CITY OF MASON

201 West Ash St.
Mason, MI 48854-0370

City Hall 517-676-9155
Fax 517-676-1330

CITY COUNCIL MEETING - COUNCIL CHAMBER

Monday, October 20, 2014

7:30 p.m.

AGENDA

1. Call to Order
2. Roll Call
3. Pledge of Allegiance and Invocation
4. Announcements
5. People from the Floor
6. Presentation
   A. Amanda Garber, Abraham & Gaffney—Audit Review/Financial Statements
7. Consent Agenda
   A. Approval of Minutes
      - Regular Council Meeting: October 6, 2014
   B. Approval of Bills
   C. Excused Absence, Councilmember Mulvany
8. Regular Business
   A. Resolution No. 2014-51—Resolution To Change MERS Benefit
   B. Resolution No. 2014-52 – A Resolution to Adopt the 80/20 Cost Sharing Model as Set Forth in Section 4 of Public Act 152
   C. Motion—1020 E. Ash St. – Quote for Asbestos Abatement Services
   D. Motion—Three (3) Year Bio-Solids Removal Contract Extension
   E. Discussion—Medical Marijuana House Bills 4271 and 5104
9. Unfinished Business
10. New Business
11. Correspondence
    - Monthly Revenue Expenditure Report
    - Quarterly Investment Report for Quarter Ending 9/30/14
12. Liaison Reports
13. Councilmember Reports
14. Administrator's Report
    - Ebola Virus Information
15. Executive Session—Review Legal opinion
16. Adjournment

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 6 (A)

AGENDA ITEM

- Presentation by Amanda Garber, Abraham & Gaffney
- Motion – 2013-2014 Financial Statements

EXHIBITS

- Letter from Abraham & Gaffney
- Financial Statements as of June 30, 2014

STAFF REVIEW

Finance Department

SUMMARY STATEMENT

Council retained the firm of Abraham & Gaffney, P.C. to perform the 2013-2014 audit of the City's records. This is the second year of a three year contract with this firm. Ms. Amanda Garber, CPA from Abraham & Gaffney will be present to review the financial statements with Council and answer any questions.

Ms. Garber will explain that the City has received an "unqualified opinion." This means that our records and financial statements are accurately accounted for and presented. They are also in conformity with generally accepted accounting principals.

RECOMMENDED ACTION

Move to accept the City of Mason 2013-2014 Financial Statements and place them on file.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

To the Honorable Mayor and
Members of the City Council
City of Mason, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mason, Michigan (the City), for the year ended June 30, 2014. 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 July 8, 2014. 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 A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2014. 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 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 governmental activities, business-type activities, and proprietary fund financial statements were:

Management's calculation of the percentages for current and noncurrent compensated absence liability is based on an estimate of the percentage of employees' use of compensated absences.

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

Management's calculation of the net other post-employment benefit obligation is calculated using an actuarially determined rate based upon certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial reporting opinion units that collectively comprise the City's basic financial statements.

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. Material misstatements were not detected as a result of our auditing procedures.

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 October 13, 2014.

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 and budgetary comparison information, 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 other supplementary information, 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 members of the City Council and management of the City of Mason and is not intended to be, and should not be, used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 13, 2014

City of Mason
Ingham County, Michigan

FINANCIAL STATEMENTS

June 30, 2014

City of Mason

Ingham County, Michigan

June 30, 2014

CITY COUNCIL AND ADMINISTRATION

Leon Clark	Mayor
Robin Naeyaert	Mayor Pro-Tem
Jon Droscha	Council member
Elaine Ferris	Council member
James Mulvaney	Council member
Marlon Brown	Council member
Les Bruno	Council member
Martin Colburn	City Administrator/ Public Works Administrator
Eric Smith	Finance Director/ Treasurer

City of Mason

TABLE OF CONTENTS

June 30, 2014

	Page
INDEPENDENT AUDITOR'S REPORT	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iii-ix
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6-7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	8
Proprietary Funds	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Fund Net Position	10
Statement of Cash Flows	11
Fiduciary Funds	
Statement of Assets and Liabilities	12
Component Unit Financial Statements	
Combining Statement of Net Position	13
Combining Statement of Activities	14
Notes to Financial Statements	15-34
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Budgetary Comparison Schedule	35-37
Major Street Fund	
Budgetary Comparison Schedule	38
Special Assessment Fund	
Budgetary Comparison Schedule	39
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	40-41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	42-43
COMPONENT UNIT FUNDS	
Local Development Finance Authority	
Combining Balance Sheet	44
Reconciliation of the Combining Balance Sheet to the Statement of Net Position	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	46
Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	47

City of Mason

TABLE OF CONTENTS - CONTINUED

June 30, 2014

	Page
OTHER SUPPLEMENTARY INFORMATION - CONTINUED	
COMPONENT UNIT FUNDS - CONTINUED	
Downtown Development Authority	
Balance Sheet	48
Statement of Revenues, Expenditures, and Changes in Fund Balance	49
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	50-51

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mason, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mason, Michigan (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mason, Michigan, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Other 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements 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 October 13, 2014, 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 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 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.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 13, 2014

City of Mason

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Our discussion and analysis of the City of Mason's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements.

Overview of the Financial Statements

This annual report consists of the following report sections: management's discussion and analysis (this section), the basic financial statements, required supplemental information, and other supplemental information section that presents combining statements for nonmajor governmental funds. The basic financial statements are presented in two different formats: government-wide financial statements and fund financial statements.

The government-wide financial statements include the statement of net position and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status.

The fund financial statements include the balance sheet and the statement of revenue, expenditures, and changes in net position/fund balances. These statements focus on individual parts of the City government and report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The governmental fund statements tell how general government services, like police and fire, were financed in the short term as well as what remains for future spending.

The proprietary fund statements present short and long-term financial information about those activities that the City operates in a business-like manner, such as the water and sewer system.

The fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information presented in the financial statements. In addition to these required supplementary schedules, we have provided a section with combining statements that provide details about our nonmajor governmental and fiduciary funds.

Government-wide Financial Statements

The City's government-wide statements can be found on pages 1 and 2 of this report. These statements report information about the City as a whole under the full accrual method of accounting, which is similar to the accounting used by most private-sector companies. The statement of net position includes all, both current and long-term, of the government's assets and liabilities and the statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The combined objective of the government-wide statements is to report the City's net position and how they have changed. The reporting of net position is one way to measure the City's financial health or position.

Over time, increases or decreases in the City's net position can be viewed as indicators of whether its financial health is improving or deteriorating, respectively.

In addition to the financial factors, you will need to consider additional information such as changes in the City's property tax base to assess the overall health.

The City's government-wide financial statements divide the reported information into three categories:

- Governmental activities - Most of the City's basic services are included here, such as police, fire, cemetery, parks, and general administration. Property taxes and state revenue sharing are used to finance most of these activities.

- Business-type activities - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system is included in this category.

- Component units - The City includes other legal entities in its report such as the Downtown Development Authority and the Local Development Finance Authority. The City is financially accountable for these "component units" although they are legally separate entities.

Fund Financial Statements

The City's fund financial statements begin on page 3 of this report. These statements provide more detailed information about the City's most significant funds. The City uses funds to account for specific sources of funding and spending for particular purposes. Some funds are required by state law and others are established by the City to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds that use different accounting approaches:

- Governmental funds - Most of the City's basic services are included in governmental funds. These funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because governmental fund information has a short-term focus and the government-wide statement incorporates long-term information, we describe the relationship (or differences) between governmental activities and governmental funds in reconciliations on pages 4 and 6.

- Proprietary funds - When the City charges customers fees for the services it provides, the fees are generally reported in proprietary funds. Similar to the reporting method used on the government-wide statements, proprietary funds provide both long- and short-term financial information.

    - In fact, the City's Enterprise Fund (water and sewer) is the same as its business-type activity, but provides more detail and additional information.

    - We use an Internal Service Fund (the other type of proprietary fund) to report activities that provide services and supplies to other programs and activities within the City. The City's Motor Vehicle Pool Fund falls into this category.

- Fiduciary funds - The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The delinquent tax and payroll funds are fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 34 of the report.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2014:

- The City's total net position increased as a result of the fiscal year's operations and the continued slow economic recovery. The net position of the business-type activities increased by $57,914 or 0.41 percent, and net position of the governmental activities increased by $425,906, or 2.05 percent.
- During the year, the City's governmental activities' revenues were $425,906 more than the approximate $5.42 million in expenses.
- State shared revenues, the largest individual revenue source after property taxes, increased $29,833 to $683,765 during the current fiscal year.
- In the City's business-type activities, revenues were approximately $2.70 million while expenses were approximately $2.65 million.
- Total costs of all the City's programs were approximately $8.07 million.
- The General Fund reported a decrease in fund balance of $160,182.

The City as a Whole

The following table shows, in a condensed format, the current year's net position for the years ended June 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	$ 6,885,439	$ 6,589,254	$ 4,006,633	$ 4,183,423	$ 10,892,072	$ 10,772,677
Capital assets, net	20,836,896	20,530,138	16,165,954	16,232,349	37,002,850	36,762,487
Total assets	27,722,335	27,119,392	20,172,587	20,415,772	47,894,922	47,535,164
Liabilities						
Current	1,179,422	689,186	588,699	477,002	1,768,121	1,166,188
Noncurrent	4,634,970	4,948,169	5,351,623	5,764,419	9,986,593	10,712,588
Total liabilities	5,814,392	5,637,355	5,940,322	6,241,421	11,754,714	11,878,776
Net Position						
Net invested in capital assets	16,163,241	15,546,689	10,482,280	10,188,675	26,645,521	25,735,364
Restricted	1,255,955	1,367,381	-	-	1,255,955	1,367,381
Unrestricted	4,488,747	4,567,967	3,749,985	3,985,676	8,238,732	8,553,643
Total net position	$ 21,907,943	$ 21,482,037	$ 14,232,265	$ 14,174,351	$ 36,140,208	$ 35,656,388

The City's combined net position increased from approximately $35.65 million a year ago to $36.14 million.

Approximately 73.78 percent of the City's net position of governmental activities reflects its investment in capital less any related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of governmental activities of approximately $4.49 million represents the amount that may be used to meet the City's ongoing obligations.

Net position of the City's governmental activities increased approximately 1.98 percent to $21.91 million. This increase demonstrates the ongoing commitment to continue providing municipal services, maintaining major streets, local streets, and city parks, and providing public safety technology and personal protection equipment.

The net position of the City's business-type activities increased by 0.41 percent to $14.23 million during the fiscal year. This increase is due to continued investment in infrastructure such as capital maintenance to water wells, replacement and maintenance of water and sewer mains, as well as, improvements to the water and waste water treatment plants.

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the City's total net position, for the years ended June 30, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenue:						
Charges for services	$ 990,998	$ 935,106	$ 2,546,566	$ 2,498,658	$ 3,537,564	$ 3,433,764
Operating grants and contributions	1,142,905	1,016,589	9,298	-	1,152,203	1,016,589
Capital grants and contributions	-	58,632	182,201	79,758	182,201	138,390
General revenues:						
Property taxes	2,810,108	2,864,007	-	-	2,810,108	2,864,007
State Revenue Sharing	676,624	653,932	-	-	676,624	653,932
Investment earnings	12,615	12,076	9,558	10,053	22,173	22,129
Miscellaneous	172,612	97,307	-		172,612	97,307
Transfers	44,309	45,958	(44,309)	(45,958)	-0-	-0-
Total revenues	5,850,171	5,683,607	2,703,314	2,542,511	8,553,485	8,226,118
Expenses						
General government	2,111,769	1,544,778	-	-	2,111,769	1,544,778
Public safety	1,447,428	1,510,679	-	-	1,447,428	1,510,679
Public works	1,280,595	1,624,777	-	-	1,280,595	1,624,777
Community and economic development	118,713	113,051	-	-	118,713	113,051
Recreation and culture	261,705	245,863	-	-	261,705	245,863
Interest on long-term debt	204,055	208,137	-	-	204,055	208,137
Water and Sewer	-	-	2,645,400	2,588,372	2,645,400	2,588,372
Total expenses	5,424,265	5,247,285	2,645,400	2,588,372	8,069,665	7,835,657
Change in net position	425,906	436,322	57,914	(45,861)	483,820	390,461
Net position, beginning of year	21,482,037	21,045,715	14,174,351	14,220,212	35,656,388	35,265,927
Net position, end of year	$ 21,907,943	$ 21,482,037	$ 14,232,265	$ 14,174,351	$ 36,140,208	$ 35,656,388

Governmental activities. Governmental activities increased the City's net position by $425,906. Key elements of this increase are as follows:

- The cost of all governmental activities this year was approximately $5.42 million.
- The amount that City taxpayers paid for these activities through City taxes was approximately $2.81 million.
- Some of the cost was paid by the beneficiaries of the program's activities (approximately $0.98 million), or by other governments and organizations that subsidized certain programs with grants and contributions (approximately $1.14 million).
- Increase in capital spending in governmental activities areas.

Business-type activities. Business-type activities increased the City's net position by $57,914.

Total revenues of the City's business-type activities, water and sewer, increased to $2.70 million for fiscal year 2014 from $2.54 million in fiscal year 2013 and total expenses increased to $2.65 million in fiscal year 2014 from $2.59 million in fiscal year 2013. The City experienced a change in net position of $57,915 in its water and sewer operations. Factors contributing to these results included:

- Water and Sewer revenue increased slightly due to lower vacancies.
- Contributions and Grants increased due to a LDFA contribution towards a water well.
- Increase in capital spending in the Water and Sewer Fund.

The City's Funds

The analysis of the City's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for fiscal year 2014 include the General Fund, Major Street Fund, and the Special Assessment Fund. These funds, along with the remaining nonmajor governmental funds, reported a combined fund balance of $4.92 million, and showed an increase from last year's combined fund balance of $4.91 million.

The General Fund pays for the majority of the City's governmental services. The most significant services provided by the General Fund during the fiscal year were general government, which includes the City Council, City Manager, Clerk, and Treasurer, and public safety, which includes police and fire services. Those two services make up approximately 79.18 percent of the total General Fund expenditures.

The Major Street Fund accounts for resources that are used for the repair and maintenance of the City's major streets. The only expenditures were for the payment of debt service during the fiscal year.

The Special Assessment Fund accounts for special assessments revenue used for the payment of principal and interest on long-term special assessment debt. The only expenditures were for the payment of debt service during the fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. The City began the year expecting to increase the General Fund's fund balance approximately $43,630 and ended the year anticipating a fund balance usage of $360,980. The City's amendments included decreasing both revenue and expenditures as actual amounts became known. The result was an actual reduction of $160,182 to the General Fund's fund balance.

Capital Asset and Debt Administration

At the end of the 2014 fiscal year, the City had invested approximately $37.00 million in a broad range of capital assets, including buildings and improvements, public safety (police and fire) equipment, parks and recreational facilities, roads, a water well, and water and sewer lines. More detailed information about the City's long-term liabilities is presented in Note E to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
Land	$ 1,855,487	$ 25,609	$ 1,881,096
Construction in progress	143,842	291,743	435,585
Land improvements	933,805	-	933,805
Buildings and improvements	5,793,686	241,847	6,035,533
Infrastructure	11,274,468	15,606,755	26,881,223
Vehicles and Equipment	835,608	-	835,608
Capital assets, net	$ 20,836,896	$ 16,165,954	$ 37,002,850

Debt

At year end, the City had $10.88 million in bonds and notes outstanding. This represents a decrease of $0.65 million from the previous fiscal year. More detailed information about the City's long-term liabilities is presented in Note F to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 3,935,000	$ -	$ 3,935,000
Special assessment bonds	380,000	-	380,000
Loans payable	358,655	-	358,655
Revolving fund loan	-	5,683,674	5,683,674
Accrued compensated absences	416,623	101,214	517,837
Total outstanding debt	$ 5,090,278	$ 5,784,888	$ 10,875,166

The City of Mason has been given a bond rating of "AA-" by Standards and Poor.

Economic Factors and Next Year's Budgets and Rates

The City's budget for the 2014/2015 fiscal year is balanced with no property tax rate increase. Total expenses in the General Fund for the 2014/2015 fiscal year are estimated to be $5.8 million. Economic factors contributing to the total expenses for 2014/2015 include the General Fund's contribution to the 5-year street program and the continued increasing costs of providing employee benefits.

The City is finalizing the construction of an additional water well on Temple Street. The completion of the project will allow the City of Mason to continue to meet the needs of the community. A completion date within the 2014/2015 fiscal year is expected. The City completed a cost study for water and sewer fees during the 2013/2014 fiscal year to ensure that user fees adequately cover current and future needs.

The 2014/2015 budget includes major improvements to the Wastewater Treatment Plant (POTW). Officials and employees are proceeding with the planning and development process for this project. A completion date within the 2015/2016 fiscal year is expected.

The City of Mason continues to seek appropriate means of investment and growth of taxable values while reevaluating services provided and cost of services.

Contacting the City of Mason Management

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the City administrator's office at the City of Mason, 517-676-9155.

BASIC FINANCIAL STATEMENTS

City of Mason

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,457,535	$ 3,752,670	$ 9,210,205	$ 1,462,717
Receivables	803,212	460,763	1,263,975	2,754
Due from other governmental units	199,527	182,201	381,728	4,345
Internal balances	412,073	(412,073)	-0-	-
Inventory	-	23,072	23,072	-
Prepaids	12,953	-	12,953	-
Total current assets	6,885,300	4,006,633	10,891,933	1,469,816
Noncurrent assets				
Net other post-employment benefits asset	139	-	139	-
Capital assets not being depreciated	1,999,329	317,352	2,316,681	-
Capital assets, net of accumulated depreciation	18,837,567	15,848,602	34,686,169	-
Total noncurrent assets	20,837,035	16,165,954	37,002,989	-0-
TOTAL ASSETS	27,722,335	20,172,587	47,894,922	1,469,816
LIABILITIES				
Current liabilities				
Accounts payable	495,967	100,946	596,913	31,450
Accrued wages	67,974	24,293	92,267	-
Accrued liabilities	101,026	-	101,026	-
Due to other governmental units	4,570	-	4,570	182,201
Accrued interest payable	48,514	30,195	78,709	-
Unearned revenue	6,063	-	6,063	-
Current portion of compensated absences	145,604	63,265	208,869	-
Current portion of long-term debt	309,704	370,000	679,704	-
Total current liabilities	1,179,422	588,699	1,768,121	213,651
Noncurrent liabilities				
Noncurrent portion of compensated absences	271,019	37,949	308,968	-
Noncurrent portion of long-term debt	4,363,951	5,313,674	9,677,625	-
Total noncurrent liabilities	4,634,970	5,351,623	9,986,593	-0-
TOTAL LIABILITIES	5,814,392	5,940,322	11,754,714	213,651
NET POSITION				
Net investment in capital assets	16,163,241	10,482,280	26,645,521	-
Restricted	1,255,955	-	1,255,955	-
Unrestricted	4,488,747	3,749,985	8,238,732	1,256,165
TOTAL NET POSITION	$ 21,907,943	$ 14,232,265	$ 36,140,208	$ 1,256,165

See accompanying notes to financial statements.

City of Mason

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental activities								
General government	$ 2,111,769	$ 301,284	$ 551,140	$ -	$ (1,259,345)	$ -	$ (1,259,345)	$ -
Public safety	1,447,428	252,895	24,511	-	(1,170,022)	-	(1,170,022)	-
Public works	1,280,595	383,124	562,254	-	(335,217)	-	(335,217)	-
Community and economic development	118,713	-	-	-	(118,713)	-	(118,713)	-
Recreation and culture	261,705	53,695	5,000	-	(203,010)	-	(203,010)	-
Interest on long-term debt	204,055	-	-	-	(204,055)	-	(204,055)	-
Total governmental activities	5,424,265	990,998	1,142,905	-0-	(3,290,362)	-0-	(3,290,362)	-0-
Business-type activities								
Water and Sewer	2,645,400	2,546,566	9,298	182,201	-	92,665	92,665	-
Total primary government	$ 8,069,665	$ 3,537,564	$ 1,152,203	$ 182,201	(3,290,362)	92,665	(3,197,697)	-0-
Component units								
Local Development Finance Authority	$ 203,721	$ -	$ -	$ -	-	-	-0-	(203,721)
Downtown Development Authority	64,114	-	-	-	-	-	-0-	(64,114)
Total component units	$ 267,835	$ -0-	$ -0-	$ -0-	-0-	-0-	-0-	(267,835)
General revenues								
Property taxes					2,810,108	-	2,810,108	460,177
State shared revenue					676,624	-	676,624	-
Investment earnings					12,615	9,558	22,173	6,300
Miscellaneous					172,612	-	172,612	-
Transfers					44,309	(44,309)	-0-	-
Total general revenues and transfers					3,716,268	(34,751)	3,681,517	466,477
Change in net position					425,906	57,914	483,820	198,642
Net position, beginning of year					21,482,037	14,174,351	35,656,388	1,057,523
Net position, end of year					$ 21,907,943	$ 14,232,265	$ 36,140,208	$ 1,256,165

See accompanying notes to financial statements.

City of Mason

Governmental Funds

BALANCE SHEET

June 30, 2014

	General	Major Street	Special Assessment
ASSETS			
Cash and cash equivalents	$ 2,564,588	$ 787,020	$ 434,340
Receivables			
Accounts	31,052	-	-
Taxes	9,726	-	-
Special assessments	-	-	752,165
Due from other governmental units	115,862	62,156	-
Due from other funds	482,820	159,767	-
Prepaids	12,953	-	-
TOTAL ASSETS	$ 3,217,001	$ 1,008,943	$ 1,186,505
LIABILITIES			
Accounts payable	$ 72,742	$ 160,421	$ -
Accrued wages	61,347	2,447	-
Accrued liabilities	101,026	-	-
Due to other governmental units	4,570	-	-
Due to other funds	401,691	42,243	-
Unearned revenue	6,063	-	-
TOTAL LIABILITIES	647,439	205,111	-0-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	123,003	-	752,165
FUND BALANCES			
Nonspendable	12,953	-	-
Restricted	125,744	-	258,405
Committed	-	-	-
Assigned	110,782	803,832	175,935
Unassigned	2,197,080	-	-
TOTAL FUND BALANCES	2,446,559	803,832	434,340
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,217,001	$ 1,008,943	$ 1,186,505

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,227,807	$ 5,013,755
10,269	41,321
-	9,726
-	752,165
21,509	199,527
305,311	947,898
-	12,953
$ 1,564,896	$ 6,977,345
$ 262,452	$ 495,615
2,649	66,443
-	101,026
-	4,570
67,982	511,916
-	6,063
333,083	1,185,633
-	875,168
-	12,953
920,320	1,304,469
155,000	155,000
156,493	1,247,042
-	2,197,080
1,231,813	4,916,544
$ 1,564,896	$ 6,977,345

City of Mason

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

June 30, 2014

Total fund balances - governmental funds		$ 4,916,544
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 36,911,907	
Accumulated depreciation is	(16,310,101)	
Capital assets, net		20,601,806
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Government-wide Statement of Net Position.		
Net position of governmental activities accounted for in the Internal Service Fund		636,757
Long-term receivables are not available to pay for current period expenditures and, therefore, are considered unavailable in the funds. These consist of:		
Unavailable revenue		752,165
Some assets are not a current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Net other post-employment benefits asset		139
Various amounts due from other governmental units are not expected to be collected within 60 days of year end and are not available to pay for current period expenditures.		123,003
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:		
Direct City obligations	4,673,655	
Accrued interest payable	48,514	
Compensated absences	400,302	
		(5,122,471)
Net position of governmental activities		$ 21,907,943

See accompanying notes to financial statements.

City of Mason

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2014

	General	Major Street	Special Assessment
REVENUES			
Taxes	$ 2,911,792	$ -	$ -
Licenses and permits	78,103	-	-
Intergovernmental	1,242,220	400,909	-
Charges for services	698,771	912	-
Fines and forfeits	27,030	-	-
Interest, rents, and royalties	35,008	1,574	47,584
Contributions	-	-	-
Other	63,085	2,416	120,049
TOTAL REVENUES	5,056,009	405,811	167,633
EXPENDITURES			
Current			
General government	1,820,003	-	-
Public safety	1,356,236	-	-
Public works	431,636	1,046,101	-
Community and economic development	118,713	-	-
Recreation and culture	187,425	-	-
Debt service	97,082	-	93,695
TOTAL EXPENDITURES	4,011,095	1,046,101	93,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,044,914	(640,290)	73,938
OTHER FINANCING SOURCES (USES)			
Transfers in	152,946	790,848	-
Transfers out	(1,358,042)	(70,692)	(100,024)
TOTAL OTHER FINANCING SOURCES (USES)	(1,205,096)	720,156	(100,024)
NET CHANGE IN FUND BALANCES	(160,182)	79,866	(26,086)
Fund balances, beginning of year	2,606,741	723,966	460,426
Fund balances, end of year	$ 2,446,559	$ 803,832	$ 434,340

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 2,911,792
-	78,103
161,346	1,804,475
1,760	701,443
-	27,030
113,769	197,935
1,000	1,000
3,776	189,326
281,651	5,911,104
-	1,820,003
-	1,356,236
475,043	1,952,780
-	118,713
-	187,425
326,269	517,046
801,312	5,952,203
(519,661)	(41,099)
637,886	1,581,680
(8,613)	(1,537,371)
629,273	44,309
109,612	3,210
1,122,201	4,913,334
$ 1,231,813	$ 4,916,544

City of Mason

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

Year Ended June 30, 2014

Net change in fund balances - total governmental funds		$ 3,210
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 1,474,241	
Depreciation expense	(1,176,721)	
Excess of capital outlay over depreciation expense		297,520
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
(Decrease) in net position of Internal Service Funds		(58,699)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
(Decrease) in unavailable receivable		(105,242)
Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Long-term debt principal retirements		309,794
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in accrued interest payable	3,197	
(Increase) in compensated absences	(23,873)	
(Increase) in net other post-employment benefits	(1)	
		(20,677)
Change in net position of governmental activities		$ 425,906

See accompanying notes to financial statements.

City of Mason

Proprietary Funds

STATEMENT OF NET POSITION

June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund - Motor Vehicle Pool
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,752,670	$ 443,780
Accounts receivable	460,763	-
Due from other governmental units	182,201	-
Due from other funds	880	16,106
Inventory	23,072	-
Total current assets	4,419,586	459,886
Noncurrent assets		
Capital assets not being depreciated	317,352	-
Capital assets, net of accumulated depreciation	15,848,602	235,090
Total noncurrent assets	16,165,954	235,090
TOTAL ASSETS	20,585,540	694,976
LIABILITIES		
Current liabilities		
Accounts payable	100,946	352
Accrued wages	24,293	1,531
Accrued interest payable	30,195	-
Due to other funds	412,953	40,015
Current portion of compensated absences	63,265	4,896
Current portion of long-term debt	370,000	-
Total current liabilities	1,001,652	46,794
Noncurrent liabilities		
Noncurrent portion of compensated absences	37,949	11,425
Noncurrent portion of long-term debt	5,313,674	-
Total noncurrent liabilities	5,351,623	11,425
TOTAL LIABILITIES	6,353,275	58,219
NET POSITION		
Net investment in capital assets	10,482,280	235,090
Unrestricted	3,749,985	401,667
TOTAL NET POSITION	$ 14,232,265	$ 636,757

See accompanying notes to financial statements.

City of Mason

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund - Motor Vehicle Pool
OPERATING REVENUES		
Internal user charges	$ -	$ 237,007
Water user charges	1,353,045	-
Sewer user charges	1,121,361	-
Interest and penalty charges	55,418	-
Rent	500	-
Other	16,242	-
TOTAL OPERATING REVENUES	2,546,566	237,007
OPERATING EXPENSES		
Cost of water produced	423,620	-
Cost of sewage treatment	835,672	-
Operation and maintenance	582,922	245,499
Billing and administrative costs	41,533	-
Depreciation	635,137	51,322
TOTAL OPERATING EXPENSES	2,518,884	296,821
OPERATING INCOME (LOSS)	27,682	(59,814)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	191,499	-
Investment income	9,558	1,115
Interest expense and fees	(126,516)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	74,541	1,115
INCOME (LOSS) BEFORE TRANSFERS	102,223	(58,699)
TRANSFERS OUT	(44,309)	-
CHANGE IN NET POSITION	57,914	(58,699)
Net position, beginning of year	14,174,351	695,456
Net position, end of year	$ 14,232,265	$ 636,757

See accompanying notes to financial statements.

City of Mason

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund - Motor Vehicle Pool
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 2,430,960	$ 237,007
Cash paid to suppliers	(1,242,902)	(188,509)
Cash paid to employees	(580,032)	(62,584)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	608,026	(14,086)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of interfund balances	366,927	36,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Intergovernmental	191,499	-
Payments on borrowing	(360,000)	-
Purchase of capital assets	(568,742)	(60,560)
Interest expense and fees	(128,428)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(865,671)	(60,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	9,558	1,115
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,840	(36,726)
Cash and cash equivalents, beginning of year	3,633,830	480,506
Cash and cash equivalents, end of year	$ 3,752,670	$ 443,780
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$ 27,682	$ (59,814)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	635,137	51,322
(Increase) decrease in:		
Accounts receivable	(15,218)	-
Due from other governmental units	(102,443)	-
Inventory	2,055	-
Increase (decrease) in:		
Accounts payable	57,640	(6,120)
Accrued liabilities	2,890	(14)
Compensated absences	283	540
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 608,026	$ (14,086)

See accompanying notes to financial statements.

City of Mason

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2014

	Agency Fund
ASSETS	
Cash	$ 27,139
LIABILITIES	
Due to individuals and agencies	$ 27,139

See accompanying notes to financial statements.

City of Mason

Component Units

COMBINING STATEMENT OF NET POSITION

June 30, 2014

	Local Development Finance Authority	Downtown Development Authority	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,223,688	$ 239,029	$ 1,462,717
Receivables	-	2,754	2,754
Due from other governmental units	4,345	-	4,345
TOTAL ASSETS	1,228,033	241,783	1,469,816
LIABILITIES			
Current liabilities			
Accounts payable	-	31,450	31,450
Due to other governmental units	182,201	-	182,201
TOTAL LIABILITIES	182,201	31,450	213,651
NET POSITION			
Unrestricted	$ 1,045,832	$ 210,333	$ 1,256,165

See accompanying notes to financial statements.

City of Mason

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Changes in Net Position		
		Local Development Finance Authority	Downtown Development Authority	Total Component Units
Governmental activities				
Local Development Finance Authority	$ 203,721	$ (203,721)	$ -	$ (203,721)
Downtown Development Authority	64,114	-	(64,114)	(64,114)
Total component units	$ 267,835	(203,721)	(64,114)	(267,835)
General revenues				
Property taxes		411,497	48,680	460,177
Investment earnings		5,802	498	6,300
Total general revenues		417,299	49,178	466,477
Change in net position		213,578	(14,936)	198,642
Net position, beginning of year		832,254	225,269	1,057,523
Net position, end of year		$ 1,045,832	$ 210,333	$ 1,256,165

See accompanying notes to financial statements.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mason (the City) is located in Ingham County, Michigan and has a population of approximately 8,252. The City operates with a City Administrator/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has seven (7) City Council members who are elected at large for overlapping two (2) or four (4) year terms. The Council elects two (2) of its members to serve as Mayor and Mayor Pro-Tem. The Council appoints the City Administrator.

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units are included in the City's Financial Statements and are not audited separately.

2. Blended Component Units

The City has two blended component units. Although they are legally separate from the City, their sole purpose is to benefit the City.

Mason Building Authority - The Mason building Authority was established for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating, and maintaining a building or buildings, automobile parking lots or structures, recreation facilities and the necessary site or sites therefore, and the payment of the bond principal and interest for any related debt incurred. The Mason Building Authority is blended with the primary government as the Mason Building Authority Debt Service Fund, in conformity with GASB Statement No. 61, since the component unit provides services entirely to the primary government.

Economic Development Corporation - The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, and expanding within the City to provide needed services and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of nine (9) individuals, is appointed by the City Administrator with the approval of the City Council. The Economic Development Corporation is blended with the primary government as Economic Development Corporation Special Revenue Fund, in conformity with GASB Statement No. 61.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading or incomplete. The financial statements contain the following discretely presented component units:

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - continued

Downtown Development Authority - The Downtown Development Authority (DDA) was established in order to work in cooperation with the City Council in order to correct and prevent deterioration of the downtown district of the City, to promote economic growth and revitalization, to encourage historic preservation, to address problems of urban decline, and to strengthen existing areas and encourage new private development within the downtown district. The DDA's governing body, which consists of the City Mayor and eight (8) other individuals, is appointed by the City Council. Additionally, the DDA's budget is subject to approval by the City Council. The DDA may issue debt payable solely from tax increment revenues. The full faith and credit of the City may be given for the debt of the DDA.

Local Development Finance Authority - The Local Finance and Development Authority (LDFA) was established by the City and the Township of Vevay as a condition of an agreement to transfer approximately 134 acres of land from the Township to the City. The purpose of the LDFA is to help stimulate economic growth, improve employment, stimulate new private investment in the City of Mason and Vevay Township, and to broaden the local tax base.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

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

The City reports the following major governmental funds:

a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

b. The Major Street Fund accounts for resources that are used for repairs and maintenance of the City's major streets.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

c. The Special Assessment Fund is used to account for the revenue from special assessments used for the payment of principal and interest on long-term special assessment debt.

The City reports the following major enterprise fund:

a. The Water and Sewer Fund is used to account for utility operations that are financed primarily by user charges.

Additionally, the City reports an internal service fund to account for the management of motor vehicle pool services provided to other departments on a cost reimbursement basis.

The City also reports agency funds to account for assets held by the City as the trustee or as the agent for others. Agency Funds are, by nature, custodial; therefore, operation results are not measured. The City's agency fund is the Payroll Fund.

5. Measurement Focus

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

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

There is no measurement focus for fiduciary agency funds since assets equal liabilities.

6. Basis of Accounting

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

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

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

7. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

a. On the Council meeting date nearest to the third Monday in April, the City Administrator submits to City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.

b. A Public Hearing is conducted to obtain taxpayers' comments.

c. Prior to the second regular Council meeting in May, the budget is legally enacted through passage of a resolution.

d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.

e. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.

f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

8. Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings, and money market accounts. The cash equivalents are recorded at cost, which approximates market value.

9. Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and receivables for charges for services provided to local governmental units.

10. Receivables

Receivables consist of amounts due related to charges for services, interest receivable, special assessments, and other amounts owed to the City at year-end.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Property Tax

The City bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City on July 1 and December 1 and are payable without penalty through August 31 and February 14, respectively. The July 1 levy is composed of the City's millage, refuse, special assessments, Lansing Community College, Ingham I.S.D., Mason School operating, Ingham County operating and State Education Tax. The December 1 levy is composed of Ingham County drains, Mason School debt, Mason School Sinking Fund, and Capital Area District Library. All real property taxes not paid to the City by March 1 are turned over to the Ingham County Treasurer for collection. The Ingham County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 20 mills ($20 per $1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenditures. For the year ended June 30, 2014, the City levied 13.2500 mills per $1,000 of taxable valuation for general governmental services. The total taxable value for the 2013 levy for property within the City was $212,947,938.

12. Inventory

The cost of inventory items in governmental funds is recorded as an expenditure at the time of purchase. Inventory in the enterprise funds consists of water and sewer system supplies which are stated at cost on a first-in/first-out basis.

13. Prepaids

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

14. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. City employees are granted vacation amounts based on length of service. Sick pay is earned at the rate of eight hours per month. The City's policy provides for payment of unused vacation, but not sick pay, to terminated employees. Retiring employees are paid for unused vacation and a portion of sick pay. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment, generally when an individual's employment has terminated as of year end.

15. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Interfund Transactions - continued

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

16. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of $2,500 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Land improvements	10 - 40 years
Buildings and improvements	10 - 40 years
Equipment	5 - 20 years
Vehicles	3 - 10 years
Utility systems	20 - 67 years
Infrastructure	33 - 40 years

17. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

The Statement of Net Position reports unearned revenue for resources that have been received, but not yet earned.

18. Long-term Liabilities

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

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

19. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues collected subsequent to sixty (60) days after year end, and from long-term special assessment receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

20. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH AND CASH EQUIVALENTS

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

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

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United Sates government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Deposits

As of June 30, 2014, the carrying amounts and bank balances for each type of bank account are as follows:

ACCOUNT TYPE	Carrying Amount	Bank Balance
PRIMARY GOVERNMENT		
Checking and savings	$ 8,425,608	$ 8,323,524
FIDUCIARY FUNDS		
Checking	27,139	27,201
COMPONENT UNITS		
Checking and savings	1,413,917	1,413,917
TOTAL REPORTING ENTITY	$ 9,866,664	$ 9,764,642

Deposits of the City are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the City. As of June 30, 2014, the City accounts were insured by the FDIC for $1,000,000 and the amount of $8,764,642 was uninsured and uncollateralized. The City had $410 of imprest cash on hand.

Investments

As of June 30, 2014, the City had the following investments:

INVESTMENT TYPE	Carrying Amount	Market Value	Weighted Average Maturity
PRIMARY GOVERNMENT			
Uncategorized pooled investment funds			
Cutwater - Michigan Class	$ 784,187	$ 784,187	56 days
COMPONENT UNITS			
Uncategorized pooled investment funds			
Cutwater - Michigan Class	48,800	48,800	56 days
TOTAL REPORTING ENTITY	$ 832,987	$ 832,987	

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2014, the Cutwater - Michigan Class investment was rated AAAm by Standard and Poor's.

Interest rate risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Concentration of credit risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Council and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Council approved policy.

The cash and cash equivalents referred to above have been reported in the cash and cash equivalents captions on the basic financial statements, based upon criteria disclosed in Note A.

The following summarizes the categorization of these amounts as of June 30, 2014:

	Primary Government	Fiduciary Funds	Component Units	Reporting Entity
Cash and cash equivalents	$ 9,210,205	$ 27,139	$ 1,462,717	$ 10,700,061

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2014, are as follows:

Due to General Fund from:	
Major Street Fund	$ 12
Water and Sewer Fund	375,151
Internal Service Fund	40,015
Nonmajor governmental funds	67,642
	$ 482,820
Due to Major Street Fund from:	
General Fund	$ 153,999
Water and Sewer Fund	5,691
Nonmajor governmental funds	77
	$ 159,767
Due to nonmajor governmental funds from:	
General Fund	$ 241,111
Major Street Fund	40,692
Water and Sewer Fund	23,508
	$ 305,311

NOTE C: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Due to Water and Sewer Fund from:	
General Fund	$ 880
Due to Internal Service Fund from:	
General Fund	$ 5,701
Major Street Fund	1,539
Water and Sewer Fund	8,603
Nonmajor governmental funds	263
	$ 16,106

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and the component unit funds have been eliminated.

Transfers to General Fund from:	
Special Assessment Fund	$ 100,024
Water and Sewer Fund	44,309
Nonmajor governmental funds	8,613
	$ 152,946
Transfer to Major Street Fund from:	
General Fund	$ 790,848
Transfer to nonmajor governmental funds from:	
General Fund	$ 567,194
Major Street Fund	70,692
	$ 637,886

The transfers to the General Fund from the Special Assessment Fund, Water and Sewer Fund, and nonmajor governmental funds were to fund combined activities paid for by the General Fund. The transfers to the Major Street Fund from the General Fund were to finance capital asset construction and purchases. The transfers to the nonmajor governmental funds (local streets) from the General Fund and nonmajor governmental funds were to finance capital asset construction and purchases. The transfers to the nonmajor governmental funds from the General Fund were for debt payments.

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

Primary Government

	Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,855,487	$ -	$ -	$ 1,855,487
Construction in progress	195,333	14,784	(66,275)	143,842
Subtotal	2,050,820	14,784	(66,275)	1,999,329
Capital assets being depreciated				
Land improvements	1,728,132	68,583	-	1,796,715
Buildings and improvements	6,808,389	-	-	6,808,389
Infrastructure	22,895,403	1,437,167	-	24,332,570
Vehicles and equipment	3,628,447	80,542	-	3,708,989
Subtotal	35,060,371	1,586,292	-0-	36,646,663
Less accumulated depreciation for:				
Land improvements	(782,937)	(79,973)	-	(862,910)
Buildings and improvements	(848,086)	(166,617)	-	(1,014,703)
Infrastructure	(12,288,035)	(770,067)	-	(13,058,102)
Vehicles and equipment	(2,661,995)	(211,386)	-	(2,873,381)
Subtotal	(16,581,053)	(1,228,043)	-0-	(17,809,096)
Net capital assets being depreciated	18,479,318	358,249	-0-	18,837,567
Capital assets, net	$ 20,530,138	$ 373,033	$ (66,275)	$ 20,836,896

Depreciation expense was charged to the following governmental activities:

General government	$ 198,325
Public safety	150,075
Public works	805,363
Recreation and culture	74,280
Total depreciation expense	$ 1,228,043

NOTE E: CAPITAL ASSETS - CONTINUED

Primary Government - Continued

	Balance July 1, 2013	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2014
Business-type activities				
Capital assets not being depreciated				
Land	$ 25,609	$ -	$ -	$ 25,609
Construction in progress	81,469	211,985	(1,711)	291,743
Subtotal	107,078	211,985	(1,711)	317,352
Capital assets being depreciated				
Buildings and improvements	464,607	17,613	-	482,220
Infrastructure	24,943,406	340,855	-	25,284,261
Subtotal	25,408,013	358,468	-0-	25,766,481
Less accumulated depreciation for:				
Buildings and improvements	(229,499)	(10,874)	-	(240,373)
Infrastructure	(9,053,243)	(624,263)	-	(9,677,506)
Subtotal	(9,282,742)	(635,137)	-0-	(9,917,879)
Net capital assets being depreciated	16,125,271	(276,669)	-0-	15,848,602
Capital assets, net	$ 16,232,349	$ (64,684)	$ (1,711)	$ 16,165,954

Component Unit

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Component Unit (LDFA)				
Capital assets being depreciated				
Equipment	$ 710,587	$ -	$ -	$ 710,587
Less accumulated depreciation for:				
Equipment	(710,587)	-	-	(710,587)
Capital assets, net	$ -0-	$ -0-	$ -0-	$ -0-

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
Primary government					
Governmental activities					
1997 Building Authority Bonds	$ 200,000	$ -	$ (30,000)	$ 170,000	$ 30,000
2010 Building Authority Bonds	3,850,000	-	(85,000)	3,765,000	90,000
Special Assessment Bonds	455,000	-	(75,000)	380,000	65,000
Loans Payable	478,449	-	(119,794)	358,655	124,704
Compensated Absences	392,210	161,485	(137,072)	416,623	145,604
	5,375,659	161,485	(446,866)	5,090,278	455,308
Business-type activities					
Drinking Water Revolving Fund Loan	6,043,674	-	(360,000)	5,683,674	370,000
Compensated Absences	100,931	63,371	(63,088)	101,214	63,265
	6,144,605	63,371	(423,088)	5,784,888	433,265
Total primary government	11,520,264	224,856	(869,954)	10,875,166	888,573
Component unit					
Local Development Finance Authority					
General Obligation Bonds	35,000	-	(35,000)	-0-	-
Total reporting entity	$ 11,555,264	$ 224,856	$ (904,954)	$ 10,875,166	$ 888,573

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Primary Government

1997 Building Authority Bond

$450,000 General Obligation Bonds dated November 1, 1997, due in annual installments ranging from $30,000 to $40,000 through October 1, 2018, with interest ranging from 3.85 to 5.15 percent, payable semi-annually.	$ 170,000

2010 Building Authority Bond

$4,100,000 General Obligation Bonds dated April 1, 2010, due in annual installments ranging from $90,000 to $230,000 through April 1, 2040, with interest ranging from 3.35 to 6.50 percent, payable semi-annually.	$ 3,765,000

NOTE F: LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Special Assessment Bonds

The City issued Special Assessment Bonds for the purpose of capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that benefited from the construction. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received.

The following summarizes the significant details regarding these bond issues:

$205,000 2001 Special Assessment dated June 1, 2001, due in annual installments of $10,000 through November 1, 2014, with interest of 5.00 percent, payable semi-annually.	$ 10,000
$750,000 2005 Special Assessment dated November 18, 2005, due in annual installments ranging from $50,000 to $55,000 through November 1, 2020, with interest ranging from 4.25 to 4.55 percent, payable semi-annually.	370,000
	$ 380,000

Loans Payable

Dart National Bank Loan due in annual installments of $86,928 to $93,563 through December 20, 2016, with interest of 3.70 percent, for a fire truck costing $605,741.	$ 270,906
Dart National Bank Loan due in annual installments of $28,295 to $29,668 through June 28, 2016, with interest of 4.80 percent, for land costing $325,877.	57,963
Mason State Bank Loan due in annual installments of $9,481 to $10,384 through April 16, 2017, with interest of 4.65 percent, for land costing $115,500.	29,787
	$ 358,655

Drinking Water Revolving Fund Loan

$8,000,000 Water Supply System Bonds dated September 27, 2007, due in annual installments ranging from $370,000 to $485,000 through April 1, 2028, with interest of 2.125 percent, payable semi-annually.	$ 5,683,674

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. Retiring employees are paid for unused vacation and a portion of sick pay. The dollar amounts of these vested rights including related payroll taxes, which have been accrued on the government-wide financial statements. The total liability amounted to approximately $517,837 at June 30, 2014. Of this amount, $416,623 and $101,214 are shown as accrued liabilities within the government-wide financial statements' governmental and business-type activities, respectively, in accordance with criteria disclosed in Note A.

The annual requirements to pay the debt principal and interest outstanding for the Bonds and Loans are as follows:

NOTE F: LONG-TERM DEBT - CONTINUED

Primary Government - Continued

Year Ending June 30,	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2015	$ 120,000	$ 240,253	$ 65,000	$ 15,356
2016	120,000	235,745	50,000	12,863
2017	130,000	229,431	55,000	10,591
2018	130,000	222,715	55,000	8,185
2019	140,000	215,853	50,000	5,863
2020-2024	555,000	987,088	105,000	4,650
2025-2029	675,000	798,938	-	-
2030-2034	825,000	568,050	-	-
2035-2039	1,010,000	277,225	-	-
2040	230,000	13,510	-	-
	$ 3,935,000	$ 3,788,808	$ 380,000	$ 57,508

Year Ending June 30,	Loans Payable		Drinking Water Revolving Fund Loan	
	Principal	Interest	Principal	Interest
2015	$ 124,704	$ 14,360	$ 370,000	$ 120,778
2016	129,985	9,287	375,000	112,916
2017	103,966	4,002	385,000	104,947
2018	-	-	395,000	96,766
2019			400,000	88,372
2020-2024	-	-	2,140,000	310,215
2025-2028	-	-	1,618,674	78,725
	$ 358,655	$ 27,649	$ 5,683,674	$ 912,719

NOTE G: RETIREMENT PLAN

Plan Description

The City participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the City Council and by negotiation with the City's collective bargaining units. The plan requires employee contributions ranging from 9.42% to 17.15%, depending on the employee division.

NOTE G: RETIREMENT PLAN - CONTINUED

Annual Pension Cost

For year ended June 30, 2014, the City's annual pension cost of $279,052 for the plan was equal to the City's actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry age normal cost method. Actual contributions to the retirement system are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return; (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation; (c) additional salary increases ranging from 0 to 13.0 percent per year depending on age, seniority, and merit; and (d) post-retirement benefit increases of 2.5 percent annually.

The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a ten (10) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of twenty-five (25) years.

Three (3) year trend information

	Year Ended December 31,		
	2011	2012	2013
Actuarial value of assets	$ 11,346,721	$ 11,523,570	$ 11,805,601
Actuarial accrued liability (AAL) (entry age)	14,884,287	15,367,036	16,060,036
Unfunded AAL (UAAL)	3,537,566	3,843,466	4,254,435
Funded ratio	76%	75%	74%
Annual covered payroll	$ 2,102,937	$ 2,040,185	$ 2,004,450
UAAL as a percentage of covered payroll	168%	188%	212%

	Year Ended June 30,		
	2012	2013	2014
Annual pension cost	$ 253,102	$ 249,606	$ 279,052
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

This trend information was obtained from the most recently issued actuarial reports.

NOTE H: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The following are the Governmental Accounting Standards Board (GASB) Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the City. The City pays the full cost of coverage for these benefits for certain retirees and their beneficiaries. The retirees must contribute the balance of premiums not paid by the City in accordance with plan provisions.

During the year ended June 30, 2014, 19 retirees were receiving benefits. Expenditures for post-employment benefits are recognized when claims are paid. During the year, expenditures of $93,993 were recognized for post-employment benefits.

The plan does not issue a separate stand-alone financial statement.

NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Funding Policy

The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The current contributions being made are based on an actuarial calculated valuation. Administrative costs of the plan are paid for by the City.

Funding Progress

For the year ended June 30, 2014, the City has determined an estimated cost of providing post-employment benefits through an actuarial valuation as of July 1, 2012. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed twenty-six (26) years.

The City's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	$ 156,159
Adjustment to annual required contribution	5
Annual OPEB cost	156,164
Amounts contributed:	
Payments of current requirements (gross of employee reimbursement)	156,163
Increase in net OPEB obligation	1
OPEB obligation (asset) - Beginning of year	(140)
OPEB obligation (asset) - End of year	$ (139)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) were as follows:

	Year Ended June 30,		
	2012	2013	2014
Annual OPEB cost	$ 150,529	$ 146,790	$ 156,164
Percentage contributed	100.0%	100.0%	100.0%
Net OPEB obligation (asset)	$ (145)	$ (140)	$ (139)

The current funding progress of the plan is as follows:

	Dec. 31, 2007	July 1, 2012
Actuarial value of assets	$ 77,869	$ 191,398
Actuarial accrued liability (AAL) (entry age)	2,273,747	2,648,079
Unfunded AAL (UAAL)	2,195,878	2,456,681
Funded ratio	3.4%	7.2%
Annual covered payroll	$ 2,102,937	$ 2,113,365
UAAL as a percentage of covered payroll	104.4%	116.2%

NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the projected unit credit service cost method was used. The actuarial assumptions include a 6.0% per year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets. A discount rate of 6.0% was also used. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed underlying rate was 4.5%.

NOTE I: RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The City has a deductible of $75,000 for Sewage System Overflows (per occurrence) and a $1,000 deductible per occurrence of property and crime coverage. State pool members' limits of coverage (per occurrence) are $10,000,000 for liability and about $25,712,455 for property. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

NOTE J: CODE ENFORCEMENT FINANCIAL INFORMATION

The City has elected to report the financial activities of the code enforcement department in the General Fund. The following is the required information as it relates to this department for the year ended June 30, 2014:

Surplus at July 1, 2013	$ 120,013
REVENUES	
Licenses and permits	
Permits	66,173
EXPENDITURES	
Building Department	(60,442)
Cumulative surplus at June 30, 2014	$ 125,744

NOTE K: RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various restrictions in net position as of June 30, 2014:

PRIMARY GOVERNMENT	
Community enrichment	$ 580,275
Construction code activity	125,744
Cemetery operations	320,012
Flowers	19,494
Debt service	210,430
	$ 1,255,955

NOTE L: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* established 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. The following are the five (5) fund balance classifications under this standard:

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

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

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

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

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

Fund Balance Classification Policies and Procedures

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

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. Currently, assigned fund balance is determined through the budget and any residual amounts of fund balance in governmental funds other than the General Fund.

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE L: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

	General Fund	Major Street	Special Assessment	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepaids	$ 12,953	$ -	$ -	$ -	$ 12,953
Restricted					
Community enrichment	-	-	-	580,275	580,275
Construction code activity	125,744	-	-	-	125,744
Cemetery operations	-	-	-	320,012	320,012
Flowers	-	-	-	19,494	19,494
Debt service	-	-	258,405	539	258,944
Committed					
Community enrichment	-	-	-	155,000	155,000
Assigned					
Highways	-	803,832	-	156,106	959,938
Subsequent year's expenditures	86,110	-	-	-	86,110
Grant matching	24,672	-	-	-	24,672
Other purposes	-		175,935	387	176,322
Unassigned	2,197,080	-	-	-	2,197,080
TOTAL FUND BALANCES	$ 2,446,559	$ 803,832	$ 434,340	$ 1,231,813	$ 4,916,544

NOTE M: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions.* The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the financial statements for the City's 2014-2015 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

City of Mason

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property taxes	$ 2,885,330	$ 2,810,100	$ 2,810,108	$ 8
Penalties and interest	15,000	14,685	14,102	(583)
Administration fees	87,500	87,700	87,582	(118)
Total taxes	2,987,830	2,912,485	2,911,792	(693)
Licenses and permits	40,500	83,675	78,103	(5,572)
Intergovernmental				
Federal	-	900	903	3
State	668,340	679,200	695,127	15,927
Local	1,053,665	547,210	546,190	(1,020)
Total intergovernmental	1,722,005	1,227,310	1,242,220	14,910
Charges for services				
Refuse collection	333,065	334,150	334,152	2
Cable franchise fee	41,000	45,195	45,196	1
Other	269,610	317,700	319,423	1,723
Total charges for services	643,675	697,045	698,771	1,726
Fines and forfeits	22,700	33,105	27,030	(6,075)
Interest and rents	33,650	34,635	35,008	373
Other	93,860	70,005	63,085	(6,920)
TOTAL REVENUES	5,544,220	5,058,260	5,056,009	(2,251)

City of Mason

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current				
General government				
City Council	$ 40,585	$ 38,500	$ 34,233	$ 4,267
Administrator	240,980	192,920	186,028	6,892
Assessor	47,205	49,190	49,070	120
Board of Review	650	720	720	-0-
Treasurer	472,590	378,380	369,415	8,965
Technology	80,945	68,445	45,827	22,618
Election	117,370	116,560	110,855	5,705
Building office and City Hall	387,890	402,820	383,423	19,397
Attorney	87,125	105,285	98,768	6,517
Cemetery	220,160	152,765	147,190	5,575
Workers compensation	43,520	45,050	45,049	1
Retiree benefits	156,670	158,160	156,163	1,997
Administrative services	239,420	197,205	193,262	3,943
Total general government	2,135,110	1,906,000	1,820,003	85,997
Public safety				
Police administration	325,325	280,940	264,517	16,423
Crossing guards	23,975	20,260	19,541	719
Police patrolling	1,004,145	802,180	790,223	11,957
Fire department	347,000	324,245	280,949	43,296
Civil defense	715	1,110	1,006	104
Total public safety	1,701,160	1,428,735	1,356,236	72,499
Public works				
Public services	6,650	4,100	2,977	1,123
Sidewalks	33,000	-	-	-0-
Street lighting	125,700	106,560	103,340	3,220
Refuse collection	339,570	325,500	325,319	181
Total public works	504,920	436,160	431,636	4,524
Community and economic development				
Cable commission	4,560	4,250	3,600	650
Planning and zoning	116,355	111,975	109,423	2,552
Planning commission	755	990	469	521
Christmas decorations	6,945	5,465	5,221	244
Total community and economic development	128,615	122,680	118,713	3,967

City of Mason

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Current - continued				
Recreation and culture				
Parks	$ 143,425	$ 128,210	$ 118,705	$ 9,505
Library	8,020	8,660	7,364	1,296
Forestry	63,465	59,000	54,806	4,194
Senior citizens	8,040	6,700	6,550	150
Total recreation and culture	222,950	202,570	187,425	15,145
Debt service				
Principal	83,790	83,760	83,752	8
Interest and fiscal fees	13,300	13,330	13,330	-0-
Total debt service	97,090	97,090	97,082	8
TOTAL EXPENDITURES	4,789,845	4,193,235	4,011,095	182,140
EXCESS OF REVENUES OVER EXPENDITURES	754,375	865,025	1,044,914	179,889
OTHER FINANCING SOURCES (USES)				
Transfers in	152,120	152,970	152,946	(24)
Transfers out	(862,865)	(1,378,975)	(1,358,042)	20,933
TOTAL OTHER FINANCING SOURCES (USES)	(710,745)	(1,226,005)	(1,205,096)	20,909
NET CHANGE IN FUND BALANCE	43,630	(360,980)	(160,182)	200,798
Fund balance, beginning of year	2,606,741	2,606,741	2,606,741	-0-
Fund balance, end of year	$ 2,650,371	$ 2,245,761	$ 2,446,559	$ 200,798

City of Mason

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 330,000	$ 395,000	$ 400,909	$ 5,909
Charges for services	500	910	912	2
Interest	17,500	1,400	1,574	174
Other	-	2,415	2,416	1
TOTAL REVENUES	348,000	399,725	405,811	6,086
EXPENDITURES				
Current				
Public works	464,030	1,058,280	1,046,101	12,179
EXCESS OF REVENUES (UNDER) EXPENDITURES	(116,030)	(658,555)	(640,290)	18,265
OTHER FINANCING SOURCES (USES)				
Transfers in	177,505	784,325	790,848	6,523
Transfers out	(84,345)	(87,120)	(70,692)	16,428
TOTAL OTHER FINANCING SOURCES (USES)	93,160	697,205	720,156	22,951
NET CHANGE IN FUND BALANCE	(22,870)	38,650	79,866	41,216
Fund balance, beginning of year	723,966	723,966	723,966	-0-
Fund balance, end of year	$ 701,096	$ 762,616	$ 803,832	$ 41,216

City of Mason

Special Assessment Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interest	$ 57,665	$ 47,540	$ 47,584	$ 44
Other				
Special assessments	143,975	119,495	120,049	554
TOTAL REVENUES	201,640	167,035	167,633	598
EXPENDITURES				
Debt service	93,695	93,695	93,695	-0-
EXCESS OF REVENUES OVER EXPENDITURES	107,945	73,340	73,938	598
OTHER FINANCING (USES)				
Transfers out	(100,025)	(100,025)	(100,024)	1
NET CHANGE IN FUND BALANCE	7,920	(26,685)	(26,086)	599
Fund balance, beginning of year	460,426	460,426	460,426	-0-
Fund balance, end of year	$ 468,346	$ 433,741	$ 434,340	$ 599

OTHER SUPPLEMENTARY INFORMATION

City of Mason

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2014

	Special Revenue		
	Local Street	Rayner Bond	Economic Development Corporation
ASSETS			
Cash and cash equivalents	$ 160,973	$ 702,907	$ 21,819
Accounts receivable	720	9,549	-
Due from other governmental units	21,509	-	-
Due from other funds	305,311	-	-
TOTAL ASSETS	$ 488,513	$ 712,456	$ 21,819
LIABILITIES			
Accounts payable	$ 262,452	$ -	$ -
Accrued wages	2,649	-	-
Due to other funds	67,306	-	-
TOTAL LIABILITIES	332,407	-0-	-0-
FUND BALANCES			
Restricted			
Community enrichment	-	557,456	21,819
Cemetery operations	-	-	-
Flowers	-	-	-
Debt service	-	-	-
Committed			
Community enrichment	-	155,000	-
Assigned			
Highways	156,106	-	-
Other purposes	-	-	-
TOTAL FUND BALANCES	156,106	712,456	21,819
TOTAL LIABILITIES AND FUND BALANCES	$ 488,513	$ 712,456	$ 21,819

Debt Service		Capital Projects	Permanent	Total Nonmajor Governmental Funds
Park Street Property	Mason Building Authority	Capital Improvement	Cemetery Trust	
$ -	$ 539	$ 1,387	$ 340,182	$ 1,227,807
-	-	-	-	10,269
-	-	-	-	21,509
-	-	-	-	305,311
$ -0-	$ 539	$ 1,387	$ 340,182	$ 1,564,896
$ -	$ -	$ -	$ -	$ 262,452
-	-	-	-	2,649
-	-	-	676	67,982
-0-	-0-	-0-	676	333,083
-	-	1,000	-	580,275
-	-	-	320,012	320,012
-	-	-	19,494	19,494
-	539	-	-	539
-	-	-	-	155,000
-	-	-	-	156,106
-	-	387	-	387
-0-	539	1,387	339,506	1,231,813
$ -0-	$ 539	$ 1,387	$ 340,182	$ 1,564,896

City of Mason

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2014

	Special Revenue		
	Local Street	Rayner Bond	Economic Development Corporation
REVENUES			
Intergovernmental	$ 161,346	$ -	$ -
Charges for services	1,760	-	-
Interest, rents, and royalties	321	112,709	56
Contributions	-	-	-
Other	-	-	-
TOTAL REVENUES	163,427	112,709	56
EXPENDITURES			
Current			
Public works	475,043	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	475,043	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(311,616)	112,709	56
OTHER FINANCING SOURCES (USES)			
Transfers in	311,617	-	-
Transfers out	-	(7,937)	-
TOTAL OTHER FINANCING SOURCES (USES)	311,617	(7,937)	-0-
NET CHANGE IN FUND BALANCES	1	104,772	56
Fund balances, beginning of year	156,105	607,684	21,763
Fund balances, end of year	$ 156,106	$ 712,456	$ 21,819

Debt Service		Capital Projects	Permanent	Total Nonmajor Governmental Funds
Park Street Property	Mason Building Authority	Capital Improvement	Cemetery Trust	
$ -	$ -	$ -	$ -	$ 161,346
-	-	-	-	1,760
-	7	-	676	113,769
-	-	1,000	-	1,000
-	-	-	3,776	3,776
-0-	7	1,000	4,452	281,651
-	-	-	-	475,043
41,982	284,287	-	-	326,269
41,982	284,287	-0-	-0-	801,312
(41,982)	(284,280)	1,000	4,452	(519,661)
41,982	284,287	-	-	637,886
-	-	-	(676)	(8,613)
41,982	284,287	-0-	(676)	629,273
-0-	7	1,000	3,776	109,612
-	532	387	335,730	1,122,201
$ -0-	$ 539	$ 1,387	$ 339,506	$ 1,231,813

City of Mason

Component Unit Funds

COMBINING BALANCE SHEET - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2014

	General	Debt Service 1992 Bond	Total
ASSETS			
Cash and cash equivalents	$ 1,223,688	$ -	$ 1,223,688
Due from other governmental units	4,345	-	4,345
TOTAL ASSETS	$ 1,228,033	$ -0-	$ 1,228,033
LIABILITIES			
Due to other governmental units	$ 182,201	$ -	$ 182,201
FUND BALANCES			
Unassigned	1,045,832	-	1,045,832
TOTAL LIABILITIES AND FUND BALANCES	$ 1,228,033	$ -0-	$ 1,228,033

City of Mason

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO
THE STATEMENT OF NET POSITION - LOCAL DEVELOPMENT FINANCE AUTHORITY

June 30, 2014

Total fund balances - governmental funds		$ 1,045,832
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 710,587	
Accumulated depreciation is	(710,587)	
		-0-
Net position of governmental activities		$ 1,045,832

City of Mason

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended June 30, 2014

	General	Debt Service 1992 Bond	Total
REVENUES			
Taxes	$ 411,497	$ -	$ 411,497
Interest	5,802	-	5,802
TOTAL REVENUES	417,299	-0-	417,299
EXPENDITURES			
Current			
Community and economic development	202,794	-	202,794
Debt service	-	36,505	36,505
TOTAL EXPENDITURES	202,794	36,505	239,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	214,505	(36,505)	178,000
OTHER FINANCING SOURCES (USES)			
Transfers in	-	36,505	36,505
Transfers out	(36,505)	-	(36,505)
TOTAL OTHER FINANCING SOURCES (USES)	(36,505)	36,505	-0-
NET CHANGE IN FUND BALANCES	178,000	-0-	178,000
Fund balances, beginning of year	867,832	-	867,832
Fund balances, end of year	$ 1,045,832	$ -0-	$ 1,045,832

City of Mason

Component Unit Funds

RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES - LOCAL DEVELOPMENT FINANCE AUTHORITY

Year Ended June 30, 2014

Net change in fund balances - governmental funds	$ 178,000
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:	
Long-term debt principal retirements	35,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Decrease in accrued interest payable	578
Change in net position of governmental activities	$ 213,578

City of Mason

Component Unit Funds

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2014

	General
ASSETS	
Cash and cash equivalents	$ 239,029
Taxes receivable	1,784
Accounts receivable	970
TOTAL ASSETS	$ 241,783
LIABILITIES	
Accounts payable	$ 31,450
FUND BALANCE	
Unassigned	210,333
TOTAL LIABILITIES AND FUND BALANCE	$ 241,783

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balance was equal to the net position as of June 30, 2014.

City of Mason

Component Unit Funds

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

Year Ended June 30, 2014

	General
REVENUES	
Taxes	$ 48,680
Interest	498
TOTAL REVENUES	49,178
EXPENDITURES	
Current	
Community and economic development	64,114
NET CHANGE IN FUND BALANCE	(14,936)
Fund balance, beginning of year	225,269
Fund balance, end of year	$ 210,333

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities is not required as the net change in fund balance was equal to the change in net position for the year ended June 30, 2014.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

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

To the Honorable Mayor and
Members of the City Council
City of Mason, Michigan

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mason, Michigan (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 13, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 13, 2014

CITY OF MASON
REGULAR CITY COUNCIL MEETING
MINUTES OF OCTOBER 6, 2014

Mayor Clark called the meeting to order at 7:30 p.m. in the Council Chambers at 201 W. Ash Street, Mason, Michigan. Mayor Clark led the Pledge of Allegiance and offered the invocation.

Present: Councilmembers: Brown, Bruno, Clark, Droscha, Ferris, Mulvany, Naeyaert
Absent: Councilmember: None
Also present: Martin A. Colburn, City Administrator
Deborah J. Cwiertniewicz, City Clerk

ANNOUNCEMENTS
No announcements at this time.

PEOPLE FROM THE FLOOR
Colburn introduced Ron Drzewicki, Mason Public Schools Superintendent. Clark invited Mr. Drzewicki to comment. Mr. Drzewicki stated he is beginning his seventh week in his new position and that the community has generously welcomed him.

Dallas Henney introduced himself and stated that he is a candidate for the Ingham County Commissioner's race for the 14th District representing the City of Mason.

Mayor Clark and Councilmembers joined in presenting Mayoral Proclamations in honor of Josh Woodland, Scott Davidson, and Jacob Meyers for the exceptional selfless rescue of a Mason resident from a burning structure that clearly saved the life of this unconscious person.

On behalf of he and his wife, Vicki, Councilmember Bruno presented the Mayor and Council a hand hewn plaque to continue the tradition of recognizing annual Arbor Day honorees. He gave recognition to those who contributed to the completion of the plaque.

CONSENT AGENDA

MOTION by Naeyaert, second by Droscha,
to approve the Consent Agenda as follows:

A. Approval of Minutes - Regular Council Meeting: September 15, 2014
B. Approval of Bills - $103,896.45

MOTION APPROVED

REGULAR BUSINESS
Resolution No. 2014-49– A Resolution to Accept Change Order No. 2 for the Mason Fire Department Apron Project
Colburn elaborated on the Staff Agenda Report submitted informing them regarding the change order for the Mason Fire Department concrete work. Discussion ensued regarding the proposed concrete work and stoop.

MOTION by Droscha, second by Brown,
to consider Resolution No. 2014-49 read.
MOTION APPROVED UNANIMOUSLY

Resolution No. 2014-49 was introduced by Droscha and seconded by Mulvany.

CITY OF MASON
CITY COUNCIL RESOLUTION NO. 2014-49
TO ACCEPT CHANGE ORDER NO. 2
FOR THE MASON FIRE DEPARTMENT APRON PROJECT
October 6, 2014

WHEREAS, on October 24, 2013 the City of Mason published a bid for replacing the drive apron at the Mason Fire Station Number 1 and placement of sidewalks within the LDFA area; and

WHEREAS, it is noted that there is concrete work to be performed at the fire station, including the construction of a new concrete stoop; and

WHEREAS, Change Order No. 2 will address these additional concrete needs, adding an additional $10,902.52 to the project; and

WHEREAS, the new total of the project will be $29,000.02, which is below the originally budgeted $40,000.00.

THEREFORE BE IT RESOLVED, the Mason City Council approves Change Order No. 2, authorizing the City Administrator for contractual signature authority.

Yes (4) Brown, Droscha, Ferris, Mulvany
No (3) Bruno, Clark, Naeyaert
RESOLUTION APPROVED

Resolution No. 2014-50—Appointment to the Planning Commission by the Mayor

MOTION by Droscha, second by Brown,
to consider Resolution No. 2014-49 read.
MOTION APPROVED UNANIMOUSLY

Resolution No. 2014-49 was introduced by Naeyaert and seconded by Droscha.

CITY OF MASON
CITY COUNCIL RESOLUTION NO. 2014-50
MAYORAL APPOINTMENT TO THE PLANNING COMMISSION
October 6, 2014

WHEREAS, the resignation of Jim King on August 1, 2014, created a vacancy on the Planning Commission; now

BE IT HEREBY RESOLVED, that the Mayor, with confirmation by the City Council, does hereby appoint Tim Scott to the Planning Commission of the city to fill the remainder of the unexpired term, commencing October 6, 2014 and expiring on December 31, 2014.
RESOLUTION APPROVED

Motion—2015 Contracted Tree Services

Discussion was held to continue using the services of Express Tree Services for 2015.

Motion by Naeyaert, second by Droscha,
to waive the bidding process and allow Express Tree Services to perform the 2015 contracted tree services for the City of Mason at a price of $22,490.00
Yes (6) Brown, Clark, Droscha, Ferris, Mulvany, Naeyaert
No (1) Bruno
MOTION APPROVED

Motion—Directory of Charges
Cwiertniewicz elaborated on the memorandum she submitted regarding the recommendation of the Cemetery Board for the provision of a single space option for purchase in the Maple Grove Cemetery due to the trend of cremation burials and request by the public. Discussion ensued regarding total available space in the cemetery and the need to revisit the merits of a columbarium for cremation burials in the next budget hearings.

> Motion by Naeyaert, second by Droscha,
> to approve the Directory of Charges dated October 6, 2014.
> MOTION APPROVED

Motion—Cancel the November 10, 2014 City Council Meeting to Alleviate the Office of the City Clerk for the Administration of the General Election
Discussion was held regarding the logistics of holding a Council meeting, the General Election, and the Planning Commission meeting within one week's time relating to the burden of responsibilities for the Clerk's office and the use of the meeting room.

> Motion by Naeyaert, second by Droscha,
> to approve the request of the City Clerk to cancel the Monday, November 10, 2014 meeting, recognizing that a special meeting would be scheduled for any business requiring Council consideration prior to the next meeting date, Monday, November 17, 2014.
> Yes (6) Brown, Clark, Droscha, Ferris, Mulvany, Naeyaert
> No (1) Bruno
> MOTION APPROVED

UNFINISHED BUSINESS
It was discussed that the bridge construction approved in April is currently being prepared for bid.

NEW BUSINESS
It was discussed that the street signs at Kerns Road have not been replaced with the correct spelling of the road. Also, Colburn was asked about the orange fence in the cemetery since winter and the water sample box that has been down all summer at the North Jefferson Street storage yard. Colburn stated that he would look into the progress of these items.

Clark suggested appointing a liaison to the Cemetery Board.

CORRESPONDENCE
All correspondence was distributed. A brief discussion ensued regarding the WOW! Mason Quarterly Update correspondence.

LIAISON REPORTS
Mulvany informed Council regarding Historic District Commission business.

COUNCILMEMBER REPORTS
Brown informed Council regarding the Cost of Government Summit he attended that sponsored by *Governing – The States and Localities* magazine that. He provided various publications he obtained from the summit to Council.

ADMINISTRATOR'S REPORT
Colburn informed Council regarding current City business.

ADJOURNMENT
The meeting adjourned at 8:41 p.m.

Deborah J. Cwiertniewicz, City Clerk

Leon R. Clark, Mayor

10/17/2014 09:04 AM
User: TF
DB: Mason City

INVOICE APPROVAL BY INVOICE REPORT FOR CITY OF MASON
EXP CHECK RUN DATES 10/06/2014 - 10/22/2014
BOTH JOURNALIZED AND UNJOURNALIZED
BOTH OPEN AND PAID
COUNCIL REPORT

MONDAY, OCTOBER 20, 2014

Vendor Code / Invoice / GL Number	Vendor Name / Invoice Description / GL Description	Invoice Date		Amount
06474	CONSUMERS ENERGY			
OCT 2014	STREET LIGHTING 9/1 - 9/30	10/13/2014		
101-448.00-926.000	STREET LIGHTING 9/1 - 9/30		7,169.38	
		VENDOR TOTAL:		7,169.38
07899	GAWNE TRUCKING, INC			
9/23/2014	2014 BIOSOLIDS REMOVAL: HAUL & LAND APPLICATION, DIGESTER CL	10/20/2014		
592-555.00-818.000	HAUL & LAND APPY 708K GALLONS BIOSOLIDS		22,302.00	
592-555.00-818.000	13 HOURS CLEANING DIGESTER		4,225.00	
			26,527.00	
		VENDOR TOTAL:		26,527.00
05221	MCGINTY, HITCH, HOUSEFIELD, PERSON,			
OCT 2014	SEPT LEGAL FEES	10/20/2014		
101-266.00-826.000	SEPT LEGAL FEES		7,053.19	
		VENDOR TOTAL:		7,053.19
07325	MERIDIAN TOWNSHIP			
7/1 - 9/30/2014	BUILDING INSPECTIONS JULY 1 THRU SEPT 30, 2014	10/20/2014		
101-265.00-818.000	BUILDING INSPECTIONS JULY 1 THRU SEPT 30		5,192.50	
		VENDOR TOTAL:		5,192.50
		TOTAL - ALL VENDORS:		45,942.07

I hereby certify that I have reviewed the above bills and expenses and to the best of my knowledge and belief, they cover expenditures of City services and materials and are within current budget appropriations.

Martin A. Colburn
City Administrator

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 7 (C)

AGENDA ITEM
Motion - Request for Excused Absence – Councilmember Mulvany

EXHIBITS
- Memo from Councilmember Mulvany

STAFF REVIEW
Administration

SUMMARY STATEMENT
Councilmember Mulvany is requesting to be excused from the October 20, 2014 City Council meeting.

RECOMMENDED ACTION
Move to excuse the absence of Councilmember Mulvany from the October 20, 2014 City Council meeting.

Memo:

To: Mr. Marty Colburn
City Administrator
City of Mason
201 W. Ash Street
Mason, MI 48854

Dear Marty,

I will be unavailable for the October 20 City Council Meeting due to a planned event in Oregon from the 12-25 th. I can be reached by cell 517-410-2718 should I need to be reached concerning City matters.

Thanks for your assist in notifying the Clerk Debby and the Council.

Sincerely

Jim Mulvany

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 8 (A)

AGENDA ITEM

- Resolution No. 2014-51—Resolution To Change MERS Benefit

EXHIBITS

- Article 22. Retirement, Capital City Lodge, No. 141, Fraternal Order of Police, Non-Supervisory Unit
- Letter of Agreement Signed October 9, 2014

STAFF REVIEW

Administration

SUMMARY STATEMENT

The agreement effective September 15, 2014 between the City of Mason and the Capital City Lodge, No. 141, Fraternal Order of Police Non-Supervisory Unit states in Article 22, "...The Employer shall have the right, at its expense, to have the actuarial cost of the B-4 improvement redetermined no more frequently than once every two (2) years. Should a subsequent actuarial evaluation(s) establish the need to modify the employee's contribution in order to maintain the B-4 Plan, then and in that event, the employee contribution shall be adjusted accordingly, either upward or downward, effective the first full payroll period following receipt of the actuarial report."

The last adjustment to the employee contribution for this group was in 2002 when the Council approved an FAC-3 benefit upgrade from an FAC-5 benefit. Final Average Compensation (FAC) is the average of the highest years of salary earned during employment with the city. FAC-3 would average the highest three years, which is considered better than the FAC-5 which averages a total of five years. In 2002 the member contribution rate was increased from 8.80% to the current 9.79%.

Based on the most current MERS actuarial valuation, City Administration met with representatives of the Capital City Lodge to speak about their retirement contribution. The attached Letter of Agreement signed by City Administration and the Capital City Lodge will increase the employee contribution from 9.79% to 11.50% for the life of the agreement. The Agreement will terminate September 15, 2017.

RECOMMENDED ACTION

Move to approve Resolution No. 2014-51.

CITY OF MASON
CITY COUNCIL RESOLUTION 2014-51

Defined Benefit Plan Adoption Agreement

1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

The Employer, a participating municipality or participating court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with the MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

I. Employer Name City of Mason **Municipality #:** 3304

If new to MERS, please provide your municipality's fiscal year: _____ through _____.
Month Month

II. Effective Date

Check one:

A. ☐ If this is the **initial** Adoption Agreement for this group, the effective date shall be the first day of _____, 20___.

☐ This municipality or division is new to MERS, so vesting credit prior to the **initial** MERS effective date by each eligible participant shall be credited as follows (choose one):

- ☐ All prior service from date of hire
- ☐ Prior service proportional to assets transferred; all service used for vesting
- ☐ Prior service and vesting service proportional to assets transferred
- ☐ No prior service but grant vesting credit
- ☐ No prior service or vesting credit

☐ Link this new division to division number _____ for purposes of determining contributions (Unless otherwise specified, the standard transfer/rehire rules apply)

B. ☒ If this is an **amendment** of an existing Adoption Agreement (Defined Benefit division number 02), the effective date shall be the first day of November, 20 14. *Please note:* You only need to mark ***changes*** to your plan throughout the remainder of this Agreement.

C. ☐ If this is a **temporary benefit** that lasts 2-6 months, the effective dates of this temporary benefit are from ___/01/___ through ___/___/___ for Defined Benefit division number _____.
Last day of month
Please note: You only need to mark ***changes*** to your plan throughout the remainder of this Agreement.

D. ☐ If this is to **separate employees** *from an existing Defined Benefit division* (existing division number(s) _____) into a new division, the effective date shall be the first day of _____, 20____.

E. ☐ If this is to merge division(s) _____ into division(s) _____, the effective date shall be the first of _____, 20____.

III. Eligible Employees

Only those Employees eligible for MERS membership may participate in the MERS Defined Benefit Plan. A copy of ALL employee enrollment forms must be submitted to MERS. The following groups of employees are eligible to participate:

02 Police Other
(Name of Defined Benefit division – e.g. All Full Time Employees, or General after 7/01/13)

☐ Only retirees will be in this division.

These employees are (check one or both):

☑ In a collective bargaining unit (attach cover page, retirement section, signature page)

☐ Subject to the same personnel policy

To receive one month of service credit (check one):

☐ An employee shall work 10 _____ hour days.

☐ An employee shall work _____ hours in a month.

All employees as classified under eligible employees, whether full or part time, who meet this criteria must be reported to MERS. If you change your current day of work definition to be more restrictive, the new definition only applies to employees hired after the effective date.

To further define eligibility, check all that apply:

☐ **Probationary Periods** are allowed in one-month increments, no longer than 12 months. During this introductory period, the Employer will not report or provide service time for this period, including retroactively. Service will begin after the probationary period has been satisfied.

The probationary period will be _____ month(s).

☐ **Temporary employees** in a position normally requiring less than a total of 12 whole months of work in the position may be *excluded* from membership. These employees must be notified in writing by the participating municipality that they are excluded from membership within 10 business days of date of hire or execution of this Agreement.

The temporary exclusion period will be _____ month(s).

IV. Provisions

Valuation Date: December 31, 20 13

1. Review the valuation results

It is recommended that your MERS representative presents and explains the valuation results to your municipality before adopting. Please choose one:

☐ Our MERS representative presented and explained the valuation results to the _____ (Board, Finance Cmte, etc.) on _____ (mm/dd/yyyy).

☒ As an authorized representative of this municipality, I Martin A. Colburn (Name) City Administrator (Title) waive the right for a presentation of the results.

2. This Adoption Agreement will be implemented in conjunction with a current actuarial valuation certified by a MERS actuary that sets contribution rates.

3. Annually, the MERS actuary will conduct an actuarial valuation to determine the employers' contribution rates. Employers are responsible for payment of said contributions at the rate, in the form and at the time that MERS determines.

4. Benefit Multiplier (1%-2.5%, increments of 0.05%) _____ % (max 80% for multipliers over 2.25%)

   ☐ Check here if multiplier will be effective for existing active members' future service only (Bridged Benefit as of effective date on page 1)

   If checked, select one below:

   ☐ Termination Final Average Compensation (calculated over the members entire wage history)

   ☐ Frozen Final Average Compensation (FAC is calculated twice, once for the timeframe that matches the original multiplier, and once for the new multiplier)

5. Final Average Compensation (Min 3 yr, increments of 1 yr) _____ years

6. Vesting (5 -10 yrs, increments of 1 yr) _____ years

7. Required employee contribution (Max 10%, increments of 0.01%) 11.50 %

8. Compensation, for retirement purposes, is defined as base wages and all of the following. Check applicable boxes to *exclude* these types from your MERS reported wages:

   ☐ Longevity pay
   ☐ Overtime pay
   ☐ Shift differentials
   ☐ Pay for periods of absence from work by reason of vacation, holiday, and sickness
   ☐ Workers' compensation weekly benefits (if reported and are higher than regular earnings)
   ☐ A member's pre-tax contributions to a plan established under Section 125 of the IRC
   ☐ Transcript fees paid to a court reporter
   ☐ A taxable car allowance
   ☐ Short term or long term disability payments
   ☐ Payments for achievement of established annual (or similar period) performance goals
   ☐ Payment for attainment of educational degrees from accredited colleges, universities, or for acquisition of job-related certifications
   ☐ Lump sum payments attributable to the member's personal service rendered during the FAC period
   ☐ Other: _____
   ☐ Other 2: _____

9. Early Normal Retirement with unreduced benefits

- ☐ Age 50 with 25 years of service
- ☐ Age 50 with 30 years of service
- ☐ Age 55 with 15 years of service
- ☐ Age 55 with 20 years of service
- ☐ Age 55 with 25 years of service
- ☐ Age 55 with 30 years of service
- ☐ Any age with (20-30 yrs, in 1 yr increments) _____ years of service
- ☐ _____

10. Other

- ☐ Surviving Spouse will receive _____% of Straight Life benefit without a reduction to the participant's benefit
- ☐ Duty death or disability enhancement (add up to additional 10 years of service credit not to exceed 30 years of service)
- ☐ DROP + with _____%

11. Cost-of-Living Adjustment

☐ All **current** retirees as of effective date ☐ Retirees who retire **between** ____/01/____ and ____/01/____ *(one time increase only)*	☐ **Future** retirees who retire after effective date
Increase of _____% or $_____ per month	Increase of _____% or $_____ per month
Select one: ☐ Annual automatic increase ☐ One-time increase	☐ Annual automatic increase
Select one: ☐ Compounding ☐ Non-compounding	Select one: ☐ Compounding ☐ Non-compounding
Employees must be retired _____ months (6-12 months, increments of 1 month)	Employees must be retired _____ months (6-12 months, increments of 1 month)

V. Appointing MERS as the Plan Administrator

The Employer hereby agrees to the provisions of this *MERS Defined Benefit Plan Adoption Agreement* and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event any conflict between MERS Plan Document and the MERS Defined Benefit Plan, the provisions of the Plan Document control.

VI. Modification Of The Terms Of The Adoption Agreement

If the Employer desires to amend any of its elections contained in this Adoption Agreement, including attachments, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Adoption Agreement. The amendment of the new Agreement is not effective until approved by MERS.

VII. Enforcement

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer's retirement plan are a contractual obligation of the Employer that may not be diminished or impaired, and prohibits the use of the Employer's required current service funding to finance unfunded accrued liabilities.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. In accordance with the Constitution and this Agreement, if at any time the balance standing to the Employer's credit in the reserve for employer contributions and benefit payments is insufficient to pay all service benefits due and payable to the entity's retirees and beneficiaries, the Employer agrees and covenants to promptly remit to MERS the amount of such deficiency as determined by the Retirement Board within thirty (30) days notice of such deficiency.
4. The Employer acknowledges that wage and service reports are due monthly, and the employee contributions (if any) and Employer contributions are due and payable monthly, and must be submitted in accordance with the MERS Enforcement Procedure for Prompt Reporting and Payment, the terms of which are incorporated herein by reference.
5. Should the Employer fail to make its required contribution(s) when due, the retirement benefits due and payable by MERS on behalf of the entity to its retirees and beneficiaries may be suspended until the delinquent payment is received by MERS. MERS may implement any applicable interest charges and penalties pursuant to the MERS Enforcement Procedure for Prompt Reporting and Payment and Plan Document Section 45A(3), and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.
6. The Employer acknowledges that changes to the Employer's MERS Defined Benefit Plan must be made in accordance with the MERS Plan Document and applicable law, and agrees that MERS will not administer any such changes unless the MERS Plan Document and applicable law permit same, and MERS is capable of administering same.

VIII. Execution

Authorized Designee of Governing Body of Municipality or Chief Judge of Court

The foregoing Adoption Agreement is hereby approved by City of Mason (Name of Approving Employer) on the 20 day of October, 2014.

Authorized signature: _____

Title: Leon Clark

Witness signature: _____

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: _____, 20____ Signature: _____ (Authorized MERS Signatory)

AGREEMENT

BETWEEN

CITY OF MASON

-&-

CAPITOL CITY LODGE #141, FRATERNAL ORDER OF POLICE LABOR PROGRAM, INC.

POLICE NON-SUPERVISORY UNIT

Effective: September 15, 2014

Terminates: September 15, 2017

Final.wpd

Section 20.6. No vacation will be earned while an employee is on an unpaid leave of absence, laid off or receiving Worker's Compensation.

ARTICLE 21

HOLIDAYS

Section 21.1. The following are designated holidays:

HOLIDAYS	
New Year's Day	Veteran's Day
Washington's Birthday	Thanksgiving Day
Memorial Day	Day after Thanksgiving Day
Independence Day	Day Before Christmas
Labor Day	Christmas Day
Last four (4) hours of the employee's regular shift on Good Friday.	
Last four (4) hours of the employee's regular shift on the day before New Year's.	

All holidays will be observed on the actual holiday. Employees will receive eight (8) hours of paid time, at their regular rate of pay for each full-day holiday, and four (4) hours of paid time, at their regular rate, for half-day holidays.

ARTICLE 22

RETIREMENT

The CITY OF MASON is a member of the Michigan Municipal Retirement System, which is managed in accordance with the provisions of Act 135, P.A. 1945 (Section 38.601 MCL of 1948), as amended. The City agrees to pay, on the behalf of each regular, full-time officer who is or becomes a member, such amount as may be necessary under its membership plan and Section 44 of the above Statute. The retirement plan will be the B-4 with Fifty-five (55) (15 years). Employee contributions were increased by 4.11% effective

after the B-4 plan became operable. It is understood and agreed that the differential between contributions previously paid by employees to maintain the B-2 Fifty-five (55)/15 and to improve the plan to the B-4 Fifty-five (55)/15 shall be assumed by bargaining unit employees. The Employer shall have the right, at its expense, to have the actuarial cost of the B-4 improvement redetermined no more frequently than once every two (2) years. Should a subsequent actuarial evaluation(s) establish the need to modify the employee's contribution in order to maintain the B-4 Plan, then and in that event, the employee contribution shall be adjusted accordingly, either upward or downward, effective the first full payroll period following receipt of the actuarial report.

On or before May 2, 2002, the bargaining unit will determine if it desires to add the FAC-3 benefit. The Lodge shall request and pay for the necessary actuarial evaluation. Bargaining unit employees will pay the full cost for the FAC-3 benefit if implemented.

Employees hired on or after July 1, 2014 will participate in the MERS C-1 New Plan with the F 55/15 rider, ten (10) year vesting, FAC5 with a maximum of two hundred forty (240) hours of vacation leave includible in computing the FAC. Benefits will be paid on base compensation only. C-1New covered employees will initially make a four percent (4%) contribution. In no event will the Employer's contribution exceed ten percent (10%) of base compensation.

ARTICLE 23

HEALTH AND MEDICAL INSURANCE

Section 23.1. All regular, full-time officers, their spouse and dependent children, are eligible for group hospital and medical benefits. Probationary employees are eligible for the same coverages after ninety (90) calendar days from their most recent date of hire.

As soon as possible after the signing of this Agreement, members of the bargaining unit represented by the Union shall have the same health care plan as non-represented employees which is presently identified as the Blue Cross Blue Shield 12 A plan which includes a prescription drug co-payment of $10/$40/$80.

C. On-call plain clothes officers who are required to maintain "ability to be contacted" during any/or all off-duty, non-scheduled work periods shall be compensated at two percent (2%) of their regular hourly base rate of pay for all such hours.

ARTICLE 38

DURATION

This Agreement shall become effective from September 15, 2014, and it shall continue in full force and effect until 11:59 p.m., September 15, 2017, and for successive annual periods thereafter unless not more than one hundred eighty (180), but at least sixty (60) days prior to the end of its original term or of any annual period thereafter, either party shall serve upon the other, written notice that it desires termination, revision, modification, alteration, re-negotiation, change or any combination thereof, and such written notice shall have the effect of terminating this Agreement in its entirety on the expiration date in the same manner as a notice of a desire to terminate. In the event of the notice above referred to, the parties shall begin to hold negotiation meetings no later than forty five (45) days prior to the termination date.

IN WITNESS whereof, the parties have set their hands this 15th day of September, 2014.

CITY OF MASON:

Leon R Clark

Martin Colb

Dated: 9-15-2014

CAPITOL CITY LODGE #141, FRATERNAL ORDER OF POLICE, LABOR PROGRAM, INC.

Thomas Krug

Dated: 9-16-14

N:\CLIENTS\Mason, City of\CBN 2013\Non-Supervisory\Final.wpd

LETTER OF AGREEMENT

WHEREAS, the City of Mason, hereinafter referred to as the "Employer," and Capital City Lodge, No. 141, Fraternal Order of Police, Labor Program, Inc., hereinafter referred to as the "Lodge," are signatories to a Collective Bargaining Agreement covering the period September 15, 2014 through September 15, 2017, for the Police Non-Supervisory Unit;

WHEREAS, notwithstanding the language of Article 22, Retirement, the parties agree as follows:

1. Effective as soon as reasonably possible after the adoption of an appropriate MERS Resolution by the Employer, the employee contribution rate will be modified to 11.50% for the remaining life of the aforementioned Agreement.

2. Except as restated in the Letter of Agreement, all of the terms and conditions of the Collective Bargaining Agreement between the parties shall remain unchanged.

CITY OF MASON

Date: 10/9/2014

CAPITOL CITY LODGE NO. 141

Date: 10/9/14

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 8 (B)

AGENDA ITEM
Resolution No. 2014-52 – A Resolution to Adopt the 80/20 Cost Sharing Model as Set Forth in Section 4 of Public Act 152

EXHIBITS
None

STAFF REVIEW
Administration

SUMMARY STATEMENT
The State of Michigan passed Public Act 152 which is intended to lessen the burden of employee health care costs on employers. This Act provides several options for communities to select, all of which have financial ramifications. Each year the governing body must elect one of the three options offered under PA 152.

Of the three options available, the Council selected the 80/20 cost sharing model last year. Currently the City of Mason pays 80% of the annual premium with the employee paying 20%. By choosing this option, we are complying with State law by reducing unfunded liabilities.

RECOMMENDED ACTION
Move to approve Resolution No. 2014-52.

Introduced:
Seconded:

CITY OF MASON
CITY COUNCIL RESOLUTION NO. 2014-52

A RESOLUTION TO ADOPT THE 80/20 COST SHARING MODEL AS SET FORTH IN SECTION 4 OF PUBLIC ACT 152

October 20, 2014

WHEREAS, Public Act 152 (PA 152) was designed to lessen the burden of employee healthcare costs on public employers; and

WHEREAS, the communities are given three options for complying with the requirements of PA 152; and

WHEREAS, the options available to the city are:

1) Apply the hard cap (capped dollar amount each employer may pay towards an employee's health care costs;
2) Adopt by majority vote the 80%/20% cost-sharing model;
3) Opt out (exempt itself from) the cost-sharing model as set forth in the act and revisit it prior to the next plan year; and

NOW THEREFORE BE IT RESOLVED, the City of Mason will comply with the contribution limits contained in Section 4 of the Act, the 80%/20% cost sharing option, subject to the limitations contained in Section 5 of the Act pertaining to collective bargaining agreements; and

Yes:
No:

CLERK'S CERTIFICATION: I hereby certify that the foregoing is a true and accurate copy of a resolution adopted by the City Council at its regular meeting held Monday, October 20, 2014, the original of which is part of the City Council minutes.

Deborah J. Cwiertniewicz, City Clerk
City of Mason
Ingham County, Michigan

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 8 (C)

AGENDA ITEM
Motion – 1020 E. Ash St. – Quote for Asbestos Abatement Services

EXHIBITS
- Proposal from ALAM Inc. – September 4, 2014

STAFF REVIEW
Zoning & Development Department

SUMMARY STATEMENT
Located on the east side of the City at 1020 East Ash Street, this structure sits on large parcel of land currently owned by the City of Mason. This structure was originally built as a single family home, which was constructed around 1940. The structure was last occupied by the Anderson Company of Mason LLC and was primarily used as their corporate offices. The City acquired this property in November of 2011. Due to its age and condition, the City intends to remove this structure by means of mechanical demolition.

Staff has confirmed that the description of work provided by ALAM Inc. matches the asbestos survey report. Staff also confirmed with the Michigan Department of Environmental Quality that ALAM Inc. is a licensed asbestos abatement contractor licensed in the State of Michigan and is in good standing.

The following quotes were received from the three companies solicited:

HBC Contracting	$30,760
Asbestos Abatement Inc.	$23,980
Trust Thermal	$20,805
ALAM Inc.	$8,980

RECOMMENDED ACTION
Move to accept the proposal from ALAM Inc. in the amount of $8,980 and authorize the City Administrator to enter into an agreement for asbestos abatement services at 1020 East Ash Street.

CREATING A SAFER ENVIRONMENT

ALAM INC.

Environmental Specialists
Servicing the Entire State of Michigan Since 1985

Jackson Office
2505 Precision Street
Jackson, Michigan 49202
517-788-8348 Phone
517-788-7717 Fax
1-800-730-8348 Toll Free
www.alaminc.com
Email: alam@alaminc.com

PROPOSAL: 5727

TO: City of Mason
201 W. Ash Street
Mason, MI 48854

PHONE: 517-676-9155	DATE: 9/04/14
JOB NAME/LOCATION: **Asbestos Abatement activities located at the residential property: 1020 E. Ash Street, Mason, MI 48854**	
JOB #: N/A	

We hereby submit specifications and estimates for: **Environmental Activities: Asbestos Abatement Activities:**

After reviewing the NESHAP Survey conducted by Asbestos Abatement Inc., we are pleased to provide you with a price for the removal of the following materials at the residential home referenced above.

Abatement Scope of Work For Residential 1020 E. Ash Street, Mason, MI:
Abatement of 3,260 square feet of Smooth Wall and Ceiling Plaster.
Abatement of 90 square feet of Stone Wall Plaster.
Abatement of 24 square feet of Boiler Mud Packing.
Abatement of 24 square feet of Boiler Gasket.
Abatement Of 20 square feet of Transite.
Abatement of 30 square feet of White Duct Wrap.
Abatement of 20 square feet of multiple layers of Linoleum.
Abatement of 300 square feet of Roof Flashing
The Black Tar Roof may stay in the building during demolition and is not part of this bid. Before any abatement actions can commence, there are notifications that will need to be submitted to regulatory agencies.
The price includes: Labor, materials, equipment, disposal (type II landfill) and all associated documentation needed to complete the asbestos abatement activities.

We Propose to furnish material & labor-complete in accordance with the above specifications, for the sum of: **$ 8,980.00**

Payment to be made as follows: **net 30 days.**

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration from above specifications involving extra costs will be executed on upon written orders,and will become an extra charge over & above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, & other necessary insurance. Our workers are fully covered by Worker's compensation insurance

Acceptance of Proposal – The above prices, specifications & conditions are satisfactory & are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Authorized Signature _____ 9/4/14 DD

Note: This proposal may be withdrawn By us if not accepted within _____ days.

Signature _____

Signature _____

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 8 (D)

AGENDA ITEM
Motion—Three (3) Year Bio-Solids Removal Contract Extension

EXHIBITS
Contract Extension from Gawne Trucking, Inc. dated September 29, 2014

STAFF REVIEW
POTW Superintendent

SUMMARY STATEMENT
On December 31, 2014 the bio-solids removal contract between Gawne Trucking and the City of Mason will expire.

Prices for the expired contract were as follows"

2012	$0.0305 per gallon
2013	$0.0310 per gallon
2014	$0.0315 per gallon

Digester cleaning $325.00 per hour for time spent inside the structure.

Gawne Trucking has summited a proposal that includes the removal and land application of the bio-solids from the City of Mason's POTW for the next three years at the following prices:

2015	$0.0320 per gallon
2016	$0.0330 per gallon
2017	$0.0330 per gallon

Digester cleaning $425.00 per hour for time spent inside the structures.

For the past three years, Gawne Trucking has proven to be an excellent contractor for the City of Mason's POTW Bio-solids Removal Program. Gawne Trucking removes the bio-solids very quickly and without incident each year. Gawne Trucking has spent fewer hours removing the bio-solids, and fewer hours cleaning the digesters, than any other bio-solids removal contractor the City of Mason has hired in the past.

RECOMMENDED ACTION
Move to waive the bidding process and extend the contract between the City of Mason and Gawne Trucking for the removal of the bio-solids for an additional three (3) years.

Gawne Trucking, Inc.

Complete Biosolid Services

517-204-4492
P.O. Box 84
Charlotte, MI 48813

September 29, 2014

Sam Bibler
City of Mason
345 N. Jefferson Street
Mason, Mi. 49954

Re: City of Mason contract extension

Dear Sam,

Gawne Trucking Inc. would like to propose to the City of Mason a contract extension for 3 additional year's for the Hauling & Land Application of Biosolids. Gawne Trucking Inc. is pleased to have had the opportunity to provide quality services to the City of Mason for the past 3 years and I look forward to continuing to provide these services to the of City Mason. The proposed prices for the contract extension are as follows:

LAND APPLICATION	PRICE PER GALLON
2015	0.032
2016	0.033
2017	0.033
Digester Cleaning	$425/hour

As the President and Owner of Gawne Trucking Inc., I would like to again thank you for the past opportunities and look forward to a continued partnership with the City of Mason.

Respectfully,

_____

Jamie Gawne
Gawne Trucking Inc.
President/Owner

CITY OF MASON

STAFF AGENDA REPORT TO CITY COUNCIL

Meeting Date: October 20, 2014 **Agenda Item:** 8 (E)

AGENDA ITEM
Discussion—Medical Marijuana House Bills 4271 and 5104

EXHIBITS
- Memo from Michigan Attorney General
- Letter from Michigan Sheriffs' Association

STAFF REVIEW
Police Department

SUMMARY STATEMENT
The Michigan Association of Chiefs of Police (MACP) and the Michigan Sheriff's Association (MSA) have stated their opposition to pending House Bills 4271 and 5104. Both organizations recognize both bills' intent to allow local governments' influence to factor into dispensaries and better ways of ingesting medical marijuana. They also believe enforcement of these bills, if passed in their current form, would prove troublesome at best and impossible at worst.

In the words of Michigan Attorney General Bill Schuette, "Rarely has so little been said or written about proposed legislation that will have such dramatic and profound impact on the character of our communities and the lives of our citizens...At first glance, the bills appear to provide a means for medical marihuana patients to secure a ready supply of high-grade marihuana. But on closer inspection, this bill opens the floodgates to the widespread, uncontrolled, and unregulated distribution of marihuana."

This legislation is poorly conceived and full of unintended consequences that will prove excessively burdensome and a drain on local community resources. The MACP and MSA's position is the Michigan Senate needs to hold off on passage of these two bills. The bills should be sent back to the House of Representatives to be reconsidered after consultation with the appropriate regulatory agencies and law enforcement. They may then submit legislation that relieves the Michigan Medical Marijuana Act (MMMA) patient's difficulty in obtaining legitimate medical marijuana, rather than legislation so extreme in its lack of regulation and control, it provides an easy avenue for organized drug dealers to engage in their illicit activities under the guise of legitimate businesses.

RECOMMENDED ACTION
As the Chief of Police for the City of Mason, and an elected representative to the Michigan Association of Chiefs of Police Executive Board and the MACP Legislative Committee, I request City Council authorize administration to contact its area Senator and state the City's desire to have House Bills 4271 and 5104 returned to the House by the Senate and replaced with more responsible and well thought-out versions that will not threaten the quality of life in local communities and give unintended amnesty to the unlawful.

STATE OF MICHIGAN

DEPARTMENT OF ATTORNEY GENERAL

P.O. Box 30212
LANSING, MICHIGAN 48909

BILL SCHUETTE
ATTORNEY GENERAL

Rarely has so little been said or written about proposed legislation that will have such dramatic and profound impact on the character of our communities and the lives of our citizens. After spending a considerable amount of time studying and discussing HB 4271 and HB 5104, we now write to express serious concerns with these two bills.

At first glance, the bills appear to provide a means for medical marihuana patients to secure a ready supply of high-grade marihuana. But on closer inspection, this bill opens the floodgates to the widespread, uncontrolled, and unregulated distribution of marihuana.

Our general concerns can be summarized in these areas:

1. **HB 4271 lacks clarity and creates a state of confusion.**

   Since the enactment of the Michigan Medical Marihuana Act in 2008, there have been years of extensive litigation that have produced a number of court rulings that now guide police and the general public on the lawful possession and use of medical marihuana in Michigan. Instead of building on those guidelines HB 4271 will lead to more years of litigation. Moreover, as written, HB 4271 will have a sweeping impact on the applicability of numerous other State laws while providing minimal guidance to patients, caregivers, law enforcement, or the general public.

   There are numerous questions raised by this legislation. Among these are the following:

   a. Where is marihuana legal to sell and where is it prohibited?
   b. Does the new law override any other law that contradicts it? Do motor vehicle, construction and building codes, safety inspections, and other laws get overridden?

DRAFT

c. Is a person approved to operate a provisioning center required to be a medical marihuana patient or caregiver? If not, then it is far easier to become a distributer rather than a customer, turning common sense and logic on its head.
d. Is a state university required to permit marihuana provisioning centers to do business on its campus and marihuana deliveries to its students?
e. Can a convicted drug felon invest in or own a controlling interest in a provisioning center? The proposal only prohibits a convicted drug dealer from being an officer, employee, agent, board member, or operator.
f. Does the prohibition against any search or inspection by a state official immunize a provisioning center from tax audits, state health and food inspections, or criminal investigation by the State Police?
g. How will the local regulation of the amount of marihuana purchased from a registered patient or caregiver be meaningful if the patient or caregiver is selling to multiple provisioning centers?
h. Since the bill only prohibits a provisioning center from operating within 1,000 feet of a primary or secondary school, are distributors allowed to operate near a church, playground, day care center, or other area not conducive to the operation of such a facility?
i. The bill limits the amount of marihuana a distributor can sell to a particular patient or caregiver. The ability of a patient or caregiver to make purchases from multiple provisioning centers renders this limitation meaningless.
j. While records must be maintained identifying purchasers of marihuana, why are similar records not required for the identification of the marihuana suppliers? Without strict inventory control and recordkeeping, a provisioning center can easily become a front for an organized drug operation.
k. Since State/Local Police are prohibited from conducting any inspections or given any authority under this bill, a person making home deliveries for medical marihuana patients could literally have kilos of marihuana in their possession but could not confirm the fact due to the confidentiality in the identity of the customers. This regulatory system will inevitably lead to provisioning centers being used as a front for the illegal distribution of marihuana or the needless arrest of provisioning center employees who are unable to confirm their possession of large amounts of marihuana due to statutory confidentiality.

2. HB 4271 creates a patchwork of regulation.

As written, the legislation allows marihuana distributors to operate in any community in Michigan unless a local unit of government enacts an ordinance to opt out of the expansion. Rather than have one set of rules to guide every distributor and provide uniform guidance to law enforcement officers and the general public, every city or township will have different laws pertaining to the delivery of marihuana. This haphazard approach to drug

enforcement is unprecedented. An individual in Plymouth (if Plymouth prohibited provisioning centers), for example, could be prosecuted for a 4 year felony for selling marihuana out of a dispensary, while a Canton resident (if Canton approved the provisioning centers) would be immune for doing the same activity a mile away. State laws need to be uniform.

3. **HB 4271 does not follow the will of The People.**

The People of the State of Michigan voted to help people with debilitating conditions and illnesses have access to medical marihuana, not create a legalized for-profit marihuana industry. HB 4271 allows for the profiteering of a schedule 1 controlled substance that is still prohibited by federal law.

4. **HB 4271 and HB 5104 does not adequately provide for patient and child safety.**

The proposed legislation doubles the amount of marihuana that a caregiver and a patient can possess. There is no adequate testing procedure to monitor the potency of marihuana in solid, liquid, or gaseous form. There are also no standards for the THC content of these items. Consequently, one item may contain five percent THC, while another may contain twenty percent THC. In Colorado, this issue has been directly attributable to six teenage deaths.

The legislation makes no attempt to stop the marketing of marihuana or marihuana products to children. The federal government, anti-tobacco groups, and a lawsuit pressured R. J. Reynolds into stopping the use of the cartoon character "Joe Camel" in its advertising because of the cartoon's appeal to children. Different strains of marihuana are sold under child appealing names such as "Jilly Bean", "Bubble Berry", "Sweet Island Skunk", "Maui Wowie", "Chocolope", "Black Berry", "Afghan Sweet Delicious", "Wonder Woman", "Razzle Dazzle", "Hawaiian Punch", "Orange Kush", "Pineapple Afghan", "Grape Ape", "Blue Magoo", "Strawberry Ice", "Hawaiian Pineapple", "Double Dutch Strawberry", and "Chocolate Chunk". Marihuana-infused products are brownies (Chewy Bud Brownie), peanut butter cookies, chocolate cookies, "Rice Crispy Treat', "Billy Goat Bar", "Fruit Crispy Treat", "Chocolate Rice Crispy Treat", and butter. Other products mimic popular candy and food brands like "Baby Jane", "Stoners", "Reefers", "Krondike", "Pot Tarts", "Gummy Bears", "Cherry Bombs", "Lollipipe", and "Kandy Corn". Marihuana-infused drinks are sold in what looks like pop bottles or other carbonated beverages. These products are put into packaging with bright colors or cartoons that appeal to children.

Questions regarding child safety:

a. As a schedule 1 drug, should not it be mandated that this be dispensed only in child proof containers?
b. Where is the prohibition on marketing and packaging that entices children to use this schedule 1 drug?
c. Why is there no mandated warning label on this schedule 1 drug like there is on other drugs?
d. If marihuana is smoked, why is there no warning label like there is on cigarettes?

5. The Act provides no meaningful deterrence for violators while providing a lucrative marihuana distribution business.

The proposed legislation allows "provisioning centers" to deal in mass quantities of marihuana, with lucrative profits with little to no regulatory oversight. Within the Act there are seventeen potential violations with enumerated penalties. The majority of those violations are simple civil infractions. One is a misdemeanor. Four can be charged under the Public Health Code however, circumvention of the law will not be difficult because the Act contains prohibitions from search or inspection and seizures by law enforcement officers or state regulatory agencies.

6. The new law gives cover to current law breakers.

What happens to existing dispensaries that have been violating the law while others have sought to follow the law? Sec. 3a provides that existing violators of the law and "marihuana profiteers" will be immunized all the while they have been committing felonies.

We call upon you to consider these questions before approving HB 4271 and HB 5104. In a good faith effort to help patients experiencing difficulty obtaining medical marihuana, this bill creates a statutory proposal that is extreme in its lack of regulation or control. It provides an avenue for organized drug dealers to engage in their illegal activities under the guise of a legitimate business.

As elected officials, the people of your district trust that you will research, review and contemplate all legislation that comes before you. Many times your decision can and will, affect their lives and those in the community. We are requesting that you carefully consider the concerns listed about before voting on legislation that if enacted, will have such a wide and sweeping effect on the laws already in place.

TERRENCE L. JUNGEL
MSA EXECUTIVE DIRECTOR
620 SOUTH CAPITOL AVENUE
SUITE 320A
LANSING, MICHIGAN 48933
(517) 485-3135
WWW.MISHERIFF.ORG

ROBERT STEVENSON
MACP EXECUTIVE DIRECTOR
2133 UNIVERSITY PARK DRIVE
SUITE 200
OKEMOS, MICHIGAN 48864
(517) 349-9420
WWW.MICHIGANPOLICECHIEFS.ORG

September 23, 2014

The Honorable Randy Richardville
Senate Majority Leader
Michigan Senate
PO Box 30036
Lansing, MI 48909

Dear Leader Richardville:

We are writing today to clarify and explain our opposition to HB 4271 and HB 5104, bills that legalize medical marihuana dispensaries and edible, topical, and liquid forms of marihuana for medical use. The Michigan Sheriff's Association (MSA) and Michigan Association of Chiefs of Police (MACP) recognize the bills' intent to allow local control to factor into dispensaries and to find better ways than dangerous inhalation of ingesting or applying medical marihuana. Nevertheless, we remain opposed for the reasons below.

Enforcement of these bills will prove troublesome at best, and impossible at worst. While we believe local units should have the right to refuse to allow dispensaries or zone them away from schools, churches, and neighborhoods if they are made legal, we believe it will be impossible to regulate them at the local level. Differing local standards from community to community will result in a patchwork of confusing ordinances that neither providers nor consumers will be able to understand and quality and safety of the product will suffer. In addition, sheriff offices, police agencies, and local public health departments charged with enforcement and inspection of the dispensaries will have differing standards to enforce within the same county, making enforcement very difficult and costly in time and resources from place to place.

In addition, enforcement of the edible and soluble products is impossible to enforce, given today's technology. For example, HB 5104 indicates a requirement to have no more than one ounce of marihuana per sixteen ounces of edible. There is no way to determine what strength the one ounce of product is, and there is no way to determine if more than one ounce went into the pound of product. There are no standards for potency of different types of marihuana, and there is no way to "unbake" the edible to determine what ratio of food to product exists. In Colorado, these potency issues have resulted in deaths. Because law enforcement cannot forensically determine the quantity of marihuana in a brownie, only that it is there, the bill may very well open the door to protected trafficking of large quantities of marihuana.

The bills also allow a person to sell their excess marihuana to provisioning centers every 60 days. There is no limit on the number of provisioning centers they can sell to in that period. There is also no way to track the sales in real time, let alone sales to multiple provisioning centers. We believe this provision of the bill in its essence legalizes the marihuana trade without enforceable limits. There is no way to know who sold what to whom, where, and when.

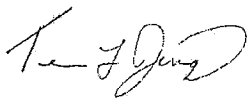
Public safety is also a concern. Colorado's experience with full legalization of marihuana can inform Michigan in this regard. Because marihuana possession and use remain federal crimes, most banks will not provide financial services to marihuana dispensaries. This situation has created a cash-heavy business in Colorado, ripe for cash-based crimes like burglary and robbery. A banking system needs to be developed to handle this issue and deter these crimes.

The bills also lack sufficient packaging and labeling requirements. There are no safety provisions in the labeling and packaging requirements such as THC content, child proof containers, a prohibition on brand/product mimicking or appealing to children, and appropriate health warning labels.

Attached to this letter is a list of proposed changes to HB 4271 and HB 5104 to address these concerns and others. Also attached are pertinent news articles for your information on this issue that illustrate our points. Thank you for your attention to our concerns.

Again, at this time we oppose HB 4271 and HB 5104 and urge you to vote no on the bills.

Sincerely,



Terrence L. Jungel
Executive Director
Michigan Sheriffs' Association

Robert M. Stevenson
Executive Director
Michigan Association of Chiefs of Police

cc: Members of the Michigan Senate

Attachments

REVENUE AND EXPENDITURE REPORT FOR CITY OF MASON

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 101 - GENERAL FUND						
Revenues						
000.00		86,110.00	0.00	0.00	86,110.00	0.00
215.00	CLERK	50.00	295.57	60.00	(245.57)	591.14
254.00	TREASURER/FINANCE	5,010,980.00	2,680,832.44	16,625.53	2,330,147.56	53.50
271.00	FORESTRY	29,770.00	4,368.96	3,618.96	25,401.04	14.68
276.00	CEMETERY	37,200.00	6,714.00	3,115.00	30,486.00	18.05
301.00	POLICE DEPARTMENT	68,425.00	27,460.18	2,354.80	40,964.82	40.13
336.00	FIRE DEPARTMENT	167,535.00	7,692.28	1,342.96	159,842.72	4.59
528.00	REFUSE COLLECTION	347,405.00	349,020.49	8,007.44	(1,615.49)	100.47
747.00	COMMUNITY GARDEN	375.00	0.00	0.00	375.00	0.00
751.00	RECREATION	4,250.00	2,155.00	265.00	2,095.00	50.71
850.00	WORKERS COMPENSATION	47,860.00	12,251.00	0.00	35,609.00	25.60
TOTAL Revenues		5,799,960.00	3,090,789.92	35,389.69	2,709,170.08	53.29
Expenditures						
101.00	COUNCIL	41,555.00	16,828.14	13,713.72	24,726.86	40.50
172.00	ADMINISTRATOR	293,425.00	47,613.74	13,841.36	245,811.26	16.23
209.00	ASSESSING	48,705.00	12,100.39	4,027.31	36,604.61	24.84
215.00	CLERK	138,165.00	33,309.44	8,178.15	104,855.56	24.11
247.00	BOARD OF REVIEW	650.00	60.00	0.00	590.00	9.23
254.00	TREASURER/FINANCE	592,735.00	97,656.47	27,745.14	495,078.53	16.48
260.00	TECHNOLOGY	70,445.00	12,038.11	645.07	58,406.89	17.09
265.00	BUILDING OFFICIAL/CITY HALL	162,685.00	27,348.71	10,628.71	135,336.29	16.81
266.00	LEGAL/ATTORNEY	90,000.00	24,315.07	8,080.13	65,684.93	27.02
268.00	PARK STREET PROPERTY	41,985.00	0.00	0.00	41,985.00	0.00
269.00	PROPERTY	479,420.00	222,768.57	85,407.40	256,651.43	46.47
271.00	FORESTRY	72,135.00	8,425.56	2,192.10	63,709.44	11.68
272.00	ADMINISTRATIVE SERVICES	276,435.00	46,250.53	10,003.54	230,184.47	16.73
276.00	CEMETERY	185,040.00	27,121.98	12,965.36	157,918.02	14.66
305.00	POLICE ADMINISTRATION	313,190.00	64,131.30	17,645.02	249,058.70	20.48
315.00	CROSSING GUARDS	24,080.00	2,155.44	2,034.58	21,924.56	8.95
316.00	POLICE PATROLLING	997,765.00	198,312.94	56,969.54	799,452.06	19.88
336.00	FIRE DEPARTMENT	465,095.00	80,300.10	47,827.60	384,794.90	17.27
380.00	PLANNING/ZONING OFFICIAL	126,435.00	30,306.20	9,286.55	96,128.80	23.97
426.00	CIVIL DEFENSE	5,455.00	1,200.00	0.00	4,255.00	22.00
428.00	DISASTER ACCOUNT	100.00	0.00	0.00	100.00	0.00
441.00	PUBLIC SERVICES	5,655.00	914.13	396.43	4,740.87	16.16
447.00	ENGINEERING	295.00	0.00	0.00	295.00	0.00
448.00	STREET LIGHTING	115,465.00	20,882.91	8,300.41	94,582.09	18.09
458.00	SIDEWALK CONSTRUCTION-REPAIR	5,050.00	0.00	0.00	5,050.00	0.00
528.00	REFUSE COLLECTION	346,750.00	82,593.19	27,688.58	264,156.81	23.82
747.00	COMMUNITY GARDEN	550.00	46.24	18.41	503.76	8.41
756.00	PARKS AND BALL DIAMONDS	157,520.00	38,732.04	21,448.75	118,787.96	24.59
775.00	SENIOR CITIZENS	8,060.00	2,675.00	125.00	5,385.00	33.19
790.00	LIBRARY	27,120.00	5,244.12	0.00	21,875.88	19.34
806.00	CHRISTMAS DECORATIONS	5,355.00	0.00	0.00	5,355.00	0.00
807.00	CABLE COMMISSION	4,560.00	600.00	0.00	3,960.00	13.16
808.00	PLANNING COMMISSION	720.00	12.29	0.88	707.71	1.71
850.00	WORKERS COMPENSATION	47,860.00	24,502.00	12,251.00	23,358.00	51.20
855.00	RETIREE BENEFITS	99,210.00	32,358.83	8,285.04	66,851.17	32.62
890.00	CONTINGENCIES	61,980.00	0.00	0.00	61,980.00	0.00
999.00	SURPLUS	488,310.00	0.00	0.00	488,310.00	0.00
TOTAL Expenditures		5,799,960.00	1,160,803.44	409,705.78	4,639,156.56	20.01

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 101 - GENERAL FUND						
Fund 101 - GENERAL FUND:						
TOTAL REVENUES		5,799,960.00	3,090,789.92	35,389.69	2,709,170.08	53.29
TOTAL EXPENDITURES		5,799,960.00	1,160,803.44	409,705.78	4,639,156.56	20.01
NET OF REVENUES & EXPENDITURES		0.00	1,929,986.48	(374,316.09)	(1,929,986.48)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 202 - MAJOR STREETS FUND						
Revenues						
000.00		957,780.00	41,024.02	40,715.04	916,755.98	4.28
TOTAL Revenues		957,780.00	41,024.02	40,715.04	916,755.98	4.28
Expenditures						
000.00		101,330.00	0.00	0.00	101,330.00	0.00
451.00	STREET/ROAD CONSTRUCTION	585,780.00	0.00	0.00	585,780.00	0.00
463.00	STREET MAINTENANCE	135,335.00	29,649.75	12,934.44	105,685.25	21.91
474.00	TRAFFIC SERVICES	23,725.00	9,264.69	2,865.77	14,460.31	39.05
478.00	WINTER MAINTENANCE	39,205.00	0.00	0.00	39,205.00	0.00
482.00	STREET ADMIN/GEN EXP	72,405.00	0.00	0.00	72,405.00	0.00
TOTAL Expenditures		957,780.00	38,914.44	15,800.21	918,865.56	4.06
Fund 202 - MAJOR STREETS FUND:						
TOTAL REVENUES		957,780.00	41,024.02	40,715.04	916,755.98	4.28
TOTAL EXPENDITURES		957,780.00	38,914.44	15,800.21	918,865.56	4.06
NET OF REVENUES & EXPENDITURES		0.00	2,109.58	24,914.83	(2,109.58)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 203 - LOCAL STREETS FUND						
Revenues						
000.00		520,360.00	16,224.51	15,558.70	504,135.49	3.12
TOTAL Revenues		520,360.00	16,224.51	15,558.70	504,135.49	3.12
Expenditures						
451.00	STREET/ROAD CONSTRUCTION	269,530.00	0.00	0.00	269,530.00	0.00
463.00	STREET MAINTENANCE	145,520.00	36,685.49	17,748.58	108,834.51	25.21
474.00	TRAFFIC SERVICES	7,870.00	2,878.40	1,075.68	4,991.60	36.57
478.00	WINTER MAINTENANCE	32,880.00	0.00	0.00	32,880.00	0.00
482.00	STREET ADMIN/GEN EXP	64,560.00	0.00	0.00	64,560.00	0.00
TOTAL Expenditures		520,360.00	39,563.89	18,824.26	480,796.11	7.60
Fund 203 - LOCAL STREETS FUND:						
TOTAL REVENUES		520,360.00	16,224.51	15,558.70	504,135.49	3.12
TOTAL EXPENDITURES		520,360.00	39,563.89	18,824.26	480,796.11	7.60
NET OF REVENUES & EXPENDITURES		0.00	(23,339.38)	(3,265.56)	23,339.38	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY						
Revenues						
000.00		134,000.00	44,868.18	40.13	89,131.82	33.48
TOTAL Revenues		134,000.00	44,868.18	40.13	89,131.82	33.48
Expenditures						
000.00		134,000.00	19,346.48	823.99	114,653.52	14.44
TOTAL Expenditures		134,000.00	19,346.48	823.99	114,653.52	14.44
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY:						
TOTAL REVENUES		134,000.00	44,868.18	40.13	89,131.82	33.48
TOTAL EXPENDITURES		134,000.00	19,346.48	823.99	114,653.52	14.44
NET OF REVENUES & EXPENDITURES		0.00	25,521.70	(783.86)	(25,521.70)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 250 - LOCAL DEV. FINANCE AUTHORITY						
Revenues						
000.00		387,815.00	1,332,449.47	(1,306.15)	(944,634.47)	343.58
TOTAL Revenues		387,815.00	1,332,449.47	(1,306.15)	(944,634.47)	343.58
Expenditures						
691.00	L.D.F.A.	387,815.00	1,800.00	1,800.00	386,015.00	0.46
TOTAL Expenditures		387,815.00	1,800.00	1,800.00	386,015.00	0.46
Fund 250 - LOCAL DEV. FINANCE AUTHORITY:						
TOTAL REVENUES		387,815.00	1,332,449.47	(1,306.15)	(944,634.47)	343.58
TOTAL EXPENDITURES		387,815.00	1,800.00	1,800.00	386,015.00	0.46
NET OF REVENUES & EXPENDITURES		0.00	1,330,649.47	(3,106.15)	(1,330,649.47)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 297 - ECONOMIC DEVELOPMENT COMM.						
Revenues						
000.00		70.00	10.38	3.32	59.62	14.83
TOTAL Revenues		70.00	10.38	3.32	59.62	14.83
Expenditures						
000.00		70.00	0.00	0.00	70.00	0.00
TOTAL Expenditures		70.00	0.00	0.00	70.00	0.00
Fund 297 - ECONOMIC DEVELOPMENT COMM.:						
TOTAL REVENUES		70.00	10.38	3.32	59.62	14.83
TOTAL EXPENDITURES		70.00	0.00	0.00	70.00	0.00
NET OF REVENUES & EXPENDITURES		0.00	10.38	3.32	(10.38)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 401 - CAPITAL IMPROVEMENT FUND						
Revenues						
000.00		60,000.00	0.00	0.00	60,000.00	0.00
TOTAL Revenues		60,000.00	0.00	0.00	60,000.00	0.00
Expenditures						
000.00		60,000.00	0.00	0.00	60,000.00	0.00
TOTAL Expenditures		60,000.00	0.00	0.00	60,000.00	0.00
Fund 401 - CAPITAL IMPROVEMENT FUND:						
TOTAL REVENUES		60,000.00	0.00	0.00	60,000.00	0.00
TOTAL EXPENDITURES		60,000.00	0.00	0.00	60,000.00	0.00
NET OF REVENUES & EXPENDITURES		0.00	0.00	0.00	0.00	0.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 592 - WATER/SEWER FUND						
Revenues						
000.00		5,398,350.00	759,609.97	276,969.94	4,638,740.03	14.07
TOTAL Revenues		5,398,350.00	759,609.97	276,969.94	4,638,740.03	14.07
Expenditures						
545.00	WATER & SEWER ADMINISTRATION	77,600.00	10,872.26	3,228.35	66,727.74	14.01
546.00	SEWER IMPROVEMENT	42,660.00	0.00	0.00	42,660.00	0.00
548.00	SEWER MAINTENANCE	170,210.00	34,496.37	20,955.67	135,713.63	20.27
555.00	WASTEWATER TREATMENT PLANT	2,475,305.00	145,330.18	46,371.18	2,329,974.82	5.87
556.00	WATER MAINTENANCE	429,355.00	90,063.82	27,164.95	339,291.18	20.98
557.00	STORM SEWER PROGRAM	9,425.00	0.00	0.00	9,425.00	0.00
558.00	WATER IMPROVEMENT	689,060.00	18,291.37	300.72	670,768.63	2.65
559.00	WATER TREATMENT PLANT	839,735.00	154,321.08	101,314.63	685,413.92	18.38
566.00	ALLOWANCE FOR DEPRECIATION	665,000.00	0.00	0.00	665,000.00	0.00
TOTAL Expenditures		5,398,350.00	453,375.08	199,335.50	4,944,974.92	8.40
Fund 592 - WATER/SEWER FUND:						
TOTAL REVENUES		5,398,350.00	759,609.97	276,969.94	4,638,740.03	14.07
TOTAL EXPENDITURES		5,398,350.00	453,375.08	199,335.50	4,944,974.92	8.40
NET OF REVENUES & EXPENDITURES		0.00	306,234.89	77,634.44	(306,234.89)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 612 - MASON BUILDING AUTHORITY						
Revenues						
000.00		286,685.00	112,759.64	112,759.59	173,925.36	39.33
TOTAL Revenues		286,685.00	112,759.64	112,759.59	173,925.36	39.33
Expenditures						
000.00		286,685.00	112,756.15	112,756.15	173,928.85	39.33
TOTAL Expenditures		286,685.00	112,756.15	112,756.15	173,928.85	39.33
Fund 612 - MASON BUILDING AUTHORITY:						
TOTAL REVENUES		286,685.00	112,759.64	112,759.59	173,925.36	39.33
TOTAL EXPENDITURES		286,685.00	112,756.15	112,756.15	173,928.85	39.33
NET OF REVENUES & EXPENDITURES		0.00	3.49	3.44	(3.49)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 661 - MOTOR VEHICLE POOL						
Revenues						
000.00		399,870.00	52,809.07	51,734.01	347,060.93	13.21
TOTAL Revenues		399,870.00	52,809.07	51,734.01	347,060.93	13.21
Expenditures						
567.00	SHOP & BLDG. MAINTENANCE	47,840.00	729.41	636.80	47,110.59	1.52
568.00	EQUIPMENT MAINTENANCE	176,285.00	47,563.55	17,093.62	128,721.45	26.98
901.00	EQUIPMENT-CAPITAL OUTLAY	207,745.00	20,304.10	8,943.65	187,440.90	9.77
TOTAL Expenditures		431,870.00	68,597.06	26,674.07	363,272.94	15.88
Fund 661 - MOTOR VEHICLE POOL:						
TOTAL REVENUES		399,870.00	52,809.07	51,734.01	347,060.93	13.21
TOTAL EXPENDITURES		431,870.00	68,597.06	26,674.07	363,272.94	15.88
NET OF REVENUES & EXPENDITURES		(32,000.00)	(15,787.99)	25,059.94	(16,212.01)	49.34

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 702 - RAYNER BOND FUND						
Revenues						
000.00		151,000.00	14,395.86	14,092.08	136,604.14	9.53
TOTAL Revenues		151,000.00	14,395.86	14,092.08	136,604.14	9.53
Expenditures						
000.00		151,000.00	7,754.04	7,754.04	143,245.96	5.14
TOTAL Expenditures		151,000.00	7,754.04	7,754.04	143,245.96	5.14
Fund 702 - RAYNER BOND FUND:						
TOTAL REVENUES		151,000.00	14,395.86	14,092.08	136,604.14	9.53
TOTAL EXPENDITURES		151,000.00	7,754.04	7,754.04	143,245.96	5.14
NET OF REVENUES & EXPENDITURES		0.00	6,641.82	6,338.04	(6,641.82)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 711 - CEMETERY TRUST FUND						
Revenues						
000.00		4,200.00	493.12	44.34	3,706.88	11.74
TOTAL Revenues		4,200.00	493.12	44.34	3,706.88	11.74
Expenditures						
000.00		4,200.00	0.00	0.00	4,200.00	0.00
TOTAL Expenditures		4,200.00	0.00	0.00	4,200.00	0.00
Fund 711 - CEMETERY TRUST FUND:						
TOTAL REVENUES		4,200.00	493.12	44.34	3,706.88	11.74
TOTAL EXPENDITURES		4,200.00	0.00	0.00	4,200.00	0.00
NET OF REVENUES & EXPENDITURES		0.00	493.12	44.34	(493.12)	100.00

PERIOD ENDING 09/30/2014

GL NUMBER	DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014 NORMAL (ABNORMAL)	ACTIVITY FOR MONTH 09/30/2014 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
Fund 812 - SPECIAL ASSESSMENT FUND						
Revenues						
000.00		176,800.00	40,195.75	101.13	136,604.25	22.74
TOTAL Revenues		176,800.00	40,195.75	101.13	136,604.25	22.74
Expenditures						
000.00		176,800.00	0.00	0.00	176,800.00	0.00
TOTAL Expenditures		176,800.00	0.00	0.00	176,800.00	0.00
Fund 812 - SPECIAL ASSESSMENT FUND:						
TOTAL REVENUES		176,800.00	40,195.75	101.13	136,604.25	22.74
TOTAL EXPENDITURES		176,800.00	0.00	0.00	176,800.00	0.00
NET OF REVENUES & EXPENDITURES		0.00	40,195.75	101.13	(40,195.75)	100.00
TOTAL REVENUES - ALL FUNDS		14,276,890.00	5,505,629.89	546,101.82	8,771,260.11	38.56
TOTAL EXPENDITURES - ALL FUNDS		14,308,890.00	1,902,910.58	793,474.00	12,405,979.42	13.30
NET OF REVENUES & EXPENDITURES		(32,000.00)	3,602,719.31	(247,372.18)	(3,634,719.31)	1,258.50

QUARTERLY INVESTMENT REPORT FOR PERIOD ENDING 9/30/14

ACCOUNTS	CASH	GENERAL FUND INVESTMENT	DART MONEY MARKET	*CUTWATER	TOTAL PRINCIPAL INVESTED	QUARTERLY INTEREST EARNED
MSB						
Cemetery Trust	17,387.51	222,078.84		100,532.08	339,998.43	138.12
Current Tax	33,018.58				33,018.58	
D.D.A.	31,027.73		147,115.35	48,803.35	226,946.43	126.34
E.D.C.	1,642.49	20,187.28			21,829.77	10.38
General Fund	2,944,956.13		722,989.63	63,369.33	3,731,315.09	1,323.70
General Fund - Checking	486,062.44				486,062.44	
L.D.F.A.	1,407,385.58	8.26	969,229.74		2,376,623.58	778.74
Rayner Bond	122,195.74	287,180.35		317,475.73	726,851.82	233.49
Water & Sewer	215,451.79				215,451.79	21.56
DNB						
Capital Improvement	1,387.20				1,387.20	
Local Streets	31,768.94		105,471.50	10,286.22	147,526.66	82.35
Major Streets	204,815.52		586,012.78	65,226.05	856,054.35	458.54
M.V.P	37,708.13		346,145.43	56,054.76	439,908.32	275.27
Mason Building Authority	542.70				542.70	3.49
Special Assessments	160,775.09		404,157.63	19,364.31	584,297.03	310.06
Water & Sewer	430,435.37		2,933,997.98	152,067.10	3,516,500.45	2,277.38
TOTALS INVESTED	6,126,560.94	529,454.73	6,215,120.04	833,178.93	13,704,314.64	6,039.42
AVERAGE INT RATE	.15%-AVG	.20%-AVG	.30%-AVG	.10%-AVG		
TERM	LIQUID	LIQUID	LIQUID	LIQUID		
MATURITY DATE	N/A	N/A	N/A	N/A		
% INVESTED	44.71%	3.86%	45.35%	6.08%	100.00%	

% IN DART	51.68%
% IN MSB	42.24%
% IN CUTWATER	6.08%
	100.00%

*(formerly MBIA)

City of Mason

201 W. Ash St.
P.O. Box 370
Mason, MI 48854-0370
www.mason.mi.us

City Hall 517 676-9155
Police 517 676-2458
Fax 517 676-1330
TDD 1-800-649-3777

MEMORANDUM

TO: **Honorable Mayor and Council Members**

FROM: **Martin Colburn, City Administrator**

DATE: **October 20, 2014**

RE: **City Administrator's Report**

Ebola Virus Information

As some municipalities have begun receiving inquiries regarding Ebola, I wanted to share some educational and pertinent information about the Ebola virus. Below are a few facts and resources to reinforce that Ebola cannot spread through the water supply.

The Ebola virus causes an acute illness that is often fatal with a death rate of up to 90%. The Ebola virus first appeared in 1976 in two simultaneous outbreaks, one in a remote area of Sudan and the other in a village near the Ebola River in the Democratic Republic of Congo, from which the disease takes its name. The current outbreak in West Africa (the first cases reported in March 2014) is the largest and most complex Ebola outbreak since the Ebola virus was first discovered. The current outbreak has spread through both urban and rural areas.

Ebola is not a foodborne, waterborne, or airborne illness. The virus is transmitted to humans from wild animals and spreads in the human population through human-to-human transmission. Ebola is transmitted through direct contact with infected bodily fluids (e.g., blood, vomit, feces). The Ebola virus can only replicate within host cells. Therefore, it cannot survive long in water because it does not have its host — either a human or an animal. Because of Ebola's fragility when separated from its host, bodily fluids flushed by an infected person would not contaminate the water supply. Researchers believe that Ebola survives in water for only a matter of minutes. This is because water does not provide the same environment as our bodily fluids, which have higher salt concentrations. Once in water, the virus will take in water in an attempt to equalize the osmotic pressure, causing the cells to swell and burst, thus killing the virus.

I hope you find the information helpful so that we can continue to understand the issue at hand on public health and safety in regard to Ebola. We all will continue to monitor the issue and risk factors revolving around Ebola and other viruses and diseases that can spread. It is also important to have answers ahead of time to answer questions that may arise from the public. This information has also been posted on our City website.