

**Note 9 - Fund Balances - Governmental Funds**

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that 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.

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Nonspendable for:</b>				
Prepaid Items	\$ 75,964	\$ -	\$ -	\$ 75,964
Cemetery Care	-	-	415,848	415,848
<b>Total Nonspendable</b>	<b>75,964</b>	<b>-</b>	<b>415,848</b>	<b>491,812</b>
<b>Restricted for:</b>				
Police and Fire	-	-	14,593	14,593
Emergency Management Services	193,718	-	-	193,718
Streets and Highways	-	1,882,458	688,199	2,570,657
Drug Law Enforcement	-	-	5,888	5,888
Capital Projects	-	-	1,221,880	1,221,880
<b>Total Restricted</b>	<b>193,718</b>	<b>1,882,458</b>	<b>1,930,560</b>	<b>4,006,736</b>
<b>Committed for:</b>				
Community Development	184,090	-	-	184,090
Parks and Recreation	28,132	-	-	28,132
<b>Total Committed</b>	<b>212,222</b>	<b>-</b>	<b>-</b>	<b>212,222</b>
<b>Unassigned</b>	<b>3,196,403</b>	<b>-</b>	<b>-</b>	<b>3,196,403</b>
<b>Total Fund Balances</b>	<b>\$ 3,678,307</b>	<b>\$ 1,882,458</b>	<b>\$ 2,346,408</b>	<b>\$ 7,907,173</b>

**Note 10 - Tax Abatement Disclosure**

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the City. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2025, the City's property taxes were reduced by \$7,761 under this program.

**City of Flushing**

Notes to the Financial Statements

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**Note 11 - Risk Management**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits provided to employees and participates in the Michigan Municipal League ("MML") risk pool for claims relating to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 12 - Subsequent Events**

As of December 18, 2025, the date these financial statements were available to be issued, management is not aware of any subsequent events that would have a significant impact on the financial condition of the City.

**Note 13 - New Accounting Pronouncement**

The City implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, Compensated Absences, during the fiscal year ended June 30, 2025. The adoption of this standard did not have a material impact on the City's financial statements.

**Required Supplementary Information**

**City of Flushing**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 2,652,137	\$ 2,664,137	\$ 2,678,700	\$ 14,563
Special Assessments	543,505	543,505	539,276	(4,229)
Licenses and Permits	120,750	111,250	110,976	(274)
Intergovernmental	1,143,842	1,215,433	1,167,027	(48,406)
Charges for Services	1,206,558	1,271,558	1,297,742	26,184
Fines and Forfeits	6,350	15,350	16,451	1,101
Interest and Rentals	56,804	203,804	146,557	(57,247)
Other Revenue	96,300	96,300	102,210	5,910
<b>Total Revenues</b>	<b>5,826,246</b>	<b>6,121,337</b>	<b>6,058,939</b>	<b>(62,398)</b>
<b>Other Financing Sources</b>				
Sale of Capital Assets	--	93,115	93,115	--
Transfers In	224,800	244,800	244,800	--
<b>Total Revenues and Other Financing Sources</b>	<b>6,051,046</b>	<b>6,459,252</b>	<b>6,396,854</b>	<b>(62,398)</b>
<b>Expenditures</b>				
<b>General Government</b>				
City Council	11,350	11,350	11,344	6
City Manager	168,277	167,277	165,805	1,472
Elections	61,660	37,290	30,074	7,216
Assessor	42,885	43,420	43,009	411
City Attorney	41,000	41,000	29,730	11,270
City Clerk/Treasurer	346,032	369,032	357,096	11,936
City Hall	65,656	65,656	64,439	1,217
Cemetery	136,760	136,760	113,182	23,578
General Administration	636,128	656,128	649,698	6,430
<b>Total General Government</b>	<b>1,509,748</b>	<b>1,527,913</b>	<b>1,464,377</b>	<b>63,536</b>
<b>Public Safety</b>				
Police Department	2,169,144	2,346,926	2,449,738	(102,812)
Fire Department	297,881	297,881	265,861	32,020
Emergency Management	581,453	531,453	500,312	31,141
<b>Total Public Safety</b>	<b>3,048,478</b>	<b>3,176,260</b>	<b>3,215,911</b>	<b>(39,651)</b>
<b>Public Works</b>				
Department of Public Works	114,850	347,828	300,494	47,334
Sanitation	833,274	833,274	831,936	1,338
Solid Waste Recycling	198,810	160,810	148,961	11,849
<b>Total Public Works</b>	<b>1,146,934</b>	<b>1,341,912</b>	<b>1,281,391</b>	<b>60,521</b>
<b>Community and Economic Development</b>				
Planning	20,479	20,479	11,101	9,378
<b>Recreation and Culture</b>				
Parks and Recreation	169,091	169,091	168,447	644
Library	95,627	215,627	186,526	29,101
Parks and Recreation Committee	13,750	13,750	7,027	6,723
Community Services	7,000	8,200	7,644	556
<b>Total Recreation and Culture</b>	<b>285,468</b>	<b>406,668</b>	<b>369,644</b>	<b>37,024</b>
<b>Debt Service</b>				
<b>Total Expenditures</b>	<b>6,051,046</b>	<b>6,513,171</b>	<b>6,382,363</b>	<b>130,808</b>
<b>Other Financing Uses</b>				
Transfers Out	--	5,000	115,698	(110,698)
<b>Total Expenditures and Other Financing Uses</b>	<b>6,051,046</b>	<b>6,518,171</b>	<b>6,498,061</b>	<b>20,110</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>--</b>	<b>(58,919)</b>	<b>(101,207)</b>	<b>(42,288)</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>(58,919)</b>	<b>(101,207)</b>	<b>(42,288)</b>
<b>Fund Balance at Beginning of Period</b>	<b>3,779,514</b>	<b>3,779,514</b>	<b>3,779,514</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 3,779,514</b>	<b>\$ 3,720,595</b>	<b>\$ 3,678,307</b>	<b>\$ (42,288)</b>

**City of Flushing**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Major Streets**  
**For the year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 836,956	\$ 881,312	\$ 890,838	\$ 9,526
Interest and Rentals	300	300	21,976	21,676
<b>Total Revenues</b>	<b>837,256</b>	<b>881,612</b>	<b>912,814</b>	<b>31,202</b>
<b>Expenditures</b>				
Routine Maintenance	955,465	891,732	802,039	89,693
<b>Total Expenditures</b>	<b>955,465</b>	<b>891,732</b>	<b>802,039</b>	<b>89,693</b>
<b>Other Financing Uses</b>				
Transfers Out	40,000	65,000	65,000	--
<b>Total Expenditures and Other Financing Uses</b>	<b>995,465</b>	<b>956,732</b>	<b>867,039</b>	<b>89,693</b>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</b>	<b>(158,209)</b>	<b>(75,120)</b>	<b>45,775</b>	<b>120,895</b>
<b>Net Change in Fund Balance</b>	<b>(158,209)</b>	<b>(75,120)</b>	<b>45,775</b>	<b>120,895</b>
<b>Fund Balance at Beginning of Period</b>	<b>1,836,683</b>	<b>1,836,683</b>	<b>1,836,683</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 1,678,474</b>	<b>\$ 1,761,563</b>	<b>\$ 1,882,458</b>	<b>\$ 120,895</b>

**City of Flashing  
Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Calendar Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service Cost	\$ 124,506	\$ 146,930	\$ 176,219	\$ 154,491	\$ 139,558	\$ 137,346	\$ 139,676	\$ 132,491	\$ 154,811	\$ 181,086
Interest on Total Pension Liability	1,737,118	1,708,791	1,678,744	1,663,889	1,586,795	1,539,133	1,585,623	1,543,627	1,512,939	1,431,731
Changes in Benefit Terms	723	(3,396)	-	-	1,822	-	(25,086)	(10,354)	224	(12,884)
Differences Between Expected and Actual Experience	479,414	12,190	(110,915)	(147,285)	(145,690)	(587,491)	45,700	102,615	(118,799)	26,317
Changes of Assumptions	(56,821)	183,382	-	881,914	730,123	745,771	(25,249)	-	-	1,044,347
Benefit Payments, Including Refunds	(1,479,205)	(1,345,522)	(1,284,459)	(1,319,653)	(1,291,842)	(1,287,677)	(1,291,175)	(1,203,411)	(1,105,615)	(1,096,055)
Other Changes	-	-	-	-	-	81,006	-	-	-	-
<b>Net Change in Pension Liability</b>	805,735	702,365	459,589	1,233,356	1,020,360	628,088	430,891	565,228	443,660	1,575,342
<b>Total Pension Liability - Beginning</b>	24,871,175	24,168,810	23,399,221	22,475,865	21,455,005	20,826,917	20,396,026	19,830,798	19,387,138	17,811,796
<b>Total Pension Liability - Ending (a)</b>	\$ 25,676,910	\$ 24,871,175	\$ 24,168,810	\$ 23,709,221	\$ 22,475,865	\$ 21,455,005	\$ 20,826,917	\$ 20,396,026	\$ 19,830,798	\$ 19,387,138
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 1,037,199	\$ 2,246,556	\$ 984,066	\$ 962,813	\$ 1,035,328	\$ 1,057,079	\$ 1,002,276	\$ 968,504	\$ 1,104,834	\$ 787,717
Contributions - Employee	63,732	110,934	77,030	75,226	69,899	76,593	68,612	60,808	46,030	23,483
Net Investment Income (Loss)	1,074,256	1,409,435	(1,413,247)	1,712,744	1,411,101	1,344,950	(410,993)	1,253,713	968,218	(134,705)
Benefit Payments, Including Refunds	(1,479,205)	(1,345,522)	(1,284,459)	(1,319,653)	(1,291,842)	(1,287,677)	(1,291,175)	(1,203,411)	(1,105,615)	(1,096,055)
Administrative Expenses	(31,895)	(29,293)	(25,199)	(19,655)	(22,261)	(23,176)	(20,383)	(19,848)	(19,141)	(19,447)
<b>Net Change in Plan Fiduciary Net Position</b>	664,687	2,392,100	(1,661,809)	1,411,475	1,182,225	1,167,770	(650,761)	1,059,766	994,326	(439,007)
<b>Plan Fiduciary Net Position - Beginning</b>	14,397,249	12,005,149	13,666,958	12,255,483	11,073,258	9,905,488	10,556,249	9,496,483	8,502,157	8,941,164
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 15,061,936	\$ 14,397,249	\$ 12,005,149	\$ 13,666,958	\$ 12,255,483	\$ 11,073,258	\$ 9,905,488	\$ 10,556,249	\$ 9,496,483	\$ 8,502,157
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 10,614,974	\$ 10,473,926	\$ 12,163,661	\$ 10,042,263	\$ 10,220,382	\$ 10,381,747	\$ 10,921,429	\$ 9,839,777	\$ 10,334,315	\$ 10,884,981
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.66%	57.89%	49.67%	57.64%	54.53%	51.61%	47.56%	51.76%	47.89%	43.85%
Covered Payroll	\$ 755,063	\$ 901,669	\$ 1,077,253	\$ 1,034,421	\$ 938,716	\$ 938,716	\$ 965,175	\$ 930,915	\$ 1,098,575	\$ 1,274,583
Net Pension Liability as a Percentage of Covered Payroll	1405.84%	1161.62%	1129.14%	970.81%	1088.76%	1105.95%	1131.55%	1057.00%	940.70%	854.00%

**Notes to Schedule:**  
See Notes to the Required Supplementary Information immediately following pension and OPEB schedules.

**City of Flashing  
Required Supplementary Information  
Schedule of Contributions  
Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 1,068,263	\$ 1,004,325	\$ 1,026,216	\$ 941,916	\$ 852,693	\$ 1,025,109	\$ 1,071,388	\$ 968,504	\$ 1,104,835	\$ 722,184
Contributions in Relation to the Actuarially Determined Contribution	1,068,263	2,234,361	1,026,216	941,916	927,691	1,025,109	1,071,388	1,168,504	1,104,835	722,184
Contribution Deficiency (Excess)	\$ -	\$ (1,230,036)	\$ -	\$ -	\$ (75,000)	\$ -	\$ -	\$ (200,000)	\$ -	\$ -
Covered Payroll	\$ 836,256	\$ 891,858	\$ 1,026,587	\$ 954,814	\$ 891,576	\$ 1,022,098	\$ 984,479	\$ 930,915	\$ 1,098,575	\$ 1,274,583
Contributions as a Percentage of Covered Payroll	127.74%	250.53%	99.96%	98.65%	104.05%	100.29%	108.83%	125.52%	100.57%	56.66%

Notes:

Actuarially determined contribution rates are calculated as of December 31 each year, which is the year prior to the beginning of the fiscal year in which the contributions are required.

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	14 Years
Asset Valuation Method	5-year, Smoothed
Inflation	2.50%
Salary Increases	3.00% Wage Inflation with 0.00%-11.00% Merit and Longevity Increases (3.75% for 2015 through 2019)
Investment Rate of Return	6.93%, Net of Investment Expense, including Inflation
Retirement Age	Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Rates Used were Based on the Pub-2010 Group Annuity Mortality Table of a 50% Male and 50% Female Blend

**City of Flushing  
Required Supplementary Information  
Schedule of Changes in Net OPEB Liability and Related Ratios\*  
Last Nine Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>									
Service Cost	\$ 8,638	\$ 15,998	\$ 20,690	\$ 23,815	\$ 76,849	\$ 74,832	\$ 116,188	\$ 148,569	\$ 185,046
Interest on Total OPEB Liability	356,532	350,349	354,626	346,468	483,539	473,267	499,539	487,232	449,831
Differences Between Expected and Actual Experience	88,244	(88,101)	(486,448)	(6,862)	(3,296,895)	(61,511)	(2,005,970)	(28,005)	82,326
Changes of Assumptions	119,275	21,621	(103,943)	170,565	(1,242,477)	46,345	(1,186,159)	-	(39,622)
Changes in Benefit Terms	-	-	349,429	-	(424,029)	-	-	-	72,391
Benefit Payments, Including Refunds	(255,870)	(209,625)	(165,789)	(209,190)	(229,289)	(230,097)	(268,133)	(283,907)	(312,063)
<b>Net Change in Pension Liability</b>	314,816	90,242	(25,635)	324,796	(6,632,210)	302,836	(2,844,535)	315,889	458,809
<b>Total Pension Liability - Beginning</b>	5,184,044	5,093,802	5,119,437	4,794,641	9,426,859	9,124,023	11,968,558	11,654,669	11,215,860
<b>Total Pension Liability - Ending (a)</b>	\$ 5,498,860	\$ 5,184,044	\$ 5,093,802	\$ 5,119,437	\$ 4,794,641	\$ 9,426,859	\$ 9,124,023	\$ 11,968,558	\$ 11,654,669
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 255,870	\$ 209,625	\$ 165,789	\$ 560,124	\$ 229,205	\$ 400,000	\$ 402,717	\$ 293,907	\$ 412,063
Contributions - Employee	-	-	-	-	-	230,097	268,133	224,000	-
Net Investment Income	250,783	240,189	162,568	(203,494)	300,952	36,922	81,806	32,461	49,723
Benefit Payments, Including Refunds	(255,870)	(209,625)	(165,789)	(209,190)	(229,205)	(230,097)	(268,133)	(293,907)	(312,063)
Administrative Expenses	(5,620)	(5,125)	(4,116)	(4,054)	(3,431)	(2,664)	(2,169)	(1,645)	(999)
<b>Net Change in Plan Fiduciary Net Position</b>	245,155	235,064	158,452	143,386	297,521	434,238	482,354	254,816	148,724
<b>Plan Fiduciary Net Position - Beginning</b>	2,875,022	2,339,958	2,181,506	2,038,120	1,740,599	1,306,341	823,987	569,171	420,447
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 2,820,177	\$ 2,575,022	\$ 2,339,958	\$ 2,181,506	\$ 2,038,120	\$ 1,740,599	\$ 1,306,341	\$ 823,987	\$ 569,171
<b>Net OPEB Liability - Ending (a) - (b)</b>	\$ 2,678,683	\$ 2,609,022	\$ 2,753,844	\$ 2,937,931	\$ 2,756,521	\$ 7,686,260	\$ 7,817,682	\$ 11,144,571	\$ 11,085,498
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	51.29%	49.67%	45.94%	42.61%	42.51%	18.46%	14.32%	6.88%	4.88%
Covered Payroll	\$ 727,162	\$ 853,811	\$ 1,062,797	\$ 924,006	\$ 901,408	\$ 965,929	\$ 834,496	N/A	N/A
Net OPEB Liability as a Percentage of Covered Payroll	368.37%	305.57%	259.11%	317.96%	305.80%	795.74%	936.81%	N/A	N/A

**Notes to Schedule:**  
\* Built prospectively upon implementation on GASB Statement No. 75. An additional year will be added each year until ten years are presented.  
See Notes to the Required Supplementary Information immediately following pension and OPEB schedules.

**City of Flushing  
Required Supplementary Information  
Schedule of Contributions - OPEB  
Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 337,720	\$ 257,223	\$ 280,664	\$ 266,238	\$ 614,087	\$ 615,511	\$ 791,291	\$ 809,939	\$ 1,693,998	\$ 674,458
Contributions in Relation to the Actuarially Determined Contribution	255,870	209,625	165,789	209,190	229,205	630,097	670,850	517,907	412,063	-
Contribution Deficiency (Excess)	\$ 81,850	\$ 47,598	\$ 114,875	\$ 57,048	\$ 384,882	\$ (14,586)	\$ 120,441	\$ 292,032	\$ 1,281,935	\$ 674,458
Covered Employee Payroll	\$ 727,162	\$ 853,811	\$ 1,062,797	\$ 924,006	\$ 901,408	\$ 965,929	\$ 834,496	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	46.44%	30.13%	26.41%	28.81%	68.13%	63.72%	94.82%	N/A	N/A	N/A

**Notes**  
Valuation Date: June 30, 2023

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	12 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.50%
Investment Rate of Return	6.93%
20-year AA Municipal Bond Rate	4.81%
Retirement Age	Varies, Depending on Plan Adoption
Improvement Scale	Public, General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted
Healthcare Cost Trend Rate	RR 2024 Adjusted Scale MP 2021 7.25%, Decreasing 0.25% Annually to 4.50%

**City of Flushing**  
**Notes to the Required Supplementary Information**

**Notes to the Schedule of Changes in Net Pension Liability and Related Ratios**

**2023, summary of most significant changes impacting the total pension liability include:**

1) The investment rate of return assumption was reduced from 7.00% to 6.93%.

**2022, summary of most significant changes impacting the total pension liability include:**

1) The investment rate of return assumption was reduced from 7.25% to 7.00%.

**2021, summary of most significant changes impacting the total pension liability include:**

1) The investment rate of return assumption was reduced from 7.60% to 7.25%.

**2020, summary of most significant changes impacting the total pension liability include:**

1) Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

**2019, summary of most significant changes impacting the total pension liability include:**

1) The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

**2015, summary of most significant changes impacting the total pension liability include:**

1) The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

**Notes to the Schedule of Changes in Net OPEB Liability and Related Ratios**

**2025, summary of most significant changes impacting the total OPEB liability include:**

1) The discount rate was changed from 7.00% to 6.93%.

**2022, summary of most significant changes impacting the total OPEB liability include:**

1) The discount rate was changed from 7.35% to 7.00%.

**2021, summary of most significant changes impacting the total OPEB liability include:**

- 1) There was an actuarial gain of \$3,296,895 (differences between expected and actual experience), primarily due to the Medicare premium valued for both the current and future retirees significantly lower than expected relative to the previous rate used for both BCBS and BCN plan participant.
- 2) A change in plan provisions for future admin and DPW retirees generated a \$424,029 decrease in total pension liability.
- 3) The discount rate was updated from 5.15% to 7.35%, combined with a change in mortality, trend rate, salary scale, and timing of claims assumptions, which led to a \$1,242,477 decrease in total pension liability.

**2019, summary of most significant changes impacting the total OPEB liability include:**

- 1) There was an actuarial loss of \$584,615 (differences between expected and actual experience), primarily due to mortality rates table changing from IRS 1.430(h) annuitant and non-annuitant sex distinct tables to public safety 2010 headcount-weighted employee and healthy retiree table for police participants and public general 2010 headcount-weighted table for non-police participants.
- 2) The discount rate was updated from 4.18% to 5.21%, combined with a change in mortality, trend rate, salary scale, and timing of claims assumptions, which led to a \$1,648,677 decrease in total pension liability.

**Combining and Individual Fund Statements and Schedules**

City of Flushing  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2025

	Special Revenue				Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Local Streets	Narcole	Community Development	Police and Fire Memorial Fund	Byrne Discretionary Grant	Public Improvement	Capital Improvement	Cemetery Trust	
<b>ASSETS</b>									
Cash and Investments	\$ 645,418	\$ 5,888	\$ --	\$ 14,593	\$ --	\$ 472,986	\$ 768,894	\$ 417,848	\$ 2,325,627
Due from Other Units of Government	51,585	--	--	--	105,242	--	--	--	156,827
<b>Total Assets</b>	<b>\$ 697,003</b>	<b>\$ 5,888</b>	<b>\$ --</b>	<b>\$ 14,593</b>	<b>\$ 105,242</b>	<b>\$ 472,986</b>	<b>\$ 768,894</b>	<b>\$ 417,848</b>	<b>\$ 2,482,454</b>
<b>LIABILITIES</b>									
Accounts Payable	\$ 6,821	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,821
Accrued Wages	1,983	--	--	--	--	--	--	--	1,983
Deposits Payable	--	--	--	--	--	--	--	2,000	2,000
Due to Other Funds	--	--	--	--	--	20,000	--	--	20,000
<b>Total Liabilities</b>	<b>8,804</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>20,000</b>	<b>--</b>	<b>2,000</b>	<b>30,804</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable Revenues	--	--	--	--	105,242	--	--	--	105,242
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>8,804</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>105,242</b>	<b>--</b>	<b>--</b>	<b>2,000</b>	<b>136,046</b>
<b>FUND BALANCE</b>									
Nonspendable	--	--	--	--	--	--	--	415,848	415,848
Reserved	688,199	5,888	--	14,593	--	472,986	748,894	--	1,930,560
Unassigned	--	--	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>688,199</b>	<b>5,888</b>	<b>--</b>	<b>14,593</b>	<b>--</b>	<b>472,986</b>	<b>748,894</b>	<b>415,848</b>	<b>2,346,408</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 697,003</b>	<b>\$ 5,888</b>	<b>\$ --</b>	<b>\$ 14,593</b>	<b>\$ 105,242</b>	<b>\$ 472,986</b>	<b>\$ 768,894</b>	<b>\$ 417,848</b>	<b>\$ 2,482,454</b>

City of Flushing  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the year Ended June 30, 2025

	Special Revenue				Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Local Streets	Narcole	Community Development	Police and Fire Memorial Fund	Byrne Discretionary Grant	Public Improvement	Capital Improvement	Cemetery Trust	
<b>Revenues</b>									
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 499,670	\$ --	\$ 499,670
Intergovernmental	342,362	--	135,574	--	--	20,765	--	--	498,701
Interest and Rentals	3,401	1	--	1	--	5,886	13,127	39,623	62,039
Other Revenue	--	--	--	500	--	11,679	--	--	12,179
<b>Total Revenues</b>	<b>345,763</b>	<b>1</b>	<b>135,574</b>	<b>501</b>	<b>20,765</b>	<b>17,265</b>	<b>512,797</b>	<b>39,623</b>	<b>1,072,589</b>
<b>Expenditures</b>									
General Government	--	--	--	--	--	5,374	--	--	5,374
Public Safety	--	--	--	8,909	--	--	--	--	8,909
Public Works	411,664	--	--	--	--	--	25,325	--	436,989
Community and Economic Development	--	--	135,722	--	--	--	--	--	135,722
Capital Outlay	--	--	--	--	127,315	--	--	--	127,315
<b>Total Expenditures</b>	<b>411,664</b>	<b>--</b>	<b>135,722</b>	<b>8,909</b>	<b>127,315</b>	<b>5,374</b>	<b>25,325</b>	<b>--</b>	<b>714,309</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(65,901)</b>	<b>1</b>	<b>(148)</b>	<b>(8,408)</b>	<b>(106,550)</b>	<b>12,191</b>	<b>487,472</b>	<b>39,623</b>	<b>358,280</b>
<b>Other Financing Sources (Uses)</b>									
Transfers In	65,000	--	148	9,000	106,550	240,000	--	--	420,698
Transfers Out	(65,000)	--	(148)	(9,000)	(106,550)	(240,000)	(485,151)	(6,800)	(491,951)
<b>Net Other Financing Sources (Uses)</b>	<b>(901)</b>	<b>1</b>	<b>--</b>	<b>592</b>	<b>--</b>	<b>252,191</b>	<b>(237,151)</b>	<b>(2,177)</b>	<b>(285,360)</b>
<b>Net Change in Fund Balance</b>	<b>688,100</b>	<b>5,887</b>	<b>--</b>	<b>14,001</b>	<b>--</b>	<b>220,795</b>	<b>746,573</b>	<b>383,025</b>	<b>2,059,381</b>
<b>Fund Balance at Beginning of Period</b>	<b>688,199</b>	<b>5,888</b>	<b>--</b>	<b>14,593</b>	<b>--</b>	<b>472,986</b>	<b>748,894</b>	<b>415,848</b>	<b>2,346,408</b>
<b>Fund Balance at End of Period</b>	<b>\$ 688,199</b>	<b>\$ 5,888</b>	<b>\$ --</b>	<b>\$ 14,593</b>	<b>\$ --</b>	<b>\$ 472,986</b>	<b>\$ 748,894</b>	<b>\$ 415,848</b>	<b>\$ 2,346,408</b>

December 18, 2025

To the City Council  
City of Flushing, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Flushing, Michigan (the "City") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 21, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, except as noted in Note 13 to the financial statements and the application of existing policies was not changed during the fiscal year ended June 30, 2025. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- The assumptions used in the actuarial valuation of the pension and other post-employment plans are based on historical trends and industry standards.
- The assumptions used in the calculation of the lease receivables and related deferred inflows.

We evaluated key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 18, 2025.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

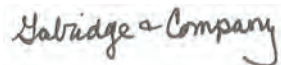
We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the schedules for the defined benefit pension and OPEB plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC  
Grand Rapids, MI

**APPENDIX C**

**FORM OF APPROVING OPINION**



200 OTTAWA AVENUE NW, SUITE 900  
GRAND RAPIDS, MICHIGAN 49503-2427  
TELEPHONE: 616-458-1300  
FACSIMILE: 844-670-6009  
<http://www.dickinsonwright.com>

[CLOSING DATE], 2026

City of Flushing  
Genesee County, Michigan

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Flushing, Genesee County, Michigan (the “City”), of its General Obligation Limited Tax Bonds, Series 2026, dated [CLOSING DATE], 2026, in the original principal amount of \$[PRINCIPAL AMOUNT] (the “Bonds”). The Bonds have been issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and the proceeds will be used for the purpose of defraying a portion of the cost of certain capital improvements to the City’s Sanitary Sewer System and to pay the costs of issuance of the Bonds.

We have examined the law, a specimen of the bond certificate, and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. The City has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”).

Based on the foregoing, under existing law, we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the City.
2. The full faith and credit of the City have been pledged for the payment of the principal of and interest on the Bonds when due. Taxes imposed by the City for payment of such principal and interest are subject to applicable constitutional, statutory, and charter tax rate limitations.
3. The interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth above is subject to the condition that the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has

City of Flushing  
[CLOSING DATE], 2026  
Page 2

covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The Bonds and interest thereon are exempt from all taxation by the State of Michigan, or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

**DICKINSON WRIGHT PLLC**

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**CONTINUING DISCLOSURE CERTIFICATE**

**CITY OF FLUSHING  
(Genesee County, Michigan)**

**[\$[PRINCIPAL AMOUNT]  
GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Flushing, Genesee County, Michigan (the “Issuer”) in connection with the issuance of its General Obligation Limited Tax Bonds, Series 2026, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the “Bonds”). The Issuer covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

**Section 2. Definitions.** The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005  
Tel: (202) 838-1500  
Fax: (202) 898-1500

“Official Statement” shall mean the final Official Statement for the Bonds dated \_\_\_\_\_, 2026.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

### **Section 3. Provision of Annual Reports.**

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven (7) months after the end of the Issuer’s fiscal year, commencing with the Issuer’s Annual Report for its fiscal year ending June 30, 2026, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser

number of days as is acceptable to the Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer's fiscal year commences on July 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer's fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Issuer of the same nature as that contained in the tables under the following headings in Appendix A attached to the Official Statement:

- (1) TAXABLE VALUE;
- (2) STATE EQUALIZED VALUATION;
- (3) PROPERTY TAX RATES;
- (4) PROPERTY TAX COLLECTIONS;
- (5) PROFILES OF THE TEN LARGEST TAXPAYERS;
- (6) STATE SHARED REVENUES;
- (7) LEGAL DEBT MARGIN; and

(8) DEBT STATEMENT;

The Issuer's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination

of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (16) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security holders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

#### **Section 6. Mandatory Electronic Filing with EMMA.**

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at

<http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

**Section 7. Termination of Reporting Obligation.**

(a) The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Issuer's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Dissemination Agent.** The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

**Section 9. Amendment; Waiver.**

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In

particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

**Section 15. Additional Disclosure Obligations.** The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

**Section 16. Governing Law.** This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

*[Remainder of page left blank intentionally.]*

**CITY OF FLUSHING**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: [CLOSING DATE], 2026



**EXHIBIT B**

**NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR**

Name of Obligated Person: City of Flushing, Genesee County, Michigan (the "Issuer")

Name of Bond Issue: \$[PRINCIPAL AMOUNT] General Obligation Limited Tax  
Bonds, Series 2026

Date of Bonds [CLOSING DATE], 2026

---

**NOTICE IS HEREBY GIVEN** that the City of Flushing fiscal year has changed. Previously, the City of Flushing fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

**CITY OF FLUSHING**

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT C**

**ANNUAL REPORT COVER SHEET**

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's /Other Obligated Person's Name: City of Flushing

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: \_\_\_\_\_

Number of pages of the attached Annual Report or portion thereof: \_\_\_\_\_

Name of Bond Issue to which the attached Annual Report relates: [\$[PRINCIPAL AMOUNT]  
General Obligation Limited Tax Bonds, Series 2026

Date of such Bonds: [CLOSING DATE], 2026

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Employer: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Voice Telephone Number: \_\_\_\_\_

**EXHIBIT D**

**EVENT NOTICE COVER SHEET**

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Flushing

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: \_\_\_\_\_

Number of pages of the attached Event Notice: \_\_\_\_\_

Description of the attached Event Notice (Check One):

- |     |       |  |
|-----|-------|--|
| 1.  | _____ | Principal and interest payment delinquencies   |
| 2.  | _____ | Non-Payment related defaults   |
| 3.  | _____ | Unscheduled draws on debt service reserves reflecting financial difficulties   |
| 4.  | _____ | Unscheduled draws on credit enhancements reflecting financial difficulties   |
| 5.  | _____ | Substitution of credit or liquidity providers, or their failure to perform   |
| 6.  | _____ | Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security  |
| 7.  | _____ | Modifications to rights of securities holders  |
| 8.  | _____ | Bond calls   |
| 9.  | _____ | Defeasances  |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities  |
| 11. | _____ | Rating changes   |
| 12. | _____ | Tender offers  |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person   |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee   |
| 16. | _____ | Incurrence of a Financial Obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect security holders, if material  |
| 17. | _____ | Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of an obligated person, any of which reflect financial difficulties  |
| 18. | _____ | Failure to provide annual financial information as required  |
| 19. | _____ | Other material event notice (specify) _____  |

I hereby represent that I am authorized by the Issuer/Other Obligated Person or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Voice Telephone Number: \_\_\_\_\_

**Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.**

**APPENDIX E**

**FORM OF OFFICIAL NOTICE OF SALE AND OPTIONAL BID FORM**

**OFFICIAL NOTICE OF SALE**

**\$9,295,000\***

\*(subject to adjustment as described below)

**CITY OF FLUSHING**

**COUNTY OF GENESEE**

**STATE OF MICHIGAN**

**GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

**BIDS:** for the purchase of the above bonds (the “Bonds”) will be received by an agent of the undersigned at the Municipal Advisory Council of Michigan (the “MAC”), on the 10<sup>th</sup> day of June, 2026, until 11:30 a.m., prevailing Eastern Time, at which time said bids will be read. Bids may be submitted to the MAC by email only at munibids@macmi.com, but no bid will be received after the time for receiving bids specified above and the bidder bears all risks of transmission failure.

**IN THE ALTERNATIVE:** Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor (identified below) or PARITY at (212) 849-5021.

**BOND DETAILS:** The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated the date of their delivery, and will bear interest from their date payable on April 1, 2027, and semiannually thereafter.

The bonds will mature on the first day of April as follows (provided, however, that the amounts set forth below may be adjusted as described under “ADJUSTMENT IN PRINCIPAL AMOUNT” herein):

<b>YEAR</b>	<b>AMOUNT</b>	<b>YEAR</b>	<b>AMOUNT</b>
2027	\$325,000	2040	\$360,000
2028	245,000	2041	375,000
2029	250,000	2042	390,000
2030	260,000	2043	405,000
2031	265,000	2044	425,000
2032	275,000	2045	440,000
2033	285,000	2046	460,000
2034	290,000	2047	480,000
2035	300,000	2048	505,000
2036	310,000	2049	525,000
2037	320,000	2050	550,000
2038	335,000	2051	575,000
2039	345,000		

TERM BOND OPTION: Bidders shall have the option of designating bonds as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In any event, the principal amount scheduled for maturity in the years shown above shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. MANDATORY REDEMPTION. Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. OPTIONAL REDEMPTION. Bonds maturing on or before April 1, 2036, are not subject to redemption prior to maturity. Bonds maturing on and after April 1, 2037, are subject to redemption prior to maturity, at the option of the City of Flushing (the "City"), in such order as determined by the City, in whole or in part at any time on and after April 1, 2036, in integral multiples of \$5,000 and by lot within a maturity, at par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date, without a premium.

C. NOTICE OF REDEMPTION. Not less than thirty (30) days' notice of redemption shall be given by first class mail to the registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. Bonds maturing after 2036 shall bear interest at a minimum coupon rate of 4.00%. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the bonds or at a price less than 100% of their par value will be considered.

BOOK-ENTRY-ONLY: At the option of the purchaser, the bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. The bonds will not be issued in book-entry form if the purchaser is willing to accept physical delivery of the bonds in denominations equal to the aggregate principal amount for each maturity and, if necessary, transfer the bonds only in such denominations. If requested by the purchaser of the bonds and determined by an authorized officer of the City, the bonds may be issued in the form of a single bond with an exhibit containing the principal maturity amounts and applicable interest rates and due dates.

The book-entry-only system is described further in the preliminary official statement for the bonds.

**BOND REGISTRAR AND PAYING AGENT:** The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of Argent Institutional Trust Company, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15<sup>th</sup> day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The City from time to time as required may designate a successor bond registrar and paying agent. Alternatively, a City official may serve as bond registrar and paying agent for the bonds.

**PURPOSE AND SECURITY:** The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, to defray costs of certain capital improvements to the City's Sanitary Sewer System and pay the costs of issuance of the bonds. The full faith and credit of the City have been pledged to the prompt payment of the principal of and interest on the bonds. The principal of and interest on the bonds are payable as a first budget obligation of the City from its general funds. The ability of the City to raise such funds is subject to applicable constitutional, statutory, and charter limitations on the taxing power of the City.

**ADJUSTMENT IN PRINCIPAL AMOUNT:** Following receipt of bids and prior to final award, the City reserves the right to increase or decrease the principal amount of the bonds. Such adjustment, if necessary, will be made in increments of \$5,000, and may be made in one or more maturities. The purchase price will be adjusted proportionately to the adjustment in the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made as provided in this paragraph.

**GOOD FAITH:** A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$92,950 and payable to the order of the City will be required of the successful bidder. If a check is used, it must accompany the bid. If a wire transfer is used, the successful bidder is required to wire its good faith deposit to the City not later than Noon, prevailing Eastern Time, on the next business day following the sale using the wire instructions provided by the Municipal Advisor. The good faith deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit and checks of the unsuccessful bidders will be promptly returned to such bidder's representative or by registered mail. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the Bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the City. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to July 1, 2026, and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Grand Rapids, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements, or materials that have been or may be furnished in connection with the authorization, issuance, or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials. By submitting a bid, the bidder consents to the engagement of Dickinson Wright PLLC as bond counsel to the City notwithstanding any representation of the bidder by such firm in matters unrelated to the issuance of the Bonds.

TAX MATTERS: The approving opinion of bond counsel will include an opinion to the effect that under existing law, as enacted and construed on the date of the initial delivery of the bonds, the interest on the bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth above will be subject to the condition that the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be included in gross income retroactive to the date of issuance of the bonds. The City has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The City has designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the successful bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance at its expense, the successful bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion of bond counsel will include an opinion to the effect that under existing law, as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment, or other disposition thereof.

**ISSUE PRICE:** The winning bidder shall assist the City in establishing the issue price of the bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City, and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the City by the City’s Municipal Advisor and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “competitive sale requirements”) because:

- (1) the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initial offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat (i) the first price at which 10% of a maturity of the bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest

rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing

wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public),

(iii) a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the bonds are awarded by the City to the winning bidder.

**OFFICIAL STATEMENT:** An electronic copy of the City’s preliminary official statement relating to the bonds may be obtained by contacting the Municipal Advisor at the address referred to below. The preliminary official statement is in a form deemed final by the City for purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the “Rule”), but is subject to revision, amendment, and completion in a final official statement.

After the award of the bonds, the Municipal Advisor will provide the winning bidder with an electronic version of the final official statement, as that term is defined in paragraph (f)(3) of the Rule, within 7 business days from the date of sale to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities

Rulemaking Board. Copies of the Official Statement will be supplied by the Municipal Advisor, upon request and agreement by the purchaser to pay the cost of the copies. Requests for copies should be made to the Municipal Advisor within 24 hours of the time of sale.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: It is anticipated that CUSIP numbers will be printed on the bonds, at the option of the purchaser, but neither the failure to print CUSIP numbers nor any improperly printed CUSIP numbers shall be cause for the purchaser to refuse to take delivery of and pay the purchase price for the bonds. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS": By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York, or such other place or by such other means as may be agreeable to the purchaser and the City. The usual closing documents, including a continuing disclosure certificate (to the extent that the purchaser is subject to the Rule) and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, prevailing Eastern Time, on the 45<sup>th</sup> day following the date of sale, or the first business day thereafter if said 45<sup>th</sup> day is not a business day, the successful bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the City shall return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

REGISTERED MUNICIPAL ADVISOR: Further information regarding the bonds may be obtained from MFCI, LLC, 435 Union Street, Milford, Michigan 48381. Telephone: (313) 782-3011.

Monica Zofchak, Clerk  
City of Flushing

**\$9,295,000<sup>†</sup>**  
**CITY OF FLUSHING**  
**COUNTY OF GENESEE, STATE OF MICHIGAN**  
**GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**

For your legally issued Bonds, as described in the Official Notice of Sale, we will pay you par plus a premium of \$\_\_\_\_\_ for Bonds maturing and bearing interest as follows:

The Bonds will mature on April 1 as follows:

<u>Year</u>	<u>Amount<sup>†</sup></u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount<sup>†</sup></u>	<u>Interest Rate</u>
2027	\$325,000	_____%	2040	* \$360,000	_____%
2028	245,000	_____%	2041	* 375,000	_____%
2029	250,000	_____%	2042	* 390,000	_____%
2030	260,000	_____%	2043	* 405,000	_____%
2031	265,000	_____%	2044	* 425,000	_____%
2032	275,000	_____%	2045	* 440,000	_____%
2033	285,000	_____%	2046	* 460,000	_____%
2034	290,000	_____%	2047	* 480,000	_____%
2035	300,000	_____%	2048	* 505,000	_____%
2036	310,000	_____%	2049	* 525,000	_____%
2037	* 320,000	_____%	2050	* 550,000	_____%
2038	* 335,000	_____%	2051	* 575,000	_____%
2039	* 345,000	_____%			

\*Subject to prior redemption.

This Bid is for all or none of the Bonds.

In making this offer, we accept all of the terms and conditions of the Official Notice of Sale published in The Bond Buyer.

Bid of :

Respectfully submitted,

\_\_\_\_\_

Firm

\_\_\_\_\_

Contact Name

By: \_\_\_\_\_

Authorized Representative

\_\_\_\_\_

Contact Email

\_\_\_\_\_

Contact Phone Number

\*\*\*\*\*

The following is a computation of the interest cost on the above Bid. This computation is not to be considered as a part of the Bid and is subject to verification.

Gross Interest Cost \$\_\_\_\_\_

(-) Premium \$\_\_\_\_\_

Interest Cost \$\_\_\_\_\_

True Interest Rate \_\_\_\_\_%

<sup>†</sup> Preliminary, subject to change

**\$9,295,000<sup>†</sup>**  
**CITY OF FLUSHING**  
**COUNTY OF GENESEE, STATE OF MICHIGAN**  
**GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2026**



<sup>†</sup> Preliminary, subject to change