

CHARTER TOWNSHIP OF SUPERIOR
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

CHARTER TOWNSHIP OF SUPERIOR

TOWNSHIP OFFICIALS

Supervisor - Kenneth Schwartz
Clerk - David Phillips
Treasurer - Brenda McKinney

BOARD OF TRUSTEES

Kenneth Schwartz
David Phillips
Brenda McKinney
Nancy Caviston
Lisa A. Lewis
Rodrick Green
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TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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March 13, 2015

Board of Trustees
Charter Township of Superior
3040 North Prospect
Ypsilanti, MI 48198

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Charter Township of Superior'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. 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, each major fund, and the aggregate remaining fund information of the Charter Township of Superior as of December 31, 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 on pages 8 - 13 and 51 - 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Superior's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis December 31, 2014

Within this section of the Charter Township of Superior's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2014. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township had no component units.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail it's relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial analysis of the Township as a whole

The Township's net position included under governmental activities increased by \$273,802 (which includes a prior period adjustment of \$262,500) and the net position included under business type activities decreased by \$190,158.

The Township's total net position at the end of the year was \$30,291,025. This is an \$83,644 increase over last year's net position of \$30,207,381.

The following tables provide a summary of the Township's financial activities and changes in net position:

CHARTER TOWNSHIP OF SUPERIOR

**SUMMARY OF NET POSITION
DECEMBER 31, 2014 AND 2013**

	Governmental Activities			Business Type Activities			Totals		
	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)
ASSETS									
Current and other assets	\$ 10,676,375	\$ 10,169,412	\$ 506,963	\$ 5,574,884	\$ 5,909,986	\$ (335,102)	\$ 16,251,259	\$ 16,079,398	\$ 171,861
Capital assets	6,130,006	6,301,619	(171,613)	16,671,799	16,855,127	(183,328)	22,801,805	23,156,746	(354,941)
Total assets	16,806,381	16,471,031	335,350	22,246,683	22,765,113	(518,430)	39,053,064	39,236,144	(183,080)
LIABILITIES									
Other liabilities	575,867	653,584	(77,717)	263,441	180,494	82,947	839,308	834,078	5,230
Unearned revenues	19,162	3,252,517	(3,233,355)				19,162	3,252,517	(3,233,355)
Bonds and contracts payable	1,242,914	1,461,491	(218,577)	3,069,458	3,480,677	(411,219)	4,312,372	4,942,168	(629,796)
Total liabilities	1,837,943	5,367,592	(3,529,649)	3,332,899	3,661,171	(328,272)	5,170,842	9,028,763	(3,857,921)
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	3,591,197		3,591,197				3,591,197		3,591,197
NET POSITION									
Net investment in									
capital assets	5,277,092	5,365,128	(88,036)	13,602,340	13,374,451	227,889	18,879,432	18,739,579	139,853
Restricted	3,180,010	3,414,587	(234,577)				3,180,010	3,414,587	(234,577)
Unrestricted	2,920,139	2,323,724	596,415	5,311,444	5,729,491	(418,047)	8,231,583	8,053,215	178,368
Total net position	\$ 11,377,241	\$ 11,103,439	\$ 273,802	\$ 18,913,784	\$ 19,103,942	\$ (190,158)	\$ 30,291,025	\$ 30,207,381	\$ 83,644

CHARTER TOWNSHIP OF SUPERIOR

**SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDING DECEMBER 31, 2014 AND 2013**

	Governmental Activities			Business Type Activities			Totals		
	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	\$ 746,668	\$ 624,356	\$ 122,312	\$ 3,079,461	\$ 2,651,030	\$ 428,431	\$ 3,826,129	\$ 3,275,386	\$ 550,743
Capital/operating grants and contributions	3,000	69,990	(66,990)	180,000		180,000	183,000	69,990	113,010
General revenues									
State shared revenues	1,014,951	970,726	44,225				1,014,951	970,726	44,225
Property taxes	3,236,254	3,432,257	(196,003)				3,236,254	3,432,257	(196,003)
Interest	9,214	7,375	1,839	7,449	4,698	2,751	16,663	12,073	4,590
Other	287,070	328,365	(41,295)	5,435	3,655	1,780	292,505	332,020	(39,515)
Gain (loss) on sale of assets		(1,874)	1,874					(1,874)	1,874
Total revenues	5,297,157	5,431,195	(134,038)	3,272,345	2,659,383	612,962	8,569,502	8,090,578	478,924
EXPENSES									
General government	1,144,415	1,006,953	137,462				1,144,415	1,006,953	137,462
Building department	195,392	191,686	3,706				195,392	191,686	3,706
Fire protection	1,555,148	1,585,834	(30,686)				1,555,148	1,585,834	(30,686)
Police protection	1,667,286	1,645,080	22,206				1,667,286	1,645,080	22,206
Legal defense	3,084	17,134	(14,050)				3,084	17,134	(14,050)
Parks and recreation	239,641	252,146	(12,505)				239,641	252,146	(12,505)
Public works	101,237	111,510	(10,273)				101,237	111,510	(10,273)
Roads	340,086	237,961	102,125				340,086	237,961	102,125
Interest on long-term debt	39,566	41,214	(1,648)				39,566	41,214	(1,648)
Water and sewer systems				3,462,503	3,352,415	110,088	3,462,503	3,352,415	110,088
Total expenses	5,285,855	5,089,518	196,337	3,462,503	3,352,415	110,088	8,748,358	8,441,933	306,425
CHANGE IN NET POSITION	11,302	341,677	(330,375)	(190,158)	(693,032)	502,874	(178,856)	(351,355)	172,499
BEGINNING NET POSITION	11,103,439	10,761,762	341,677	19,103,942	19,796,974	(693,032)	30,207,381	30,558,736	(351,355)
PRIOR PERIOD ADJUSTMENT	262,500		262,500				262,500		262,500
ENDING NET POSITION	\$ 11,377,241	\$ 11,103,439	\$ 273,802	\$ 18,913,784	\$ 19,103,942	\$ (190,158)	\$ 30,291,025	\$ 30,207,381	\$ 83,644

Financial Analysis of the Township's Major Funds

In 2014 there were three major funds.

1. **General Fund** - In compliance with GASB 54 the Parks and Recreation Fund has been consolidated with the General Fund. Overall the General Fund continues to be strong financially. Its fund balance decreased \$119,331 due in part to a self imposed reduction in the milage rate.
2. **Fire Operating Fund** - The operations of the Fire Fund resulted in a decrease of its fund balance by \$242,433. The Township continues to place emphasis on building up the Fire Department's reserves for future obligations as noted in the notes.
3. **Law Enforcement Fund** - The Law Fund decreased its fund balance slightly from \$531,756 to \$422,348 due to contract increases with the County. The Township Board consciously, decided to increase the fund balance in prior years because of anticipated increases in contract costs with Washtenaw County Sheriff Department.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Expenditures are budgeted by activity and several activities exceeded appropriations. The budget was amended during the year to account for economic reality.

Capital Asset and Debt Administration

\$90,908 in capital assets was purchased under governmental activities for the year. The General government purchased \$81,801 in assets. The Building department purchased \$805 in assets and the Fire department purchased \$8,257 in assets during the year.

The business-type activities had purchased \$528,519 in capital assets in 2014.

The 2003 Capital Improvement Bonds used for the Fire Department and Water-Sewer operations made payments of \$83,577 for Fire activities and \$111,423 for Water-Sewer operations. The ending balance amounted to \$852,914 for Fire Activities and \$1,137,086 for Water-Sewer activities

The governmental funds also extinguished \$135,000 of the \$525,000 of previously outstanding debt for the Hyundai project.

The business-type activities also extinguished \$299,795 of the \$2,232,167 previously outstanding debt for 2010 refunding bonds.

Economic Conditions and Future Activities

Tax revenues for General Fund decreased by 50% due to a self imposed 50% decrease in the Townships millage rate. All other tax revenues increased about 1%.

State shared revenues continue to increase due to the economic recovery. The Township also fulfilled the requirement of CVTRS (City, Village and Township Revenue Sharing) with the State of Michigan Department of Treasury in order to receive additional state shared revenues. Management has and will keep reviewing costs in all areas of the Township in order to maintain services at minimal costs.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of Superior at 3040 North Prospect, Ypsilanti, Michigan, 48198.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,138,077	\$ 4,848,512	\$ 10,986,589
Receivables:			
Taxes	3,010,888		3,010,888
Special assessments	480,699		480,699
State shared revenues	360,924		360,924
Accounts	171,643	625,666	797,309
Intergovernmental	4,126	(4,126)	
Inventory		64,622	64,622
Prepaid expenditures	68,073	40,210	108,283
Capital assets			
Deposit on truck	441,945		441,945
Assets not being depreciated	1,731,238	348,539	2,079,777
Assets, net of depreciation	4,398,768	16,323,260	20,722,028
Total assets	16,806,381	22,246,683	39,053,064
LIABILITIES			
Accounts payable	115,938	219,231	335,169
Accrued compensated absences	459,929	44,210	504,139
Unearned revenues	19,162		19,162
Long-term obligations			
Other due within one year	217,863	420,190	638,053
Other due in more than one year	1,025,051	2,649,268	3,674,319
Total liabilities	1,837,943	3,332,899	5,170,842
DEFERRED INFLOW OF RESOURCES			
Property taxes levied for the following year	3,591,197		3,591,197
NET POSITION			
Invested in capital assets, net of related debt	5,277,092	13,602,340	18,879,432
Unrestricted	2,920,139	5,311,444	8,231,583
Restricted for:			
Fire protection	2,341,276		2,341,276
Police protection	322,853		322,853
Public works	289,908		289,908
Legal defense	225,973		225,973
Total net position	\$ 11,377,241	\$ 18,913,784	\$ 30,291,025

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

CHARTER TOWNSHIP OF SUPERIOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities						
General government	\$ (1,144,415)	\$ 80,108	\$	\$ (1,064,307)	\$	\$ (1,064,307)
Building department	(195,392)	259,727		64,335		64,335
Fire protection	(1,555,148)	2,350	3,000	(1,549,798)		(1,549,798)
Police protection	(1,667,286)	270,527		(1,396,759)		(1,396,759)
Legal defense	(3,084)			(3,084)		(3,084)
Parks and recreation	(239,641)			(239,641)		(239,641)
Public works	(101,237)			(101,237)		(101,237)
Roads	(340,086)			(340,086)		(340,086)
Interest on long-term debt	(39,566)			(39,566)		(39,566)
Total governmental activities	<u>(5,285,855)</u>	<u>612,712</u>	<u>3,000</u>	<u>(4,670,143)</u>		<u>(4,670,143)</u>
Business-type activities						
Water and sewer	(3,462,503)	3,079,461	180,000		(203,042)	(203,042)
Total	<u>\$ (8,748,358)</u>	<u>\$ 3,692,173</u>	<u>\$ 183,000</u>	<u>(4,670,143)</u>	<u>(203,042)</u>	<u>(4,873,185)</u>
			General revenues			
			Property taxes	3,236,254		3,236,254
			Special assessments	133,956		133,956
			State shared revenues	1,014,951		1,014,951
			Unrestricted investment earnings	9,214	7,449	16,663
			Cable franchise fees	207,995		207,995
			Other income	79,075	5,435	84,510
			Total general revenues	<u>4,681,445</u>	<u>12,884</u>	<u>4,694,329</u>
			Changes in net position	11,302	(190,158)	(178,856)
			Net position, January 1, 2014	11,103,439	19,103,942	30,207,381
			Prior period adjustment	262,500		262,500
			Net position, December 31, 2014	<u>\$ 11,377,241</u>	<u>\$ 18,913,784</u>	<u>\$ 30,291,025</u>

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

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General Fund	Fire Fund	Law Fund	Other Nonmajor Funds	Totals
ASSETS					
Cash and investments	\$ 2,131,658	\$ 2,589,596	\$ 633,349	\$ 783,474	\$ 6,138,077
Receivables:					
Taxes	228,930	838,397	628,794	69,858	1,765,979
Special assessment				412,055	412,055
State shared revenue	360,924				360,924
Due from other funds	177,974	680,289	442,873	117,826	1,418,962
Other	60,242		11,217		71,459
Prepaid expenditures	22,741	41,780	1,200	2,352	68,073
Total assets	\$ 2,982,469	\$ 4,150,062	\$ 1,717,433	\$ 1,385,565	\$ 10,235,529
LIABILITIES					
Accounts payable	\$ 29,799	\$ 61,494	\$ 15,982	\$ 8,663	\$ 115,938
Due to other funds	47	30		1,022	1,099
Unearned revenue				19,162	19,162
Total liabilities	29,846	61,524	15,982	28,847	136,199
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for the following year	464,786	1,705,482	1,279,103	516,826	3,966,197
FUND BALANCE					
Nonspendable for prepaids	22,741	41,780	1,200	2,352	68,073
Restricted for:					
Fire Protection		2,341,276			2,341,276
Police Protection			322,853		322,853
Public works				289,908	289,908
Legal defense				225,973	225,973
Committed for:					
Building department	380,949				380,949
Capital improvement	9,000				9,000
Compensated absences	24,112			22,794	46,906
Non-motorized trails	30,065				30,065
Ordinance enforcement				272,386	272,386
Right of Way	8,007				8,007
Assigned for future budget deficit	98,573		98,295	26,479	223,347
Unassigned	1,914,390				1,914,390
Total fund equity	2,487,837	2,383,056	422,348	839,892	6,133,133
Total liabilities, deferred inflows of resources and fund balance	\$ 2,982,469	\$ 4,150,062	\$ 1,717,433	\$ 1,385,565	\$ 10,235,529

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

CHARTER TOWNSHIP OF SUPERIOR

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total governmental fund balance per balance sheet		\$ 6,133,133
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Deposit on asset not yet received		441,945
Historical cost	\$ 9,079,668	
Depreciation	<u>(2,949,662)</u>	
Capital assets net of depreciation		6,130,006
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes:		
Bonds payable	(1,242,914)	
Compensated absences	<u>(459,929)</u>	
Total		(1,702,843)
Unavailable revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>375,000</u>
Net position of governmental activities		<u><u>\$ 11,377,241</u></u>

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

CHARTER TOWNSHIP OF SUPERIOR

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General Fund	Fire Fund	Law Fund	Other Nonmajor Funds	Totals
REVENUES					
Taxes	\$ 230,054	\$ 1,678,316	\$ 1,258,023	\$ 69,861	\$ 3,236,254
Special assessments					
Principal				228,956	228,956
Interest				30,000	30,000
Law enforcement			268,837		268,837
Accounting fees	18,033				18,033
Trailer fees	3,279				3,279
Cable fees	207,995				207,995
State shared revenue	1,014,951				1,014,951
Summer tax collection fees	30,065				30,065
Solid waste	3,003				3,003
Building department	21,324				21,324
ROW fees	8,007				8,007
Cell tower fees	23,476				23,476
Ordinance fees	2,583				2,583
Charges for services	5,100	2,350	1,690	259,727	268,867
Reimbursements	2,834	8,161		276	11,271
Donations		3,000			3,000
Fines and forfeitures			26,229		26,229
Interest income	4,243	3,828	708	435	9,214
Other income	1,982	420			2,402
Planning department	4,411				4,411
Total revenues	1,581,340	1,696,075	1,555,487	589,255	5,422,157
EXPENDITURES					
Current					
Elected officials	528,273				528,273
General government	530,695				530,695
Public works	340,086				340,086
Building department				193,055	193,055
Fire protection		1,831,877			1,831,877
Legal defense				3,084	3,084
Parks and recreation	219,816				219,816
Law enforcement			1,664,895		1,664,895
Side street maintenance				17,684	17,684
Utilities				83,553	83,553
Capital outlay					
General fund	81,801				81,801
Fire		8,257			8,257
Building department				850	850
Debt Service					
Debt - principal		83,577		135,000	218,577
Debt - interest		14,797		24,769	39,566
Total expenditures	1,700,671	1,938,508	1,664,895	457,995	5,762,069
Net changes in fund balances	(119,331)	(242,433)	(109,408)	131,260	(339,912)
FUND BALANCE, JANUARY 1, 2014	2,607,168	2,625,489	531,756	708,632	6,473,045
FUND BALANCE, DECEMBER 31, 2014	\$ 2,487,837	\$ 2,383,056	\$ 422,348	\$ 839,892	\$ 6,133,133

The accompanying notes are an integral part of the financial statements

CHARTER TOWNSHIP OF SUPERIOR

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net change in fund balances - governmental funds \$ (339,912)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Deposit on fire truck not yet received		441,945
Capital outlay	\$ 85,908	
Depreciation expense	<u>(257,521)</u>	
Net		(171,613)

Repayment of bond and contract payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of bonds payable		218,577
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Accrued absences for vacation and sick time for the employees is recorded on the Statement of Net Position.

Accrued absences at December 31, 2013	447,234	
Accrued absences at December 31, 2014	<u>(459,929)</u>	
Net		(12,695)

Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when originally assessed for the Statement of Activities.

New assessment levied	(125,000)	
Adjust assessment receivable (prior period adjustment)	<u>262,500</u>	
Net		<u>137,500</u>
Total		<u><u>\$ 273,802</u></u>

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

CHARTER TOWNSHIP OF SUPERIOR
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014

CURRENT ASSETS		
Cash and cash equivalents	\$ 1,238,419	
Due from other funds	66,288	
Accounts receivable - billing	417,903	
Accounts receivable - other	141,475	
Prepaid expenses	40,210	
Inventory	<u>64,622</u>	
Total current assets		\$ 1,968,917
RESTRICTED ASSETS		
Cash and cash equivalents		3,610,093
PROPERTY, PLANT AND EQUIPMENT		
Capital assets not depreciated	348,539	
Capital assets depreciated, net	<u>16,323,260</u>	
Property, plant and equipment		<u>16,671,799</u>
Total assets		<u>22,250,809</u>
CURRENT LIABILITIES		
Accounts payable	219,231	
Accrued sick and vacation	44,210	
Contract payable (from restricted assets)	303,053	
Bonds payable (from restricted assets)	117,137	
Due to other funds	<u>4,126</u>	
Total current liabilities		687,757
LONG-TERM OBLIGATIONS		
Contract payable (from restricted assets)	1,629,319	
Bonds payable (from restricted assets)	<u>1,019,949</u>	
Total long-term liabilities		<u>2,649,268</u>
Total liabilities		<u>3,337,025</u>
NET POSITION		
Invested in capital assets, net of related debt	13,602,340	
Unrestricted	<u>5,311,444</u>	
Total net position		<u>\$ 18,913,784</u>

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

CHARTER TOWNSHIP OF SUPERIOR

**PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATING REVENUES	
Charges for services	\$ 3,067,196
Meter sales	12,265
Total operating revenues	<u>3,079,461</u>
OPERATING EXPENSES	
Water and sewer purchases	1,855,590
Depreciation	711,847
Operating supplies and meters	33,646
Postage	5,282
Professional services	34,452
Salaries and wages	373,262
Payroll taxes	29,409
Taxable benefits	25,256
Health insurance	77,676
Pension	31,150
Telecommunications	9,098
Insurance	24,552
Transportation	659
Utilities	44,502
Repairs and maintenance	70,484
Printing and publishing	3,186
Memberships and dues	4,372
Computer expenses	16,183
Training and other employee expense	571
Uniforms	1,959
Health savings expense	11,463
Leased equipment	3,674
Cleaning service	2,780
Fuel	10,166
Bad debt expense	3,173
Miscellaneous	3,299
Total operating expenses	<u>3,387,691</u>
OPERATING (LOSS)	<u>(308,230)</u>
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - operations	2,511
Interest income - restricted	4,938
Interest expense - debt	(74,372)
Agency fees - debt	(440)
Other income	5,435
Total non-operating revenues and (expenses)	<u>(61,928)</u>
CAPITAL CONTRIBUTIONS	
Developer contribution	<u>180,000</u>
Change in net position	<u>(190,158)</u>
NET POSITION, JANUARY 1, 2014	<u>19,103,942</u>
NET POSITION, DECEMBER 31, 2014	<u>\$ 18,913,784</u>

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

CHARTER TOWNSHIP OF SUPERIOR
WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from users	\$	3,054,851
Cash payments employees		(365,787)
Cash payments suppliers		(2,229,588)
Other income		5,435
		5,435

Net cash from operating activities \$ 464,911

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest on restricted assets		4,938
Principal payments on contract payable		(411,218)
Interest payments on contract payable		(74,812)
Acquisition of fixed assets		(348,520)
Other bad debt		(3,172)
		(3,172)

Net cash (used in) capital and related financing activities (832,784)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on cash and cash equivalents		2,511
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Net (decrease) in cash and cash equivalents (365,362)

CASH AND CASH EQUIVALENTS, JANUARY 1, 2014

5,213,874

CASH AND CASH EQUIVALENTS, DECEMBER 31, 2014

\$ 4,848,512

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:

Operating (loss)		\$ (308,230)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:		
Bad debt		3,173
Depreciation		711,847
Miscellaneous income		5,435
Changes in assets and liabilities		
(Increase) in accounts receivable		(24,610)
(Increase) in prepaid expenses		(6,569)
(Increase) in inventory		(5,851)
Decrease in due to/from other funds		6,770
Increase in accounts payable		75,471
Increase in accrued compensated absences		7,475
		7,475

Total net cash from operating activities \$ 464,911

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

CHARTER TOWNSHIP OF SUPERIOR
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2014

ASSETS

ASSETS

Cash and cash equivalents	\$ 3,033,431
Due from others	4,965
Due from other funds	<u>77</u>
Total assets	<u>\$ 3,038,473</u>

LIABILITIES

LIABILITIES

Due to others	\$ 1,558,371
Due to other funds	<u>1,480,102</u>
Total liabilities	<u>\$ 3,038,473</u>

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Superior was incorporated February 26, 1979, under the provision of Public Act 90 of 1976, as amended. The policies of the Charter Township of Superior conform to generally accepted accounting principles as applicable to governmental units.

The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 & 63 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

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

The Fire Fund accounts for the activities related to operating fire protection services. This fund is primarily supported through the collection of property taxes.

The Law Enforcement Fund accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes and charges for services.

The Township reports the following major proprietary fund:

The Sewer and Water Fund accounts for all the activity associated with the operations and maintenance of operating the sewer and water systems of the Township.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond/debt proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliations are provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989, for its business-type activities.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and debt service funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2013 levy was assessed at an adjusted taxable value of \$574,826,206. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levied the following millage rates in December 2013:

General township operations	0.4096
Police	2.2500
Fire	3.0000
Legal defense	0.1250
Total millage	5.7846

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. EQUITY

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Township board through approval or resolutions. Assigned fund balance is a limitation imposed by a designee of the Township board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Charter Township of Superior as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES AND TRANSFERS

All interfund balances are short-term in character. Interfund transfers will be disbursed and collected during the next reporting period. These amounts are reported as current assets and current liabilities in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>	<u>Purpose</u>
General Fund	\$ 197	Legal Defense Fund	\$ 197	Reimbursement between funds
General Fund	825	Building Fund	825	Reimbursement between funds
General Fund	4,126	Utility Fund	4,126	Reimbursement between funds
General Fund	5,261	Trust & Agency Fund	5,261	Reimbursement between funds
General Fund	162,565	Current Tax Fund	162,565	Tax settlement revenues
General Fund	5,000	Payroll Fund	5,000	Reimbursement between funds
Legal Defense Fund	49,182	Current Tax Fund	49,182	Tax settlement revenues
Fire Fund	590,289	Current Tax Fund	590,289	Tax settlement revenues
Fire Fund	90,000	Payroll Fund	90,000	Reimbursement between funds
Street Light Fund	55,576	Current Tax Fund	55,576	Tax settlement revenues
Sidestreet Fund	13,068	Current Tax Fund	13,068	Tax settlement revenues
Law Fund	442,873	Current Tax Fund	442,873	Tax settlement revenues
Utility Fund	66,288	Current Tax Fund	66,288	Tax settlement revenues
Payroll Fund	47	General Fund	47	Reimbursement between funds
Payroll Fund	30	Fire Fund	30	Reimbursement between funds
Total	<u>\$ 1,485,327</u>	Total	<u>\$ 1,485,327</u>	

The General Fund transferred \$230,237 to the Parks & Recreation Fund during the year.

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS

A summary of changes in governmental fund capital assets is as follows:

	GOVERNMENTAL FUNDS			Audited Balance 12/31/14
	Audited Balance 1/1/14	Additions	Deletions	
Capital Assets Not Being Depreciated				
Land	\$ 1,585,902	\$ 29,016	\$	\$ 1,614,918
Conservation easement	116,320			116,320
Construction in progress	5,000		\$ 5,000	
Total non-depreciable	1,707,222	29,016	5,000	1,731,238
Other Capital Assets				
Non-motorized Trails				
Harris road non-motor trail	230,551	7,618		238,169
Geddes #1 non-motor trail	573,793	7,618		581,411
Structures				
Parks	23,062	7,750		30,812
Buildings				
Fire Department	2,437,394			2,437,394
Law Fund	47,362			47,362
General	1,755,462	12,980		1,768,442
Parks				
Vehicles				
Building Department	24,163			24,163
Fire Department	1,587,750			1,587,750
Parks	48,031			48,031
Equipment				
Building Department	6,480	850		7,330
General	91,362	16,131		107,493
Fire Department	294,448	8,257	16,199	286,506
Law Fund	5,945			5,945
Parks	176,934	688		177,622
Total depreciable	7,302,737	61,892	16,199	7,348,430
Total capital assets	9,009,959	90,908	21,199	9,079,668
Accumulated depreciation	2,708,340	257,521	16,199	2,949,662
Governmental Funds Capital Assets, Net	\$ 6,301,619	\$ (166,613)	\$ 5,000	6,130,006
Related long term debt outstanding at December 31, 2014				<u>(852,914)</u>
Capital assets, net related long term debt				<u>\$ 5,277,092</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives.

Depreciation expense was distributed to the various activities as follows:

General	\$ 82,887
Building department	1,764
Law	2,391
Fire	153,299
Parks	17,180
Total	<u>\$ 257,521</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

A summary of changes in capital assets and depreciation for the water and sewer fund is as follows:

	Water and Sewer			Balance 12/31/14
	Balance 1/1/14	Additions	Deletions	
Non-depreciable assets				
Land	\$ 210,463	\$	\$	\$ 210,463
Construction in progress		138,076		138,076
Total non-depreciable assets	210,463	138,076		348,539
Depreciable assets				
Building	3,175,749	82,417		3,258,166
Water and sewer system	19,004,018	186,170		19,190,188
Equipment and improvements	886,458	47,261		933,719
Office improvements	122,945			122,945
Office equipment	138,884	15,121		154,005
Vehicles	522,213			522,213
Metering program	110,008	59,474		169,482
Total depreciable	23,960,275	390,443		24,350,718
Total capital assets	24,170,738	528,519		24,699,257
Less accumulated depreciation	(7,315,611)	(711,848)		(8,027,459)
Business type activities				
Capital asset, net	\$ 16,855,127	\$ (183,329)	\$	\$ 16,671,798

Investment in capital assets, net of related debt for the Water and Sewer Fund was calculated as follows:

Cost	\$ 24,699,257
Accumulated depreciation	(8,027,459)
Related debt	<u>(3,069,458)</u>
Investment in capital assets, net of related debt	<u>\$ 13,602,340</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

Depreciation for the systems, equipment, improvements, and software is charged as an expense against operations.

Accumulated depreciation is reported on the proprietary fund statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and Sewer Systems	40 years
System Improvements	30 years
Building	30 years
Office Improvements	15 years
Equipment, Furniture, and Software	7 years

NOTE 5 - LONG-TERM OBLIGATIONS

A. Governmental Fund Long-Term Obligations

1. Accrued Compensated Absences – The Township has recorded a liability in the Statement of Net Position for compensated absences of the general, building, and fire funds. The policies regarding compensated absences are outlined in the Township’s “Rules of Employment” and the “Township Fire Department Agreement”.
2. During 2003 the Township sold bonds totaling \$3.5M (2003 General Obligation Capital Improvement Bonds) of which \$1.5M was used to help finance the construction of a new fire hall and \$2M was used for various water and sewer projects. The \$1.5M was recorded as part of long-term debt. The \$2M was recorded as a liability in the Enterprise Water and Sewer Fund. In 2013 the Township issued refunding bonds in order to defease the 2003 General Obligation Capital Improvement Bonds. The pay-off amount of the original 2003 bonds at time of defeasance was \$1,002,857. The refunding bond issued amounted to \$936,491 for the fire department. Interest is charged at 1% for years through 2017 and at 2% for years 2018 through 2023.
3. During 2008 the Township sold bonds totaling \$1,250,000 (2008 Special Assessment Bonds) to help finance the road construction near the Township’s Hyundai Plant. Interest varies from 5.0% to 5.25%. The debt is payable to Bank of New York until its maturity in 2017.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The following summarizes changes in the Township's governmental funds' long-term debt for 2014:

Description	Balance 1/1/14	Additions	Deletions	Balance 12/31/14	Within One Year
Accrued Compensated Absences	\$ 447,235	\$ 12,694	\$	\$ 459,929	\$ 459,929
2008 Special Assessment Bonds - Hyundai	525,000		(135,000)	390,000	130,000
2013 Refunding Bonds Fire and Water and Sewer	936,491		(83,577)	852,914	87,863
Totals	\$ 1,908,726	\$ 12,694	\$ (218,577)	\$ 1,702,843	\$ 677,792

B. Proprietary Fund Long-Term Obligations

The Township's Water and Sewer Fund has two long-term debt obligations which are as follows:

- The 2010 refunding bonds was a jointly constructed project between Superior and Ypsilanti Townships and was issued to refund original 2000 Sanitary Sewer System No. 2 Bonds. The total cost of \$4,740,000 broken out by townships as follows:

Superior Township	\$ 3,089,188	65.17270%
Ypsilanti Township	1,650,812	34.82730%
Total	<u>\$ 4,740,000</u>	<u>100.0%</u>

The bonds were issued under the provisions of (a) Act 34, Public Acts of Michigan 2001, as amended, (b) Act 233, Public Acts of Michigan, 1955, as amended (collectively, the "Acts"). The bonds were issued for the purpose of refunding the Authority's 2000 Sanitary Sewer System NO. 2 bonds dated December 1, 2000, and paying the costs associated with issuing the bonds. The interest rate ranges between 1.5% and 3.125% per annum.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The 2013 Refunding Bonds were issued to pay off 2003 Capital Improvement Bonds used to finance Sewer and Fire Department projects. The total cost of \$2,185,000 is broken out by department as follows:

Fire Department	\$ 936,491	42.86%
Sewer Department	1,248,509	57.14%
Total	\$ 2,185,000	100.0%

The bonds were issued under the provisions of (a) Act 34, Public Acts of Michigan 2001, as amended, (b) Act 233 Public Acts of Michigan, 1955, as amended (collectively, the "Acts"). The bonds were issued for the purpose of refunding the Township's 2003 General Obligation Capital Improvement Bonds and paying the costs associated with issuing the bonds. Interest is charged at a rate of 1% for years 2014 through 2017 and 2% for years 2018 through 2023.

<u>Description</u>	<u>Balance 1/1/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/14</u>	<u>Current Portion</u>
2010 Refunding Bonds Payable	\$ 2,232,167	\$	\$ (299,795)	\$ 1,932,372	\$ 303,053
2013 Refunding Bonds Fire and Water and Sewer	1,248,509		(111,423)	1,137,086	117,137
Totals	\$ 3,480,676	\$	\$ (411,218)	\$ 3,069,458	\$ 420,190

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of future required principle and interest payments due from Charter Township of Superior for long-term debt:

<u>Year</u>	2013 Refund Bonds		
	Total	Fire Hall	
		Principal	Interest
2015	\$ 101,803	\$ 87,863	\$ 13,940
2016	103,057	90,006	13,051
2017	102,157	90,006	12,151
2018	102,928	92,149	10,779
2019	103,207	94,292	8,915
2020 - 2023	414,756	398,598	16,158
	<u>\$ 927,908</u>	<u>\$ 852,914</u>	<u>\$ 74,994</u>

<u>Year</u>	2008 Special Assessment Bonds - Hyundai		
	Total	Principal	Interest
2015	\$ 147,063	\$ 130,000	\$ 17,063
2016	140,237	130,000	10,237
2017	133,413	130,000	3,413
	<u>\$ 420,713</u>	<u>\$ 390,000</u>	<u>\$ 30,713</u>

<u>Year</u>	Total Governmental Funds		
	Total	Long-Term	
		Principal	Interest
2015	\$ 248,866	\$ 217,863	\$ 31,003
2016	243,294	220,006	23,288
2017	235,570	220,006	15,564
2018	102,928	92,149	10,779
2019	103,207	94,292	8,915
2020 -2023	414,756	398,598	16,158
	<u>\$ 1,348,621</u>	<u>\$ 1,242,914</u>	<u>\$ 105,707</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Proprietary Long-Term Debt

<u>Year</u>	YCUA 2010 Refunding Bonds Payable		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 353,201	\$ 303,053	\$ 50,148
2016	353,657	309,570	44,087
2017	353,210	316,088	37,122
2018	355,083	325,864	29,219
2019	355,898	335,640	20,258
2020	352,849	342,157	10,692
	<u>\$ 2,123,898</u>	<u>\$ 1,932,372</u>	<u>\$ 191,526</u>

<u>Year</u>	2013 Refunding Bonds Water and Sewer		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 135,722	\$ 117,137	\$ 18,585
2016	137,393	119,994	17,399
2017	136,193	119,994	16,199
2018	137,222	122,851	14,371
2019	137,593	125,708	11,885
2020 - 2023	552,944	531,402	21,542
	<u>\$ 1,237,067</u>	<u>\$ 1,137,086</u>	<u>\$ 99,981</u>

<u>Year</u>	Total Proprietary Long-Term Debt Water and Sewer		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 488,923	\$ 420,190	\$ 68,733
2016	491,050	429,564	61,486
2017	489,403	436,082	53,321
2018	492,305	448,715	43,590
2019	493,491	461,348	32,143
2020 - 2023	905,793	873,559	32,234
	<u>\$ 3,360,965</u>	<u>\$ 3,069,458</u>	<u>\$ 291,507</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. For purposes of the statement of cash flows, the enterprise fund considers all investments to be cash equivalents due to the highly liquid nature of the investments.

The direct method was utilized to present cash flows from operations. The following is the beginning and ending balances for cash and cash equivalents:

	1/1/14	12/31/14
Unrestricted - operations		
Cash and cash equivalents	\$ 1,186,453	\$ 1,238,419
Restricted		
Cash and cash equivalents	4,027,421	3,610,093
Total	\$ 5,213,874	\$ 4,848,512

The restricted cash and cash equivalents consist of the following:

Capital (construction, replacement, improvement)	\$ 2,617,563
Debt service	992,530
Total	\$ 3,610,093

NOTE 7 - TOWNSHIP PENSION PLANS

History

The Township originally adopted a Defined Contribution Plan with Manulife in October 1967 which has since become John Hancock. The plan was set up as voluntary; however, to join the plan the employee had to contribute 5% of gross pay, the Township would then match with 10%. Eligible employees were all Union Firefighters, full time employees, the Fire Chief, Ordinance Officer, Supervisor, Clerk, Treasurer, Deputy Treasurer, and Trustees (employees also had to be at least 18 year of age). In October 1990, the Union Firefighters were moved into a MERS Defined Benefit pension plan. They were allowed to keep all their years of service, and allowed to keep all their accumulated pension monies in the Manulife Plan. Their accounts with Manulife were switched to inactive status, and they can access this money upon separation from service from the Township.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 - TOWNSHIP PENSION PLANS (continued)

In January 2004, the Township further amended the Defined Contribution Plan with John Hancock, when it approved a second MERS defined benefit plan for the non-union employees. This new plan became mandatory for all future new hires that work full time. Existing employees as of January 1, 2004, were given the choice to either transfer to the new MERS Plan or remain in the John Hancock Plan (about 50% of the eligible employees moved to the new MERS Plan). The John Hancock employee accounts of the employees who switched to the new MERS Plan were withdrawn from John Hancock and deposited in the MERS Pension Plan. As of January 2004, the Township had three pension plans: the MERS Defined Benefit Plan for the Union firefighters referred to as MERS #1, the MERS Defined Benefit Plan for non-union employees referred to as MERS #2, and the John Hancock Defined Contribution Plan for all part time employees averaging at least 20 hours/week, trustees, and the full-time employees who decided to stay with John Hancock Plan at the January 2004 switchover.

The specifics of the three pension plans are as follows:

John Hancock - (Adopted October 1967) a defined contribution plan for full-time employees only as defined above, regular part-time employees averaging 20/hrs/week (including Fire Chief and Fire Marshall), and Trustees. Participation is voluntary with 5% contribution required to participate, and a 10% matching contribution from the Township. Plan vests after 20 months of plan participation, normal retirement age 55. New employees that opt out of the John Hancock plan, cannot join at a later date.

The following summarizes that activity in the John Hancock defined contribution plan for 2014:

Total value January 1, 2014		\$ 914,229
Employee contributions	\$ 17,894	
Employer contributions	35,663	
Net gain for 2014	33,124	
Total additions		86,681
Withdrawals		(186,422)
Total value December 31, 2014		\$ 814,488
Covered payroll		\$ 352,414
Total payroll		\$ 358,897

MERS #1 - (Adopted October 1, 1990) is a defined benefit plan (B-3) for all Union Firefighters. Participation is mandatory; employees contribute 6% of earnings (sick pay and uniform allowances are not included as earnings); the plan vests 100% after 10 years of service; retirement options are age 60 with 10 years of service, or age 55 with 15 years of service or age 50 with 25 years of service.

As of December 31, 2014, the fire department had nine (9) covered employees. Covered and total payrolls for the year ended December 31, 2014, of the fire department were \$713,262 and \$745,733 respectively.

MERS #2 - (Adopted January 1, 2004) a defined benefit plan (B-3) for full time non-union employees. Participation is mandatory; employees contribute 5% of earnings; the plan vests 100% after six years of service; retirement options are age 55 with 15 years of service, age 60 with 6 years of service, or 30 years of service with no age requirement. Covered and total payrolls for the year ended December 31, 2014, of the non-union employees were \$767,167 and \$839,618 respectively.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 - TOWNSHIP PENSION PLANS (continued)

The following information, which is the most current available, was extracted from the township's actuarial consultants, Gabriel Roeder Smith & Company (GRS) report as of December 31, 2013, (which may be obtained at the Superior Township Hall).

For the year ended December 31, 2014, the Township's annual pension cost of \$155,414 exceeded the Township's required contribution of \$147,372. The annual and required contribution for the year beginning January 1, 2014 through December 31, 2014 was determined as part of an actuarial valuation dated December 31, 2012. Significant actuarial assumptions used in determining the unfunded actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

Significant actuarial assumptions used include:

- a) An 8.0% return on investment
- b) Projected salary increases of 4.5% per year compounded annually
- c) An inflation component of 4.5%
- d) Increase in average compensation for years just before retirement would not vary from those in prior years due to FAC loading
- e) The percentage of active members withdrawing from the plan ranges from 20% to 2.4% on a sliding scale between 0 and 34 years of service
- f) An assumption that benefits will not increase after retirement

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized using a level dollar method on a closed basis over 26 years.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 7 - TOWNSHIP PENSION PLANS (continued)

Three-year trend information

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 147,372	\$ 147,924	\$ 142,440
Percentage of APC contributed	100.0%	97.0%	95.0%
Net pension obligation (NPO)	None	None	None

	Actuarial Valuation as of December 31		
	2013	2012	2011
Actuarial value of assets	\$ 4,703,683	\$ 4,423,212	\$ 4,188,662
Actuarial accrued liability (AAL) (entry age)	\$ 5,922,297	\$ 5,365,911	\$ 5,170,224
Unfunded AAL (UAAL)	\$ 1,218,614	\$ 942,699	\$ 981,562
Funded ratio	79.4%	82.4%	81.0%
Covered payroll	\$ 1,480,429	\$ 1,431,954	\$ 1,496,854
UAAL as a percentage of covered payroll	82%	66%	66%

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - FUND BALANCE DESIGNATIONS

The following is a summary of all restricted and further broken down to designations of fund balances for all governmental fund types.

	<u>Major Funds</u>			<u>Nonmajor Funds</u>				<u>Total</u>	
	<u>General and Parks Fund</u>	<u>Fire Fund</u>	<u>Law Fund</u>	<u>Hyundai SAD Fund</u>	<u>Building Fund</u>	<u>Legal Defense Fund</u>	<u>Streetlight Fund</u>		<u>Side Street Maintenance Fund</u>
Nonspendable for:									
Prepays	\$ 22,741	\$ 41,780	\$ 1,200	\$	\$ 2,352	\$	\$	\$ 68,073	
Restricted for:									
Fire protection		1,373,843						1,373,843	
Debt service				15,153				15,153	
Legal defense						225,973		225,973	
Compensated absences		405,553						405,553	
General reserve			322,853					322,853	
Truck replacement		19,858						19,858	
Debt reserve		110,698						110,698	
Building construction		431,324						431,324	
Refund				187,010				187,010	
Public works						82,518	5,227	87,745	
Committed for:									
Building reserve	380,949							380,949	
Capital improvement	9,000							9,000	
Compensated absences	24,112				22,794			46,906	
Non-motorized trails	30,065							30,065	
General reserve					272,386			272,386	
Right of Way	8,007							8,007	
Assigned for Future Budget Deficit	98,573		98,295		26,479			223,347	
Unassigned	1,914,390							1,914,390	
Total designated	<u>\$ 2,487,837</u>	<u>\$ 2,383,056</u>	<u>\$ 422,348</u>	<u>\$ 202,163</u>	<u>\$ 324,011</u>	<u>\$ 225,973</u>	<u>\$ 82,518</u>	<u>\$ 5,227</u>	<u>\$ 6,133,133</u>

The Fire, Law, SAD, Legal Defense and Side Street Maintenance Funds are all restricted by tax millages, assessments and grants (outside of the Township Board) for the respective fund activity. As shown above various amounts which are restricted to the respective fund activity are further segregated for specific purposes within the fund activity by the Township Board.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

As of December 31, 2014, cash, cash equivalents and investments consist of the following:

Cash and cash equivalents:	
Checking accounts	\$ 7,245,628
Certificates of Deposit	887,913
Saving accounts	823,617
Money market accounts	<u>5,350,068</u>
Total cash and cash equivalents	<u>14,307,226</u>

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position:	
Cash and investments	\$ 10,986,589
Fiduciary Funds:	
Cash and investments	<u>3,033,431</u>
Total cash, cash equivalents, and investments	<u>\$ 14,020,020</u>

The carrying amount of cash, cash equivalents and investments is stated at \$14,020,020 as of December 31, 2014. The difference between the carrying amounts and amounts mentioned above stem from cash on hand of \$900 and outstanding checks and deposits of \$288,332.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Deposits - Custodial Credit Risk

This is the risk that in the event of a bank failure, the Township will be able to recover its deposits. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As of December 31, 2014, deposits in banks totaled \$14,307,226 which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,531,198
Uninsured and uncollateralized	<u>12,776,028</u>
	<u>\$ 14,307,226</u>

The Township's investment policy does not address this risk.

As of January 1, 2014, funds in noninterest-bearing accounts no longer receive unlimited deposit insurance. FDIC insurance is limited to the legal maximum of \$250,000 per public unit for all time and savings deposits and \$250,000 per public unit for all demand deposits.

NOTE 10 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM

The Township adopted the MERS post employment health care savings plan during 2005. The program is an employer sponsored program that allows employees to save money in an account that can be used for medical expenses and (or) health insurance premiums after termination of service.

For 2014 the Township contributed \$135 per non union employee and union employee per month to individual accounts, i.e. a total of \$43,980 for all employees. The employee must be considered full time status (37.5 hours per week) to be eligible. To make up for previous years of service, the Township created a compensation schedule with years of service for 15 - 25 years being weighted heavier than years 1 -14. Based on this schedule, a lump sum was deposited in each employee's account by the Township. For each employee to receive the lump sum start-up money a signed release and settlement agreement releasing the Township from a previously adopted retirement health care program was completed by each employee.

The Township requires employees to contribute toward their account an amount based on the employee's employment class. All employees hired prior to November 1, 2011, are in their own class. The required contributions range from a minimum of 2% of compensation to a maximum 15% of compensation within the various classes. The percent of contribution is reviewed annually in November and amended as necessary. As of November 1, 2011, all newly hired employees are classified as one uniform employee class for all union new hires and one class for all non-union new hires. These two (2) new classes of employees' contribution percentage will be reviewed annually in November and amended as necessary.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM (continued)

The Township contribution is subject to a vesting schedule as follows:

<u>Employees service</u>	<u>Vested Percentage</u>
Prior to six (6) years full time employment	0%
Six (6) years but less than nine (9) years full time employment	25%
Nine (9) years but less than twelve (12) years full time employment	50%
Twelve (12) years but less than fifteen (15) years full time employment	75%
Fifteen (15) or more years full time employment	100%

The mandated employee contributions are vested immediately and are withheld as pretax contributions.

All contributions are invested in the MERS portfolio and grow tax free. When an employee retires the savings account is available for tax free reimbursement of medical expenses and (or) health insurance premiums for employees, and spouses and dependents of employees.

NOTE 11 - POST EMPLOYMENT BENEFITS

In addition to the MERS Health Care Savings Plan described in Note 10, the Township also provides post employment health care benefits to two (2) firefighters who retired prior to June 30, 2005. These two (2) firefighters are governed under the old retirement health care system as described in the union contracts for the fiscal years in which they retired (Firefighter Winters 2001 and Firefighter Dickinson January 2005). The benefit to these two (2) firefighters are: The Township pays 100% of the premium of whatever health insurance is in effect for the active firefighters and 50% of whatever Vision and Dental benefits are in effect for active firefighters (currently Vision Service Plan and Delta Dental). This is a lifelong benefit for these retired firefighters, and their spouses, if they were married to the spouse at the time of retirement. Firefighters who have retired from the Township after June 30, 2005, are not entitled to this benefit and were offered a legal buy-out for the loss of this benefit, indemnifying the Township of any claims to this benefit.

During 2014, the Township paid for the cost of covering these retirees. During the fiscal year 2014, the net cost of health care benefits for the retirees was \$33,019 which was paid directly to the healthcare provider.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 - HSA PLAN

Beginning April 21, 2014, the Charter Township of Superior approved to purchase the Blue Cross Blue Shield Simply Blue HSA plan and the Township will pay the entire plan year deductible for enrolled employees in the amount of \$2,300 for individuals and \$4,600 for families.

NOTE 13 - CONTINGENT LIABILITIES - LITIGATION

The Township is currently involved in several disputes related to assessment and zoning matters. Management believes these disputes will not result in substantial costs to the Township. An estimate of the costs could not be made as of the report date.

NOTE 14 - ECONOMIC DEPENDENCY

The water and sewer fund is economically dependent on one unit, St. Joseph Hospital. This unit makes up for approximately 19% of the total billings of the system.

NOTE 15 - GRANT ACTIVITIES AND CONTINGENCIES

Grants have been received by the Charter Township of Superior for various fire department and sewer and water activities. These grants can be subject to financial and compliance audits by the grantors or their representatives. Audits for the years ended December 31, 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 have not been completed.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Township maintains a proprietary fund which is financed by user charges. Segment information as of December 31, 2014, follows:

	<u>Water and Sewer System</u>
Operating revenues	\$ 3,079,461
Depreciation	711,847
Operating (loss)	(308,230)
Non-operating revenues and (expenses) net	(61,928)
Change in net assets	(190,158)
Current assets	1,968,917
Current liabilities	687,757
Net working capital	1,281,160
Total assets	22,250,809
Total liabilities	3,337,025
Net assets	18,913,784

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 17 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The Township has adopted GASB #65 "Items Previously Reported as Assets and Liabilities". Under this standard the Township will report two new sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called Deferred Outflows (previously called assets) and Deferred Inflows (previously called liabilities).

These separate financial statement elements which meet the definition of deferred outflows and inflows are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met. The Township has no deferred outflows as of December 31, 2014.

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met. The Township has one transaction type which consists of an element considered a deferred inflow listed on the balance sheets of various funds and the Statement of Net Position which are property taxes received or reported as receivables before the period in which the levy was to apply.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

Prior period adjustment was made to the financial statement due to the understatement of special assessments receivable related to the Hyandai road project. The assessment was understated by \$262,500 in the initial year assessed. This adjustment increased the net position by \$262,500.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 230,054	\$
Accounting services			18,033	
Trailer fees			3,279	
Cable TV fees			207,995	
State shared revenues			1,014,951	
Delinquent administration fees			5,100	
Planning department professional fees			4,411	
Summer tax collection fees			30,065	
Solid waste			3,003	
Interest income			4,243	
Building fund contribution			21,324	
ROW fees			8,007	
Ordinance violation fees			2,583	
Recycling education			434	
Other income			1,548	
Cell tower			23,476	
Reimbursement income			2,834	
Total revenues	<u>1,465,354</u>	<u>1,533,979</u>	<u>1,581,340</u>	<u>47,361</u>
EXPENDITURES				
Township board			151,504	
Township supervisor			98,934	
Elections			24,233	
Accountant			89,397	
Assessor			198,757	
Township attorney			9,178	
Township clerk			94,691	
Board of Review			1,585	
Township treasurer			183,144	
Computer service support			27,169	
Buildings and grounds			97,390	
Special projects			37,907	
Cemetery upkeep			1,500	
Ordinance enforcement			31,688	
Planning commission			43,634	
Zoning Board of Appeals			388	
Design review board			188	
Wetlands board			113	
Roads			340,086	
Solid waste management system			10,598	
Transportation system			38,194	
Contingencies			577	
Parks and recreation			219,816	
Total expenditures	<u>1,620,818</u>	<u>1,713,948</u>	<u>1,700,671</u>	<u>13,277</u>
Net change in fund balance	<u>(155,464)</u>	<u>(179,969)</u>	<u>(119,331)</u>	<u>60,638</u>
FUND BALANCE, JANUARY 1, 2014	<u>2,607,168</u>	<u>2,607,168</u>	<u>2,607,168</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 2,451,704</u>	<u>\$ 2,427,199</u>	<u>\$ 2,487,837</u>	<u>\$ 60,638</u>

CHARTER TOWNSHIP OF SUPERIOR

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,678,316	\$
Donations			3,000	
Insurance reimbursement			8,161	
Charges for services			2,350	
Other income			420	
Interest income			3,828	
Total revenues	<u>1,683,346</u>	<u>2,056,141</u>	<u>1,696,075</u>	<u>(360,066)</u>
EXPENDITURES				
Salaries			720,940	
Contract services			49,709	
Training			2,370	
Payroll taxes			56,241	
Health insurance			179,074	
Taxable benefits			40,531	
Benefit time cash out			13,187	
Pension			96,418	
Uniform allowance			435	
Grant expense			2,205	
Supplies			38,345	
Professional services			16,283	
Telephone			7,870	
Transportation			1,679	
Dispatch			20,717	
Insurance and bonds			45,090	
Meals and lodging			408	
Fuel			19,942	
Fire prevention			1,166	
Utilities			19,818	
Repairs and maintenance - equipment			40,422	
Books and periodicals			372	
Memberships and dues			1,250	
Tax chargebacks			1,204	
Debt principle			83,577	
Debt interest			14,797	
Equipment rental			2,161	
Equipment			462,077	
Bank fees			220	
Total expenditures	<u>1,552,231</u>	<u>1,922,106</u>	<u>1,938,508</u>	<u>(16,402)</u>
Net change in fund balance	<u>131,115</u>	<u>134,035</u>	<u>(242,433)</u>	<u>(376,468)</u>
FUND BALANCE, JANUARY 1, 2014	<u>2,625,489</u>	<u>2,625,489</u>	<u>2,625,489</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 2,756,604</u>	<u>\$ 2,759,524</u>	<u>\$ 2,383,056</u>	<u>\$ (376,468)</u>

CHARTER TOWNSHIP OF SUPERIOR

LAW ENFORCEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,258,023	\$
Fines and forfeits			26,229	
Law enforcement			268,837	
Charge for service			1,690	
Interest			708	
Total revenues	<u>1,567,149</u>	<u>1,549,897</u>	<u>1,555,487</u>	<u>5,590</u>
EXPENDITURES				
Crime Control				
Contract services			1,643,906	
Professional services			10,066	
Utilities			5,722	
Repairs and maintenance			825	
Insurance			1,200	
Supplies			1,261	
Neighborhood Watch				
Salaries			943	
Social security			72	
Tax chargebacks			900	
Total expenditures	<u>1,657,105</u>	<u>1,655,905</u>	<u>1,664,895</u>	<u>(8,990)</u>
Net change in fund balance	<u>(89,956)</u>	<u>(106,008)</u>	<u>(109,408)</u>	<u>(3,400)</u>
FUND BALANCE, JANUARY 1, 2014	<u>531,756</u>	<u>531,756</u>	<u>531,756</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 441,800</u>	<u>\$ 425,748</u>	<u>\$ 422,348</u>	<u>\$ (3,400)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE - BUDGETARY INFORMATION

Budget Overruns

The following expenditures exceeded appropriations in the various funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General Fund			
Township board	\$ 139,481	\$ 151,504	\$ (12,023)
Elections	19,156	24,233	(5,077)
Assessor	189,552	198,757	(9,205)
Attorney	8,000	9,178	(1,178)
Computer support	24,129	27,169	(3,040)
Roads	338,585	340,086	(1,501)
Contingencies	500	577	(77)
Fire Fund	1,922,106	1,938,508	(16,402)
Legal defense fund	2,900	3,084	(184)
Hyundai SAD	159,344	159,769	(425)
Law Fund	1,655,905	1,664,895	(8,990)
Side Street Maintenance	<u>16,854</u>	<u>17,684</u>	<u>(830)</u>
	<u>\$ 4,476,512</u>	<u>\$ 4,535,444</u>	<u>\$ (58,932)</u>

The overruns were relatively immaterial and were the result of accruals made at year end that were not anticipated in the amended budget.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
 COMBINING BALANCE SHEET
 DECEMBER 31, 2014

	<u>General Fund Pre GASB 54 Consolidation</u>	<u>Parks and Recreation Fund</u>	<u>Eliminations</u>	<u>Totals Restated General Fund</u>
ASSETS				
Cash and investments	\$ 1,537,140	\$ 594,518	\$	\$ 2,131,658
Accounts receivable - taxes	228,930			228,930
Accounts receivable - state shared revenues	360,924			360,924
Accounts receivable - other	60,242			60,242
Due from other funds	178,229		(255)	177,974
Prepaid expenditures	17,764	4,977		22,741
Total assets	<u>\$ 2,383,229</u>	<u>\$ 599,495</u>	<u>\$ (255)</u>	<u>\$ 2,982,469</u>
LIABILITIES				
Accounts payable	\$ 29,196	\$ 603	\$	\$ 29,799
Due to other funds	47	255	(255)	47
Total liabilities	<u>29,243</u>	<u>858</u>	<u>(255)</u>	<u>29,846</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>464,786</u>			<u>464,786</u>
FUND BALANCES				
Nonspendable				
Prepaid	17,764	4,977		22,741
Committed				
Building reserve		380,949		380,949
Compensated absences	19,584	4,528		24,112
Non-motorized trails	30,065			30,065
Capital improvement		9,000		9,000
Right of Way	8,007			8,007
Assigned for budget deficit	98,573			98,573
Unassigned	1,715,207	199,183		1,914,390
Total fund balances	<u>1,889,200</u>	<u>598,637</u>		<u>2,487,837</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,383,229</u>	<u>\$ 599,495</u>	<u>\$ (255)</u>	<u>\$ 2,982,469</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	Hyundai SAD Fund	Building Fund	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Totals
ASSETS						
Cash and investments	\$ 202,163	\$ 323,720	\$ 249,017	\$ 3,347	\$ 5,227	\$ 783,474
Accounts receivable - taxes			69,858			69,858
Accounts receivable - special assessments	375,000			30,961	6,094	412,055
Due from other funds			49,182	55,576	13,068	117,826
Prepaid expenditures		2,352				2,352
Total assets	<u>\$ 577,163</u>	<u>\$ 326,072</u>	<u>\$ 368,057</u>	<u>\$ 89,884</u>	<u>\$ 24,389</u>	<u>\$ 1,385,565</u>
LIABILITIES						
Accounts payable	\$	\$ 1,236	\$ 61	\$ 7,366	\$	\$ 8,663
Due to other funds		825	197			1,022
Unearned revenue					19,162	19,162
Total liabilities		<u>2,061</u>	<u>258</u>	<u>7,366</u>	<u>19,162</u>	<u>28,847</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	375,000		141,826			516,826
FUND BALANCE						
Nonspendable for:						
Prepays		2,352				2,352
Restricted for:						
Public works	202,163			82,518	5,227	289,908
Legal defense			225,973			225,973
Committed for:						
Ordinance enforcement		321,659				321,659
Total fund equity	<u>202,163</u>	<u>324,011</u>	<u>225,973</u>	<u>82,518</u>	<u>5,227</u>	<u>839,892</u>
Total liabilities, deferred inflows and fund equity	<u>\$ 577,163</u>	<u>\$ 326,072</u>	<u>\$ 368,057</u>	<u>\$ 89,884</u>	<u>\$ 24,389</u>	<u>\$ 1,385,565</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	Trust and Agency Fund	Current Tax Fund	Payroll Fund	Totals
ASSETS				
Cash	\$ 313,978	\$ 2,613,817	\$ 105,636	\$ 3,033,431
Due from others	4,965			4,965
Due from other funds			77	77
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 318,943</u></u>	<u><u>\$ 2,613,817</u></u>	<u><u>\$ 105,713</u></u>	<u><u>\$ 3,038,473</u></u>
 LIABILITIES				
Due to others	\$ 313,682	\$ 1,233,976	\$ 10,713	\$ 1,558,371
Due to other funds	5,261	1,379,841	95,000	1,480,102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 318,943</u></u>	<u><u>\$ 2,613,817</u></u>	<u><u>\$ 105,713</u></u>	<u><u>\$ 3,038,473</u></u>

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund - Pre GASB 54 Consolidation	Parks and Recreation Fund	Eliminations	Total Restated General Fund
REVENUES				
Taxes	\$ 230,054	\$	\$	\$ 230,054
Accounting services	18,033			18,033
Trailer fees	3,279			3,279
Cable TV fees	207,995			207,995
State shared revenues	1,014,951			1,014,951
Delinquent administration fees	5,100			5,100
Planning department professional fees	4,411			4,411
Summer tax collection fees	30,065			30,065
Solid waste	3,003			3,003
Interest income	3,408	835		4,243
Building fund contribution	21,324			21,324
ROW fees	8,007			8,007
Ordinance violation fees	2,583			2,583
Recycling education	434			434
Other income	1,548			1,548
Cell tower	23,476			23,476
Reimbursements and refunds	1,580	1,254		2,834
Total revenues	1,579,251	2,089		1,581,340
EXPENDITURES				
Township board	151,504			151,504
Township supervisor	98,934			98,934
Elections	24,233			24,233
Accountant	89,397			89,397
Assessor	198,757			198,757
Township attorney	9,178			9,178
Township clerk	94,691			94,691
Board of review	1,585			1,585
Township treasurer	183,144			183,144
Computer service support	27,169			27,169
Buildings and grounds	97,390			97,390
Special projects	37,907			37,907
Cemetery upkeep	1,500			1,500
Ordinance enforcement	31,688			31,688
Planning commission	43,634			43,634
Zoning board of appeals	388			388
Design review board	188			188
Wetlands board	113			113
Roads	340,086			340,086
Solid waste management system	10,598			10,598
Transportation system	38,194			38,194
Contingencies	577			577
Parks and Recreation				
Administration		66,030		66,030
Recreation		11,579		11,579
Maintenance and improvements		133,491		133,491
Grant park development		8,716		8,716
Total expenditures	1,480,855	219,816		1,700,671

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General Fund - Pre GASB 54 Consolidation</u>	<u>Parks and Recreation Fund</u>	<u>Eliminations</u>	<u>Total Restated General Fund</u>
Excess of revenues over (under) expenditures	98,396	(217,727)		(119,331)
OTHER FINANCING SOURCES (USES)				
Transfers in		230,237	(230,237)	
Transfers (out)	(230,237)		230,237	
Total other financing sources (uses)	(230,237)	230,237		
Net change in fund balance	(131,841)	12,510		(119,331)
FUND BALANCE, JANUARY 1, 2014	2,021,041	586,127		2,607,168
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 1,889,200</u>	<u>\$ 598,637</u>	<u>\$</u>	<u>\$ 2,487,837</u>

CHARTER TOWNSHIP OF SUPERIOR
ALL NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Hyundai Fund</u>	<u>Building Fund</u>	<u>Legal Defense Fund</u>	<u>Streetlight Fund</u>	<u>Side Street Maintenance Fund</u>	<u>Totals</u>
REVENUES						
Taxes	\$	\$	\$ 69,861	\$	\$	\$ 69,861
Special assessments						
Principal	125,000			86,536	17,420	228,956
Interest	30,000					30,000
Charges for services		259,727				259,727
Reimbursements and refunds		276				276
Interest income	416	19				435
Total revenues	<u>155,416</u>	<u>260,022</u>	<u>69,861</u>	<u>86,536</u>	<u>17,420</u>	<u>589,255</u>
EXPENDITURES						
Building department		193,905				193,905
Law enforcement						
Side street maintenance					17,684	17,684
Utilities				83,553		83,553
Legal defense			3,084			3,084
Debt						
Principal	135,000					135,000
Interest	24,769					24,769
Total expenditures	<u>159,769</u>	<u>193,905</u>	<u>3,084</u>	<u>83,553</u>	<u>17,684</u>	<u>457,995</u>
Net change in fund balance	(4,353)	66,117	66,777	2,983	(264)	131,260
FUND BALANCE, JANUARY 1, 2014	<u>206,516</u>	<u>257,894</u>	<u>159,196</u>	<u>79,535</u>	<u>5,491</u>	<u>708,632</u>
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 202,163</u>	<u>\$ 324,011</u>	<u>\$ 225,973</u>	<u>\$ 82,518</u>	<u>\$ 5,227</u>	<u>\$ 839,892</u>

INDIVIDUAL FUNDS

GENERAL FUND

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES	\$ 1,464,754	\$ 1,579,251	\$ 114,497
EXPENDITURES			
Township board	139,481	151,504	(12,023)
Township supervisor	99,347	98,934	413
Elections	19,156	24,233	(5,077)
Accountant	90,572	89,397	1,175
Assessor	189,552	198,757	(9,205)
Township attorney	8,000	9,178	(1,178)
Township clerk	94,743	94,691	52
Board of Review	1,760	1,585	175
Township treasurer	184,535	183,144	1,391
Computer services support	24,129	27,169	(3,040)
Buildings and grounds	121,137	97,390	23,747
Special projects	38,529	37,907	622
Cemetery upkeep	1,500	1,500	
Ordinance enforcement	32,887	31,688	1,199
Planning commission	50,533	43,634	6,899
Zoning Board of Appeals	423	388	35
Design review board	683	188	495
Wetlands board	216	113	103
Roads	338,585	340,086	(1,501)
Solid waste management system	10,800	10,598	202
Transportation system	38,293	38,194	99
Contingencies	500	577	(77)
Total expenditures	<u>1,485,361</u>	<u>1,480,855</u>	<u>4,506</u>
Excess of revenues over (under) expenditures	(20,607)	98,396	119,003
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(230,236)</u>	<u>(230,237)</u>	<u>(1)</u>
Net change in fund balance	(250,843)	(131,841)	119,002
FUND BALANCE, JANUARY 1, 2014	<u>2,021,041</u>	<u>2,021,041</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 1,770,198</u>	<u>\$ 1,889,200</u>	<u>\$ 119,002</u>

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Salaries	\$	\$ 32,130	\$
Taxable benefits		1,733	
State unemployment liability		7,143	
Payroll taxes		2,473	
Health/life insurance		7,192	
Pension		3,056	
Office supplies		5,720	
Postage		8,989	
Professional services		15,269	
Telephone		5,153	
Insurance and bonds		13,506	
Transportation		4,092	
Printing and publishing		11,433	
Repairs and maintenance		5,586	
Equipment rental		5,347	
Memberships and dues		11,313	
Bank charges		1,969	
Equipment		9,400	
	<u>139,481</u>	<u>151,504</u>	<u>(12,023)</u>
Total township board			
TOWNSHIP SUPERVISOR			
Salaries		73,252	
Payroll taxes		6,234	
Health insurance		3,843	
Taxable benefits		9,701	
Pension		5,904	
	<u>99,347</u>	<u>98,934</u>	<u>413</u>
Total township supervisor			

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ELECTIONS			
Salaries		471	
Contracted services		15,913	
Payroll taxes		36	
Supplies and postage		6,584	
Printing and publishing		125	
Professional service		404	
Rent		700	
	<u>19,156</u>	<u>24,233</u>	<u>(5,077)</u>
ACCOUNTANT			
Salaries		54,454	
Payroll taxes		4,317	
Health insurance		17,827	
Taxable benefits		5,214	
Training		412	
Pension		6,440	
Operating supplies		733	
	<u>90,572</u>	<u>89,397</u>	<u>1,175</u>
ASSESSOR			
Salaries		125,848	
Training		2,117	
Payroll taxes		10,210	
Health insurance		37,256	
Taxable benefits		10,043	
Pension		10,027	
Operating supplies		2,022	
Transportation		27	
Meals and lodging		283	
Memberships and dues		443	
Telephone		481	
	<u>189,552</u>	<u>198,757</u>	<u>(9,205)</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP ATTORNEY			
Professional services	<u>8,000</u>	<u>9,178</u>	<u>(1,178)</u>
TOWNSHIP CLERK			
Salary		66,183	
Other salaries		4,832	
Payroll taxes		6,043	
Health insurance		2,881	
Pension		5,444	
Taxable benefits		<u>9,308</u>	
Total township clerk	<u>94,743</u>	<u>94,691</u>	<u>52</u>
BOARD OF REVIEW			
Salaries		135	
Contract services		1,440	
Payroll taxes		<u>10</u>	
Total board of review	<u>1,760</u>	<u>1,585</u>	<u>175</u>
TOWNSHIP TREASURER			
Salary		66,183	
Other salaries		53,287	
Payroll taxes		9,638	
Health insurance		26,039	
Taxable benefits		11,770	
Training		618	
Pension		9,256	
Operating supplies		<u>6,353</u>	
Total township treasurer	<u>184,535</u>	<u>183,144</u>	<u>1,391</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
COMPUTER SERVICE SUPPORT			
Salaries		957	
Operating supplies		90	
Professional service		16,792	
Equipment		9,258	
Payroll taxes		72	
Total computer services support	24,129	27,169	(3,040)
BUILDINGS AND GROUNDS			
Salaries		18,523	
Contract services		3,412	
Payroll taxes		1,440	
Pension		1,494	
Taxable benefits		293	
Operating supplies		5,213	
Utilities		13,019	
Drains		10,381	
Repairs and maintenance		27,937	
Building additions		2,000	
Street beautification		13,678	
Total buildings and grounds	121,137	97,390	23,747
SPECIAL PROJECTS			
Land purchases		29,017	
Master Plan		8,890	
Total special projects	38,529	37,907	622
CEMETERY UPKEEP			
Total cemetery upkeep	1,500	1,500	

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ORDINANCE ENFORCEMENT			
Salaries		16,594	
Contract services		10,795	
Payroll taxes		1,237	
Supplies		59	
Taxable benefits		482	
Pension		764	
Mileage		1,757	
Total ordinance enforcement	<u>32,887</u>	<u>31,688</u>	<u>1,199</u>
PLANNING COMMISSION			
Salaries		21,526	
Health insurance		4,372	
Payroll taxes		1,896	
Taxable benefits		609	
Pension		1,261	
Professional services		13,785	
Operating supplies		185	
Total planning commission	<u>50,533</u>	<u>43,634</u>	<u>6,899</u>
ZONING BOARD OF APPEALS			
Salary		360	
Payroll taxes		28	
Total zoning board of appeals	<u>423</u>	<u>388</u>	<u>35</u>
DESIGN REVIEW BOARD			
Salaries		175	
Payroll taxes		13	
Total design review board	<u>683</u>	<u>188</u>	<u>495</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
WETLANDS BOARD	<u>216</u>	<u>113</u>	<u>103</u>
ROADS	<u>338,585</u>	<u>340,086</u>	<u>(1,501)</u>
SOLID WASTE MANAGEMENT SYSTEM			
Recycling		5,104	
Garbage and yard waste tags		3,002	
Dump usage collection		<u>2,492</u>	
Total solid waste management system	<u>10,800</u>	<u>10,598</u>	<u>202</u>
TRANSPORTATION SYSTEM			
A.A.T.A. contract		24,878	
Demand response		<u>13,316</u>	
Total transportation system	<u>38,293</u>	<u>38,194</u>	<u>99</u>
CONTINGENCIES			
Miscellaneous		295	
Tax chargebacks		<u>282</u>	
Total contingencies	<u>500</u>	<u>577</u>	<u>(77)</u>
Total expenditures	<u>\$ 1,485,361</u>	<u>\$ 1,480,855</u>	<u>\$ 4,506</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PARKS AND RECREATION FUND

CHARTER TOWNSHIP OF SUPERIOR

PARKS AND RECREATION FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADMINISTRATION			
Salaries	\$	\$ 41,248	\$
Payroll taxes		3,348	
Taxable benefits		2,086	
Health insurance		1,092	
Pension		3,033	
Insurance and bonds		4,452	
Supplies		340	
Professional services		7,268	
Telephone		1,025	
Transportation		226	
Membership and dues		121	
Repairs and maintenance		445	
Bank fees		255	
Equipment		1,091	
	<u>66,218</u>	<u>66,030</u>	<u>188</u>
Total administration			
RECREATION			
Salaries		7,833	
Payroll taxes		599	
Operating supplies		2,912	
Miscellaneous		202	
Telephone		33	
	<u>12,747</u>	<u>11,579</u>	<u>1,168</u>
Total recreation			
MAINTENANCE AND IMPROVEMENTS			
Salaries		92,882	
Payroll taxes		7,119	
Pension		7,886	
Operating supplies		1,692	
Uniforms		379	
Fuel and lubricants		5,822	
Taxable benefits		179	
Telephone		729	
Utilities		343	
Repair and Maintenance		10,043	
Professional service		249	
Equipment		574	
Miscellaneous		1,968	
Controlled burn		3,626	
	<u>140,652</u>	<u>133,491</u>	<u>7,161</u>
Total maintenance and improvements			
GRANT PARK DEVELOPMENT	<u>3,970</u>	<u>8,716</u>	<u>(4,746)</u>
Total expenditures	<u>\$ 223,587</u>	<u>\$ 219,816</u>	<u>\$ 3,771</u>

This supplementary information shows the Parks and Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

WATER AND SEWER FUND

CHARTER TOWNSHIP OF SUPERIOR

**WATER AND SEWER FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$	\$ 3,067,196	\$
Interest income		7,449	
Meter sales		12,265	
Other		5,435	
Developer contributions		180,000	
	3,024,705	3,272,345	247,640
EXPENSES			
Water and sewer purchases		1,855,590	
Depreciation		711,847	
Operating supplies and meters		33,646	
Postage		5,282	
Professional services		34,452	
Salaries and wages		373,262	
Payroll taxes		29,409	
Taxable benefits		25,256	
Health insurance		77,676	
Pension		31,150	
Telecommunications		9,098	
Insurance and bonds		24,552	
Interest expense		74,812	
Transportation		659	
Utilities		44,502	
Repairs and maintenance		70,484	
Printing and publishing		3,186	
Memberships and dues		4,372	
Computer expenses		16,183	
Training and other employee expense		571	
Uniforms		1,959	
Health savings expense		11,463	
Leased equipment		3,674	
Cleaning service		2,780	
Fuel		10,166	
Bad debt expense		3,173	
Miscellaneous		3,299	
	3,498,479	3,462,503	35,976
Change in net assets	\$ (473,774)	\$ (190,158)	\$ 283,616

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**WATER AND SEWER FUND - COMPARATIVE STATEMENT OF REVENUES AND EXPENSES - OPERATING ACCOUNTS ONLY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013, 2012, 2011, 2010, 2009**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES						
Charges for services	\$ 3,067,196	\$ 2,646,685	\$ 2,943,343	\$ 2,621,228	\$ 2,413,286	\$ 2,312,629
Meter sales and other revenue	<u>12,265</u>	<u>4,345</u>	<u>13,065</u>	<u>6,748</u>	<u>3,675</u>	<u>10,450</u>
Total revenues	<u>3,079,461</u>	<u>2,651,030</u>	<u>2,956,408</u>	<u>2,627,976</u>	<u>2,416,961</u>	<u>2,323,079</u>
EXPENSES						
Water and sewer purchases	1,855,590	1,591,836	1,708,525	1,533,302	1,430,535	1,332,395
Operating supplies and meters	33,646	35,896	37,528	46,242	43,106	34,882
Office expenses	21,527	18,433	15,866	6,150	6,913	8,281
Professional services	34,452	46,719	22,212	25,514	24,772	58,415
Salaries and wages	373,262	439,453	429,636	430,301	421,667	432,213
Payroll taxes	29,409	36,123	34,157	34,107	33,293	31,714
Taxable benefits	25,256	29,168	21,329	28,352	26,636	22,411
Health insurance	77,676	112,456	112,868	100,396	89,822	61,846
Pension	31,150	38,442	38,443	37,962	42,006	40,885
Communications	9,098	8,539	11,292	11,251	11,714	10,596
Insurance and bonds	24,552	25,864	25,752	13,155	33,093	19,636
Transportation	659	1,059	1,597	1,457	1,782	1,656
Utilities	44,502	40,665	37,401	42,236	42,578	43,686
Repairs and maintenance	70,484	61,125	64,328	56,923	60,463	82,757
Printing and publishing	3,186	4,210	3,808	3,439	4,875	4,617
Memberships and dues	4,372	9,628	5,950	5,652	4,470	5,586
Computer expenses	16,183	10,483	14,981	15,294	16,802	22,048
Training and other employee expenses	571	2,262	2,413	2,242	2,132	2,706
Uniforms	1,959	1,967	1,453	2,254	1,895	2,714
Health savings expense	11,463	13,770	12,240	12,240	11,730	11,730
Lease equipment	3,674	3,538	3,987	4,239	4,596	4,359
Bad debt expense	<u>3,173</u>	<u>3,136</u>	<u>5,994</u>	<u>2,960</u>	<u>2,910</u>	<u>29,595</u>
Total expenses	<u>2,675,844</u>	<u>2,534,772</u>	<u>2,611,760</u>	<u>2,415,668</u>	<u>2,317,790</u>	<u>2,264,728</u>
Net revenues over expenses	<u>\$ 403,617</u>	<u>\$ 116,258</u>	<u>\$ 344,648</u>	<u>\$ 212,308</u>	<u>\$ 99,171</u>	<u>\$ 58,351</u>

This schedule only includes operating revenues and expenses (excludes connection fees revenue, interest income, depreciation expense, and interest expense) and as such does not present results of operations on the basis of generally accepted accounting principles but is presented for supplementary information.

First Quarter | 2015

Fire Department Cooperation - Final Report

Ann Arbor Township and Superior Township Fire Departments

The Fire Department Strategic Cooperation Feasibility Study identified significant opportunities to improve service to the communities of Ann Arbor Charter Township and Superior Charter Township. There are numerous department cooperation approaches that could achieve incremental improvements. The study concluded, however, that combining the departments into a single entity, revising response area protocols, and increasing the number of emergency personnel by one firefighter per shift at AATFD station #2 is feasible and would decrease response time for 48.8% of the combined area incidents for the first or second arriving unit, and will increase the number of arriving firefighters for 64.0% of the combined area incidents. The estimated average annual net operating cost increase over a ten-year period is approximately \$255,000.

Concerns were expressed, however, by the FD Study Senior Review Group representing both townships, that the average net annual cost increase was not affordable at this time when weighed against individual township competing funding priorities.

The study recommendation, therefore, is to conclude the feasibility study and retain separate township fire departments. The study findings included in this report should be utilized to build on the strengths of each department. This would include increased cross training, a formalized training plan and documentation, an increased awareness regarding opportunities for shared major equipment purchases, and the potential for improvement in mutual aid agreements and rescue/EMS response priorities. Each department should also focus resolving the noted weaknesses and potential threats highlighted in the SWOT analysis.

It is recommended that each department utilize the information compiled through Geographic Information System (GIS) analyses, particularly those grids with high frequency incident responses, when considering equipment placement and personnel assignments. Periodic joint department GIS updates should be considered to assure appropriate incident response coverage.

It is recommended that the single command fire chief pilot program be terminated with minimum loss of continuity and that the priority and management attention should be focused on township programs to strengthen individual department personnel response capability.

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Study Background and Summary Recommendations

Study Objectives

The Fire Department Strategic Cooperation Study (hereafter FD Study) was initiated and approved by both Ann Arbor Charter Township and Superior Charter Township with a primary objective to determine the impact and feasibility of increased fire department strategic cooperation, including operational cost and efficiency impacts attributable to that cooperation. Both departments are presently well managed and funded, but each township has the potential to improve overall operations including emergency incident response, training, and succession planning. The study identified improvements in these areas by examining the present-state department operational factors and then evaluated ideas and initiatives that could improve the effectiveness of both departments.

The study then addressed potential questions regarding: operational improvements in service to the communities; the quality of training, effectiveness and safety of fire fighter personnel; the cost impact of recommended changes; the broad strategy for implementation of recommended changes; and if endorsed, the next steps to implement recommended changes.

Study Process and Milestones

The study was formally initiated on March 1, 2014 including the assumption of one Fire Chief managing both townships' fire departments. A detailed summary of study initiatives is included in the following report sections. Work plans were developed, and as part of the Competitive Grant Assistance Program (CGAP) award, quarterly reports were submitted to Michigan Treasury. Study progress was discussed with a senior review group that included representatives from both townships. Study progress was also discussed with the Labor Management Advisory Group (LMAG) whose members included representatives from each union.

On November 18, 2013 the Ann Arbor and Superior Charter Townships Boards' of Trustees agreed with a proposal to apply for a State of Michigan Competitive Grant Assistance Program (CGAP) award to support the FD Study. On February 17, 2014 each board authorized a pilot study operating both departments under a single command including sharing study costs and the Fire Chief's wages and benefits. On May 6, 2014 the townships received a CGAP grant award for \$8,819 against a proposed study expenditure budget of \$49,075 that included a salary increase increment for the Fire Chief during the pilot study. Actual study expenditures through March 31, 2015, excluding CGAP funding offsets are projected to be \$35,275. Total shared expenditures, study costs plus Fire Chief wages and benefits, totaled \$141,024 for the same period.

The FD Study has been led by a three person study group – Ken Kohrs, Project Leader; Brian Thurston, Joint Township Fire Chief; and Garvin Smith, Fire Chief Superior Township (ret). Brian McMillan, a University of Michigan MBA and MPP candidate, was contracted for research support. Rebecca Robinson, a University of Michigan MS candidate in Environmental Informatics was contracted for Geographic Information Systems support.

As noted above the Study Group interfaced with two supporting committees: a Senior Review Group created to assess progress and offer support, and a Labor Management Advisory Group (LMAG) designed to aid communication with firefighter personnel and to offer support.

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Members of these committees are shown on **Attachment 1** together with other individuals who have provided valuable assistance to the study. The Senior Review Group agreed to the FD Study guidelines and are available upon request. These guidelines were also discussed and broadly agreed to by the LMAG.

The FD Study framework consisted of five major initiatives shown on the Work Plan Graphic, **Attachment 2**. Each of the five initiatives addressed issues directly impacting future Fire Department strategic cooperation and are highlighted in this report.

1. #27-1A and 1B – Assessment of critical Standard Operating Procedures (SOP) and administrative processes
2. #27-2 – Assessment and planned improvements for a more effective and aligned training program and personnel development
3. #27-3A and 3B – Emergency response analysis and potential improvements
4. #27-4A and 4B – Assessment of budget cost opportunities and risks
5. #27-5A and 5B – Alternative management approaches

Although the CGAP funding was less than 25% of the anticipated budget, applying for the grant and reporting quarterly to Michigan Treasury has had a positive effect on the study. The requirements for goals, work plans, and expenditure estimates have resulted in efficient and effective organization of the study.

Another critical element of the study was a pilot agreement to operate both departments under one Fire Chief beginning March 1, 2014 - facilitating data gathering and analysis and observation of the combined departments' operations.

The next section of the report summarizes important baseline information regarding: the communities served by both fire departments; reference data regarding types of emergency incidences; fire department budgets summaries; and reference data regarding personnel and equipment.

Subsequent report sections will then highlight the findings from the five aforementioned initiatives.

Study Recommendations Summary

- Accept the findings from the Fire Department Strategic Cooperation Study report, dated May 12, 2015 and conclude the feasibility study. The single command fire chief pilot should be discontinued with minimum disruption to operations.
- Ann Arbor Charter and Superior Charter Townships should retain separate departments, each managed by their respective Fire Chief.
- Study findings should be utilized to further strengthen each department's positive attributes and address areas of weaknesses and potential threats. Opportunities for future potential major equipment savings through shared purchase should be explored.
- Periodic examination of high incident response trends through GIS analysis should be considered as a joint department exercise to assure best possible incident response coverage.
- Both departments may wish to develop a more formalized joint operating policy that would highlight and guide future townships' management relative to fire department cooperation including training, equipment, and mutual aid.

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Current Operations - Fire and Emergency Service Data by Township

Both the Ann Arbor Charter Township and Superior Charter Township Fire Departments serve well-established residential communities as well as major commercial, academic, and health care facilities. As shown in **Figure 1** below, the combined residential population is about 17,000 people. However, during peak working hours the number of people served could increase by an additional 16,000 people. Emergency service exposure is further challenged by incidents on two major expressways, serving both townships and surrounding communities.

Huron Valley Ambulance Service (HVA) is contracted to dispatch Washtenaw County fire departments and emergency services for 911 or other call-in incidents - both fire and medical emergency. **Figure 2** summarizes the number and types of emergency incidences for calendar year (CY) 2013. **Attachment 3** highlights how each township presently specifies their automatic mutual aid emergency service responses. These guidelines will be reviewed and may be revised after study completion to assure the most effective use of emergency response resources.

Figure 1 – Community Population Served and Types of Incident Exposure

	Ann Arbor Township	Superior Township	Combined
2010 Census Residential Population	4,361	13,058	17,419
Estimated Weekday Population – all numbers are approximate, but source developed.	NSF Int'l 1200 Toyota Ctr. 1100 WCC Students 1400 WCC Staff 560 UM Health Ctr. 200 NSK Corp. 415 Domino Farms 3000 Gabriel Richard 600 Other 400	Saint Joseph 7000 Mercy Hospital Hyundai Tech 200 Other 400	
Non-residential total	8875	7600	16,475
Totals	13,236	20,658	33,894

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Figure 2 - Fire Department Emergency Response Incident Types and Frequency

	Ann Arbor Township	Superior Township	Combined
Total Incidents (2013)	1065	1169	2234
Fire	5.2%	6.4%	5.9%
Rescue and Emergency Medical Service	62.2%	57.9%	59.9%
Hazardous Conditions (no fire)	4.4%	4.3%	4.3%
Service Call	3.9%	1.4%	2.6%
Good Intent Call	18.2%	24.2%	21.3%
False Alarm/False Call	6.1%	5.7%	5.8%

Source: GIS Data Analysis for CY 2013

Both townships’ fire departments are staffed with experienced personnel. Present staffing strategies differ between townships. Ann Arbor Township employs six (6) full-time personnel covering 24-hour shifts at 2 stations for a total of two personnel on duty daily. Paid-on-Call (POC) personnel supplements emergency needs when available.

Superior Township employs nine (9) full time personnel covering 24-hour shifts at 2 stations. Superior has assigned two fire fighters to Station #1 and one fire firefighter at Station #2 for a total of three personnel on duty daily. Superior does not utilize POC personnel.

Personnel employed by each Township together with their service dates are show in **Figure 3**.

Figure 3 - Personnel Listing (Rank/Seniority) – as of June 30, 2014

AATFD Station 1		AATFD Station 2		AA Paid On-Call	STFD Station 1		STFD Station 2	
Captain	1985	Captain	1989	POC (6)	Captain	1990	FF	2005
LT.	2007	LT.	1998		Captain	2002	FF	2011
SGT.	1992	LT.	2004		Captain	2003	FF	2013
					FF	2001		
					FF	2003		
					FF	2012		

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Both townships' fire departments are well equipped with emergency equipment. Equipment is well maintained and performs at high levels. The types and ages of major equipment is shown on **Figure 4**.

Figure 4 - Major Equipment Listing (Age) – January 2015

	AATFD Station 1	AATFD Station 2	STFD Station 1	STFD Station 2
Engine	1(4)	1 (4)	1 (3)	1 (new 2015)
Tanker	1 (10)	-	1 (9)	-
Aerial	-	1 (8)	-	1 (16)
Rescue	1 (6)	2 (6)	-	-
Utility	-	-	1 (16)	-
Other	Brush (22)	Technical Rescue Trailer (14)	ATV (2)	-

The fire department funding processes differ between the two townships. The Ann Arbor Township public safety millage, which expires at year-end 2016, covers both fire and safety (Sheriff). Funding of the fire department is by internal budget account transfer. The Superior Township millage, which expires at year-end 2018, is earmarked for the fire department.

As noted in **Figure 5** personnel costs for both townships are, by far, the greatest percentage of fire department annual expenditures at 76%-80%. Total fire department expenditures per capita in Superior Township is about 45% of Ann Arbor Township, largely explained by a population approximately three times the size of Ann Arbor Township.

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Figure 5. Annual Budget – 2014 CY

	Ann Arbor Township	Superior Township
Total Revenue	3.98 mils Pubic Safety; expires 2016; FD budget allocated account revenue \$1,132,000.	3.0 mils Fire; Expiration 2018; FD budget account revenue \$1,683,346.
Other Reserved Funds	See Note 1	See Note 2
Personnel Costs (incl. Chief)	\$917,525	\$1,187,334
Non-Personnel Costs	\$224,395	\$366,012
Total Cost	\$1,141,920	\$1,553,346
Personnel Cost (% expenditure)	80%	76%
FD Expenditures per Capita	\$262	\$119

Note 1: 2013 Capital Improvement Fund Reserves (not exclusive to FD) = \$794,943 (Fund 402).

Note 2: Capital Improvement Fund Reserves (exclusive to FD) = \$1,457,000 (funded by transfers from fire revenue)

As highlighted in **Figure 5, Notes 1 and 2**, the process for funding anticipated future capital spending differs between the two townships. Both townships, however, regularly update their anticipated expenditures for review with the trustees. A summary of projected capital spending for each township, as presently managed, is shown in **Figure 6**.

Figure 6 - Projected Capital Spending through 2025 (Independently Managed FD)

<i>Memo: Dollar Values in 2014 Calendar Year Terms</i>	Ann Arbor Township	Year	Superior Township	Year
Engines	\$0	----	\$0	----
Tanker	400,000	2025	400,000	2026
Aerial	0	----	900,000	2019
Rescue	300,000 (2)	2017	n/a	----
Utility	n/a	----	65,000	2019
Brush	60,000	2016	0	----
10 Year Cumulative Total	\$760,000		\$1,365,000	

Memo: Assume major apparatus replacement at about 20 years of age.

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FD Study Findings and Major Initiatives Summaries

Present Operations Assessment - SWOT Analysis Summary

Analysis Methodology: The Study Group utilized an evaluation framework called a SWOT analysis– Strengths, Weaknesses, Opportunities, and Threats – to evaluate present fire department operations under present separate township management. The technique allows for a critical examination of present organizations’ performance (a “mirror” to internal operations) and possible future opportunities and threats (a “window” to the organizations’ future performance).

Key Insights:

Strengths Each department is well managed and well-funded. Firefighters are experienced, well trained, and the equipment and procedures are sound. Both Departments receive strong support from township leadership. Each department maintains effective mutual aid arrangements with neighboring jurisdictions. Mutual aid can be pre-planned (automatic) or on call as needed. See **Attachment 3** for automatic mutual aid agreements with surrounding jurisdictions.

Weaknesses: The number of AATFD personnel initially responding to incidents, using National Firefighter Protection Association (NFPA*) best practice “sufficient personnel” as a guideline is marginal. One firefighter per station at AATFD requires heavy Paid-on-Call (POC) reliance and may result in temporary firefighter support shortages. STFD experiences similar challenges for Station #2 until Station #1 arrives with support. AATFD has had difficulty recruiting and retaining POC. The number of POC’s responding per call has been declining each year since 2009**.

Station #1 in AATFD and Station #2 in STFD are not optimally located. Station #1 in AATFD must travel a long distance to access the highway where a large percentage of incidents in Ann Arbor Township occur. Station #2 in STFD also experiences difficulty responding to highway incidents due to its location in a residential area. Departmental cross training of fire fighters is difficult and training documentation not robust.

Opportunities: Opportunities to resolve the noted weaknesses vary but major improvements will depend on a more formal strategic cooperation plan between townships. Most significant opportunity achievements will require a change in township operating policies and management agreements.

Threats: Despite present efforts to recruit and retain POC candidates, future reliance on AATFD POC is a concern. Fewer numbers of department personnel makes succession planning more difficult. Firefighters with one firefighter per shift station staffing are exposed to greater risk prior to second unit arrival (***).

* NFPA Best Practices (**Attachment 5**) are guidelines: 90% of response travel times 4 minutes or less with “sufficient personnel”.

** AATFD Station #1 & #2 average: 2.8 POC/call in 2009 reduces each year to 0.49 POC/call in 2014 (82% fall-off).

*** AATFD has activated a POC recruit and retention program using funds from a 4 year FEMA grant

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Figure 7 - SWOT matrix of present Townships FD Operations – Present Operations Independently Managed (Qtr. 4, 2014)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Firefighters experience and overall training • Mutual aid response process • Relatively modern well-maintained apparatus and equipment • Well-funded fire departments • Support from township leaders • Well maintained buildings • Individual township FD Standard Operating Procedures (SOP's) • Successful grant award recipients • Supportive workforce • Millage support from the communities served 	<ul style="list-style-type: none"> • AATFD reliance on POC supplemental response • AATFD difficult recruitment and retention of POC (*) • Lack of vision/strategy regarding future POC role • AATFD Station #1 location – difficult access to expressway and population density • STFD Station #2 location – difficult sites access due to high density residential road layout • Lack of reliable training documentation and an overall plan • AATFD and STFD cross training not optimum – shift schedule difficulties • Non-integrated IT and Communication hardware and software (*) • Non-common administrative and budget processes across townships hinders purchasing and efficiency coordination
Opportunities	Threats
<ul style="list-style-type: none"> • Co-development of a formal training program across townships (*) • Coordinated and improved IT communications (*) • Shared fire inspectors – team concept (*) • Selective SOP changes to promote joint area responses • Redefined mutual aid and HVA support guidelines • Selective coordinated policies to improve purchasing efficiencies (*) • AATFD hiring to improve “sufficient” personnel on scene 	<ul style="list-style-type: none"> • Continued lack of success, despite efforts to improve, in recruitment and retention of POC personnel • Senior experienced officer retirements without a robust succession plan, particularly AATFD • Firefighter risk exposure at incidents prior to second unit or POC arrival • Potential public criticism due to less than optimum response times and number of firefighter personnel initially on scene

(*) Partially implemented improvements during pilot program

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Major Initiatives Summaries

The following sections of the report highlight the study group's key findings for both townships evaluated by detailed examination of the five major study initiatives. Processes were assessed and examined for potential improvements through greater strategic cooperation. Detail reports for the selected topics are included in separate Appendices, available for review on request.

#27-1A Analysis of Operational Procedures and Administrative Processes

Key Insight: After reviewing the Standard Operating Procedures (SOP's) at both departments, it was found that there are no critical conflicts that would prevent the departments from working together in a more profound way.

Analysis Methodology: The fire study research analyst reviewed the current SOP's. The procedures were first organized into categories according to policies unique to the Ann Arbor Township or Superior Township Departments, and policies found at both departments. Then, in collaboration with Chief Brian Thurston, each SOP was categorized into A, B, or C priorities, with the "A" category indicating SOP's that are critical to the departments working together. Finally, the research analyst compared "A" SOP's across the departments to determine if there were significant conflicts that would prevent the departments from greater collaboration without reconciliation.

Analysis Findings: Overall, both SOP handbooks are mostly up-to-date and congruent with daily practices at each department. Superior Township comprehensively updated their procedures within the last two years, while the AATFD has taken an iterative approach to maintaining their procedures. There is also a clear difference in style between the two departments. STFD has taken a more "bullet-point" listing of procedures and policies, whereas AATFD has crafted a narrative approach. Both styles communicated department expectations effectively. Depending on the degree of departmental integration, one handbook with completely congruent procedures and styles would maximize flexibility and effectiveness.

There are minor differences between the SOP's at each department, but none of these differences prevent the departments from increasing their level of collaboration during the study and into the future. Further, the differences occurred at the administrative levels and do not affect the day-to-day operations of fire department personnel or impact the effectiveness of each department's service to the public. The main reason for the similarities in day-to-day operations is due to the focus on NFPA Standards and generally accepted best practices at both departments.

Depending on the degree of increased departmental cooperation, the need for reconciliation of department policies will be assessed. For example, a full merger would require a single SOP handbook and the reconciliation of all procedures.

Conclusion: The SOP's should continue in their current form. If a combined department is considered in future years a single SOP handbook should be created to prevent confusion. Using the findings from the study departments should consider jointly developing a more formal set of common key procedures, applicable to both townships, to guide cooperation in future years.

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#27-1B Fire Chief Pilot Study Observations – March 1, 2014 through March 31, 2015

The joint department Fire Chief pilot agreement for the Ann Arbor Charter Township and Superior Charter Township has provided critical insight into managing two separate departments with one Fire Chief.

Key Insights:

Fire Chief workload and operating challenges increased when managing the combined department under two townships' operating policies:

- Differences in purchasing policies, invoice approvals, and work rules complicated routine tasks
- Township board meetings scheduled concurrently made it difficult to participate in the meetings
- A standardized approach, across four stations, for handling routine processes by officers, was not established during the pilot period.
- The pilot period lacked a standard protocol for the Chief prioritizing and managing simultaneous incidents
- A more complicated operating practice for the Chief when representing separate townships
 - Unique uniforms
 - Unique township incident radio call designations

The importance of standardizing tools, equipment, procedures, and services:

- The need for personnel familiarization with each department's equipment
- The opportunity for selected procedures developed by one agency applied to the other agency
- The potential for common contract services identified and sometimes piloted
 - Electrician, mechanic, pest control, janitorial supplies
 - Tire repair
 - Major automotive parts and fire equipment supply
 - Radio servicing

Opportunities and issues identified:

- Department training sessions made available to other department members
 - Differing contractual shift patterns make common and cross-department training more difficult – off-shift overtime often required.
 - STFD and AATFD personnel benefited through grants funded the other department.
- Identified issue in each department regarding responsibilities for fire investigations
 - Pilot study proposed two individuals (one from each department) to be trained to perform investigations and who will operate as a teamed approach.

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Conclusion: The Fire Chief pilot observations have reinforced the importance of the findings and recommendations from the procedural #27-1A analysis noted above. While selective cooperative processes and procedures could be implemented while retaining two separate departments, only a consolidated management approach with common processes can successfully implement major opportunities.

#27-2 Coordinated and Aligned Training Program

Key Insight: The most valuable training, as perceived and identified by firefighters from each township, focused on familiarization with equipment and protocols between Ann Arbor Charter Township and Superior Charter Township. This highlights an opportunity for training coordination. A framework for a joint training plan across both departments, together with a process for improved documentation, was developed as part of the pilot program.

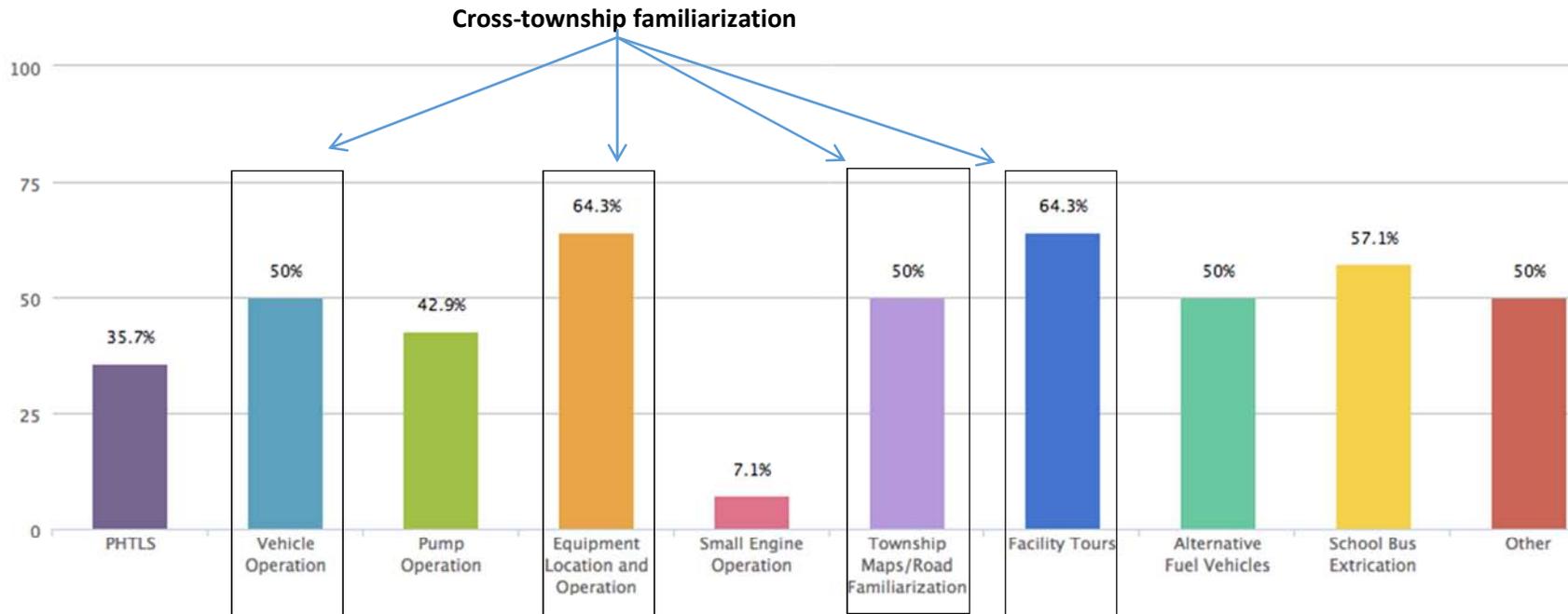
Analysis Methodology: Information was gathered from firefighters in both townships using two surveys. The first survey gathered certification and experience information in order to assess the current strengths and gaps in training of each township's firefighters. A second survey was used to gather the opinions of firefighters as to the most important trainings in each township. The firefighters selected the critical top five trainings and there was an area for write-in suggestions as well.

The full summary data of the training survey can be found in an Appendix, available on request.

Analysis Findings:

Figure 8: Training Survey Response Data

1. Please check the box next to the top 5 training opportunities that you think would be beneficial with more emphasis, including cross-training with both departments.



Memo: Facility Tours are designed to familiarize personnel with major businesses, health care, and education facility infrastructure.

Conclusion: Many collaborative training opportunities exist between the two departments. Cross-department training, especially combined shift training, should be used with an objective to familiarize firefighters with equipment, roads, and layout of public buildings. For cost efficiency, combined department training sessions should take place, particularly when outside instructors are utilized. Common shift schedules across both departments would reduce the need for significant training overtime. In addition, the current system for tracking training completions is not reliable and should be updated.

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#27-3A and #27-3B Emergency Response Incident Mapping

The study group utilized two independent approaches to examine the potential improvements in emergency incident responses if the township's fire department boundaries and the SOP's defining station responses within the present boundaries were redefined. The broad guidelines for the analyses were the same: 2013 CY incident data for both townships was used; each of the four township station locations were fixed; present equipment was assumed and not relocated; and two scenarios of personnel responding were assumed: a) present personnel, and b) +1 firefighter per shift added to AATFD Station #2. Preliminary analyses of alternative staffing assumptions are included in Attachment 8.

The study group believes that the Geographic Information System (GIS) mapping provides a more robust analysis as it contains a larger sample size of incidents that more accurately represents reality. In addition, the GIS data utilizes only posted speed limits, not taking into account current traffic information, which creates a standard response time for all times of the day. The GIS analysis findings that are utilized in the study recommendation are referred to in the following sections as #27-3A.

The second approach examined response times of eleven geographic sites (actual addresses or intersections) using Google Maps, selected by the firefighters as representative of areas served by both township fire departments. Similar to the GIS analysis, the study team calculated response times and personnel on scene as a first and second responder. This analysis showed a greater percentage improvement in response times for the designated addresses because it contains a smaller sample size as compared to the GIS analysis. Specifically, the 11 response areas do not fully account for the frequency of incidents at those locations. This analysis is still insightful, however, because it shows specific examples of times for the first and second responders from each of the four stations and the potential changes in personnel at scene for each site with and without the addition of 1 FF/shift at AATFD #2. This analysis is referred to in the following sections as #27-3B.

Ultimately, these two analyses complement each other to provide a holistic perspective of opportunities for service improvement related to response time and personnel.

#27-3A Emergency Response Analysis and Opportunities – Geographic Information Systems (GIS) Analysis

The following three graphics, labeled GIS 1, GIS 2, and GIS 3, show all incidents in the 2013 CY for both Ann Arbor Township and Superior Township. All mutual aid requests are included in the analysis.

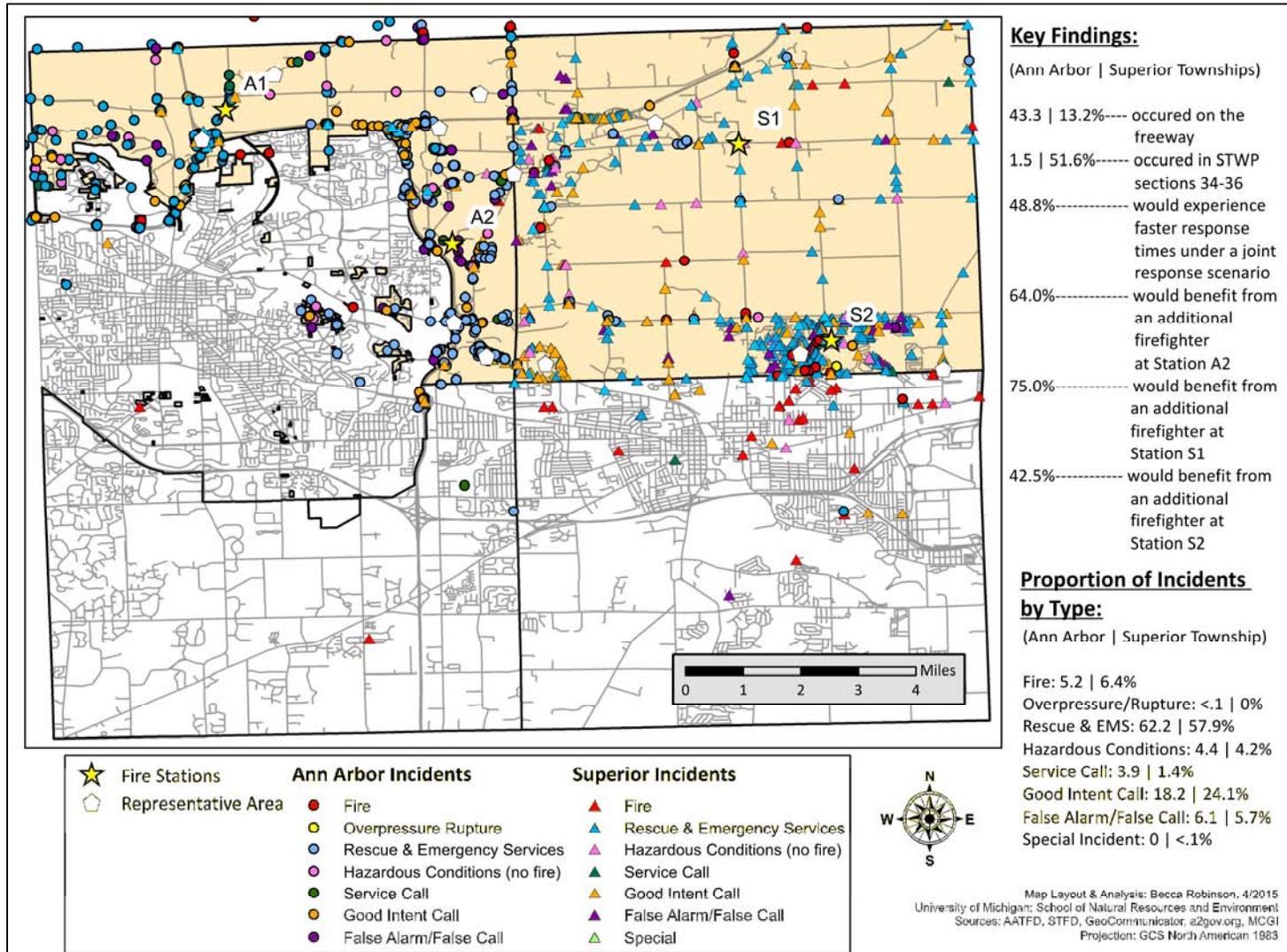
Key Insights: For both townships, rescue and emergency services account for 60% of all incidents. Fire calls account for approximately 5% of incidents in both townships. Good intention and false alarms are in the range of 25%. The majority of calls occur in certain areas. For example, there is a heavy concentration of incidents in the Superior Township sections 34-36¹, at Washtenaw Community College, and along US-23 and M-14 expressways. Under a joint response scenario, 48.8% of all incidents would experience reduced response time. Adding personnel at AATFD#2 improves service as well. 64.0% of all incidents across both townships would experience an increase of firefighters on scene.

¹ Sections 34-36 are 1 sq. mi. areas located along the southeast border of Superior Township. STFD station #2 is located in Section 34-36.

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GIS 1 – Emergency Incident Map

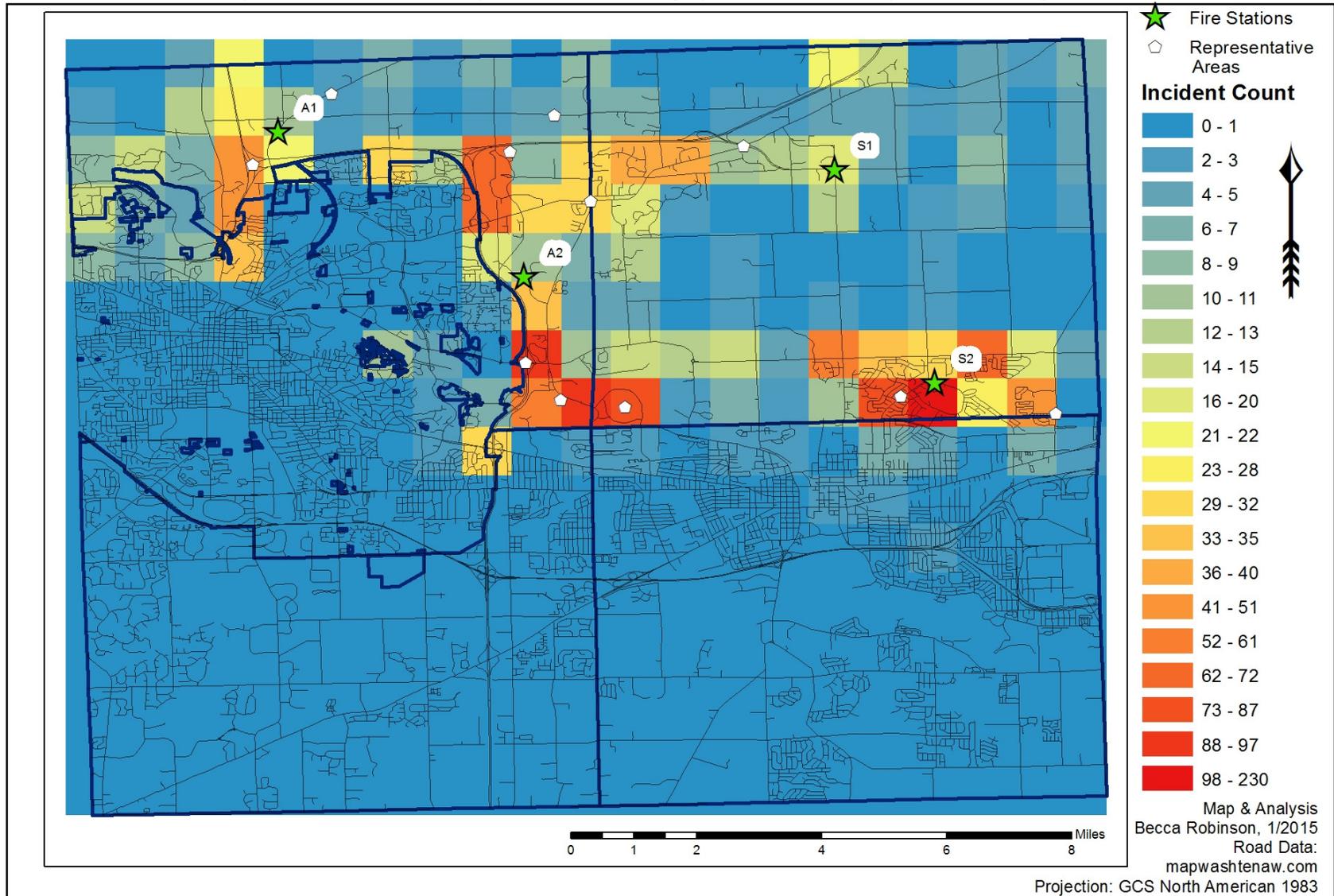
This map shows all 2013 CY responses, color-coded according to the type of response, the location of the incidents on the map, and the responding department. From this map one can see that under a joint response scenario, 48.8% of the incidents would experience reduced response time from either the first or second arriving unit. Adding personnel at AATFD#2 improves service as well. 64.0% of the incidents would experience an increase of firefighters on scene.



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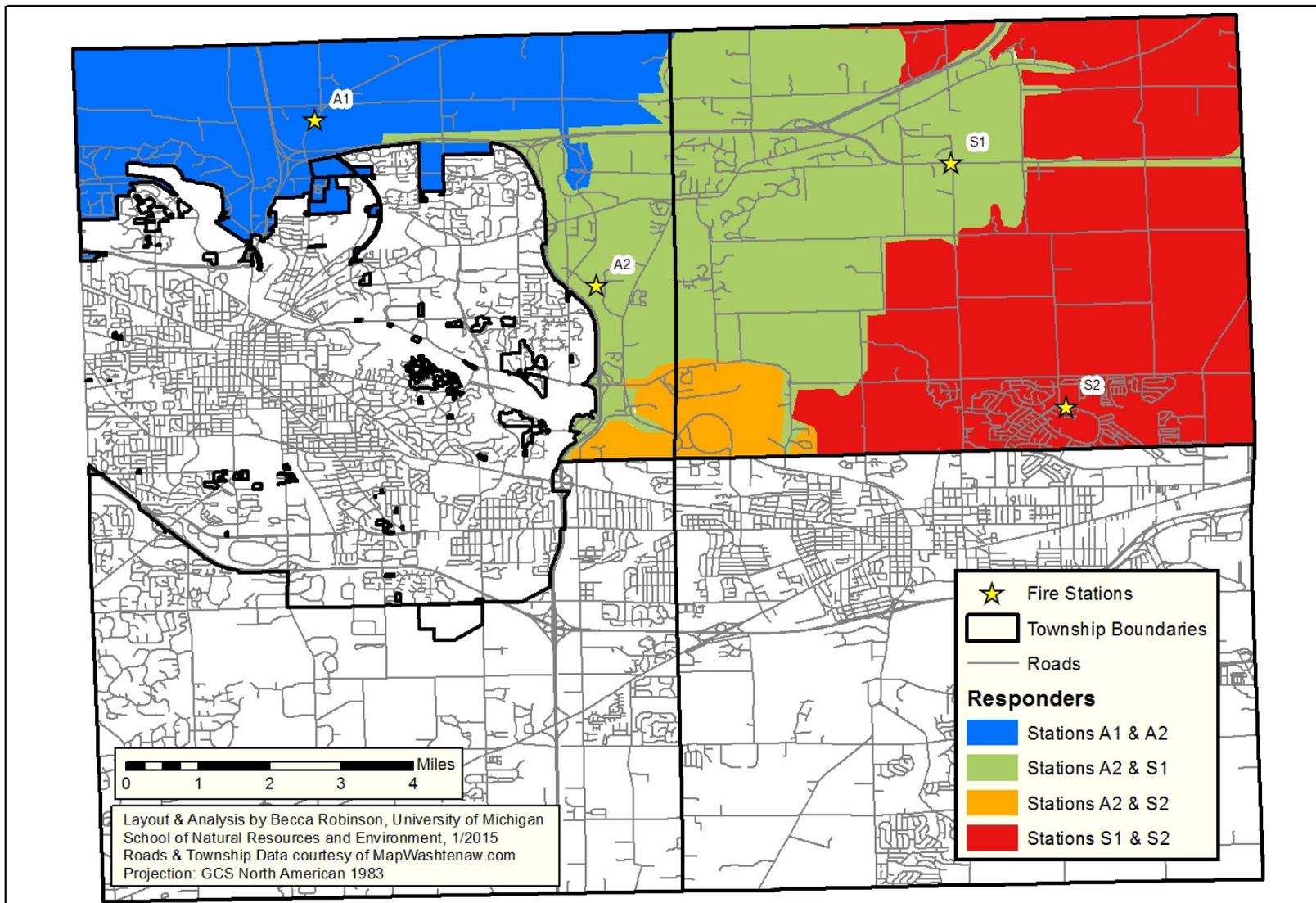
GIS 2 – Incident “Heat Map”

GIS2 graphic is an incident density graphic. This map clearly conveys the “hot spots” where there is frequent emergency activity across both townships. In most cases, the four stations are well located geographically for responses to high frequency incidents; however, both AATFD #1 and STFD #2 occasionally experience local street congestion or expressway access difficulty. 7 of the 11 of the geographically representative locations in the 27-3B analyses are located in “hot spots” shown on this graphic. **Attachment 9** provides added grid detail for GIS 2.



GIS 3 – Proposed Coordinated Response Areas

This graphic shows the two fastest responding stations by area ignoring current township jurisdictions. If a decision were to be taken to combine both departments, this map would be instrumental in developing a common department SOP. It would also enable the Fire Chief to determine if re-allocation of fire equipment across the four stations would improve the effectiveness of response, and possibly save on operating costs with the more efficient apparatus responding more frequently.



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#27-3B Emergency Response Analysis and Opportunities – 11 Representative Response Sites²

Key Insight: Adopting a coordinated department strategy offers significant opportunities to improve service to the community and reduce risk for firefighters. According to the 11 representative response sites, 55% of locations across both townships would experience reduced overall response time of the first or second unit. One site, however, would experience fewer initial personnel on-scene. By hiring an additional firefighter per shift at AATFD#2, 73% of the most geographic representative locations would experience improved service through reduced response times of the first or second unit with at least the same number or more firefighters on scene.

Analysis Methodology: Firefighters Lance Pierce and Will Pritula of the Superior Township Fire Department led the effort to analyze potential coordinated response areas. They first determined representative incident locations to which both departments respond. Response times from each of the four Ann Arbor and Superior Townships stations were calculated using Google Maps. The eleven locations that were studied are as follows:

1. West Triple
2. 4400 Pontiac Trail (Ann Arbor Township Barn)
3. 4650 Warren Road (Religious Order)
4. US-23 at Geddes
5. W.C.C./Heartland
6. Domino's Farms
7. MacArthur Blvd (Sup. Twp. sections 34-36).
8. M-153 @ Plymouth Road (16 Corners)
9. 1515 Ridge Road (Westridge Trailer Park)
10. Saint Joseph Mercy Hospital
11. Dixboro Road at Plymouth Road (Dixboro)

Analysis Assumptions: There are numerous combinations of personnel and apparatus routinely dispatched to emergency scenes. A few assumptions were required in order to keep the analysis manageable. The following assumptions were used:

1. An improvement in overall service is defined as a faster response to an incident with either the first or second responding unit with at least the same number of firefighters as compared to the present separate Department SOP guidelines.
2. The eleven geographically representative incidents were included in all analyses.
3. Incidents most often require only two pieces of equipment. Larger incident responses involving multiple stations (such as structure fires and complex vehicle accidents) were not considered as these incidents would likely be dispatched under the Mutual Aid Box Alarm System (MABAS) or additional units would be dispatched at the request of the incident commander.
4. The current locations of the fire stations are fixed and cannot be changed.
5. A single firefighter from one township is valued equally as a firefighter from another regardless of response area or rank.
6. Although firefighters can be moved between stations, the movement of firefighters was not considered in this analysis.

² Defined as an address that reflects an area of that is geographically relevant or has frequent responses.

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Analysis Findings: Figures 9 - 11 highlight the response times and number of personnel responding results based on analysis of the eleven representative incident sites. The analysis does not take into consideration incident site frequency; therefore, all sites are weighted equally. Analysis findings are noted with each table.

Figure 9 - Response Times and Potential Minutes Saved through Redefined Boundary SOP's – Present Personnel

Response times by each department station to the eleven geographically representative sites are shown below. The two fastest responding stations for each location are highlighted in yellow. If there are three stations highlighted, response time is the same for two of the stations. Green cells indicate locations that would experience faster response time for the first arriving unit.

This table shows that 6 of 11 (55%) sites would experience faster response times by either the first or second arriving unit. 2 of the 11 (18%) of the sites would have faster response by the first unit and second unit, and 4 of 11 (36%) would have faster response by the second unit only. The average response time improvement is two minutes and twenty seconds.

		Figure 9 - Joint Response Times (minutes) for Selected Locations										
		Current Ann Arbor Township						Current Superior Township				
		West Triple	4400 Pontiac Trail	4650 Warren Road	US 23 at Geddes	WCC/ Heartland	Domino Farms	MacArthur Boulevard	M-153 at Plymouth Road	1515 Ridge Road	Saint Joseph Hospital	Dixboro Road @ Plymouth Road
Fire Stations	AATFD #1	8	1	10	12	13	10	19	11	25	16	11
	AATFD #2	7	11	8	4	4	5	11	7	16	7	3
	STFD #1	8	15	10	9	11	9	7	2	12	12	6
	STFD #2	16	22	16	9	11	17	1	9	4	10	12
Minutes Saved First Unit		-	-	-	-	-	-	-	-	-	3	3
Minutes Saved Second Unit		-	-	-	3	2	1	-	2	-	2	6

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Figure 10 – Redefined Boundary SOP’s – Change Summary: Minutes Saved and Fire Fighters on Scene – Present Personnel

The table below shows response time in minutes saved (ref. Figure 9) for each location (first row of numbers), the number of firefighters on scene (second row numbers), and the change in number of firefighters (shown in parentheses) from present operations. Cells highlighted in green are areas have reduced response time and more firefighters on scene. Yellow cells indicate areas with reduced response times and the same number of firefighters on scene. Orange cells are sites with reduced response time but with fewer FF.

This table shows that of the 11 sites, 3 of 11 (27%) would experience both reduced response time and more personnel on scene. All of these sites are in Ann Arbor Township. 2 of 11 (18%) would experience faster response time and the same number of firefighters on scene. 1 of 11 (9%) sites in Superior Township would experience faster response time but fewer personnel on scene. Two sites (4650 Warren Road and the West Triple in Ann Arbor Township) would experience the same response time but with additional personnel on scene using a joint-response plan.

		Figure 10 - Joint Response Total Minutes Saved – Personnel on Scene by Selected Locations										
		Current Ann Arbor Township						Current Superior Township				
		West Triple	4400 Pontiac Trail	4650 Warren Road	US 23 at Geddes	WCC/Heartland	Domino Farms	MacArthur Boulevard	M-153 at Plymouth Road	1515 Ridge Road	Saint Joseph Hospital	Dixboro Road at Plymouth Road
Fire Stations	1 st or 2 nd Unit Minutes Saved	-	-	-	3	2	1	-	2	-	5	9
	Personnel on Scene/ (Change)	3/(+1)	2/ (0)	3/ (+1)	3/ (+1)	3/ (+1)	3/ (+1)	3/ (0)	3/ (0)	3/ (0)	2/ (-1)	3/ (0)

Figure 11 - Redefined Boundary SOP’s – Change Summary - Minutes Saved and Firefighters on Scene – Added Personnel

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The table below shows response time saved and personnel on scene with one (1) additional firefighter per shift at AATFD#2. Green cells indicate sites with reduced response time and greater number of personnel on scene and yellow cells indicate sites with reduced response time with the same number of firefighters on scene – all versus present day operations.

The table shows that with an additional firefighter per shift at AATFD #2, 8 of 11 (73%) sites a coordinated strategy would provide increased service through faster response time and/or increased personnel first on scene. In addition, the benefits of joint response would be more equally shared between the two townships.

		Figure 11 - Joint Response Total Minutes Saved and Personnel on Scene for Selected Locations ³										
		Current Ann Arbor Township						Current Superior Township				
		West Triple	4400 Pontiac Trail	4650 Warren Road	US 23 at Geddes	WCC/ Heartland	Dominos Farms	MacArthur Boulevard	M-153 at Plymouth Road	1515 Ridge Road	Saint Joseph Hospital	Dixboro Road at Plymouth Road
Fire Stations	1 st or 2 nd Unit Minutes Saved	-	-	-	3	2	1	-	2	-	5	9
	Personnel on Scene/(Change)	4/(+2)	2/ (0)	4/ (+2)	4/ (+2)	4/ (+2)	4/ (+2)	3/ (0)	4/ (+1)	3/ (0)	3/ (0)	4/ (+1)

The NFPA best practice comparator is one measure of effectiveness – “arrival in 4 minutes of travel 90% of the time with sufficient personnel”. For study purposes, “sufficient personnel” is two firefighters. 7 of 11 sites (64%) meet the NFPA standard of 4 minutes. 4 of 7 sites also meet the “sufficient personnel” standard as first responders – two sites in Ann Arbor Township and two sites in Superior Township.

Conclusions: Both analyses demonstrate the benefits of a coordinated joint response strategy including an additional firefighter/shift at AATFD #2. GIS projects that 48.8% of incidents would experience faster response times. Further, an additional firefighter/shift at AATFD#2 increases

³ AATFD current responds with one firefighter from each station. STFD responds with 2 firefighters from Station #1 and 1 firefighter for Station #2. Adding 1 firefighter/shift at AATFD #2 would not change response times, but five of six locations would see 2 firefighters instead of 1 firefighter.

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firefighters responding at 64.0% of incidents across both townships - improving service and decreasing risk to firefighters. The coordinated response strategy provides the greatest overall increase in service when combined with increased personnel at AATFD#2.

As noted earlier, redistribution of emergency equipment or personnel between the four stations was not considered in the analysis. Such flexibility, based on the type of incidents commonly encountered in the operating area, could add to the effectiveness of the coordinated and combined department response. **Attachment 7** provides added information regarding Rescue and EMS incidents for present departments including HVA and law enforcement agencies.

Departmental Budget Opportunities and Cost Risk Summary

#27-4A - Annual Expenditure Implications - Improved Coordination through Township Agreements – Separate Departments

Key Insights: The study group believes that at best, no more than 50% of the identified \$17,150 consolidation savings (**Figure 13**) could be realized through specific collaboration initiatives. Specifically, the \$220,000 identified savings (**Figure 14**) over a 10 year period for shared equipment are not practical to achieve, nor is the \$400,000 savings in 2026 CY without some type of formal agreement. Developing a scenario with one Fire Chief managing two independent departments is not believed viable due to administrative complexity and workload/stress. Finally, cross training improvements and overtime savings opportunities would be difficult to achieve. Selectively modified departments' SOP's are possible to better serve each jurisdiction, but not to the degree noted in the prior #27-3A tables.

Analysis Methodology: There are multiple variations of possible enhanced cooperation scenarios. The study group first identified all opportunities for increased effectiveness under a unified command. The team then reviewed each opportunity to determine if maintaining separate departments, but increasing coordination in that specific area could realize the same benefits.

Recommendation: As noted in key insights above, separate department collaboration, beyond present day practice, does not optimize benefits achievable through department consolidation. The study group recommended further pursuit of the consolidation alternative.

#27-4B - Annual Expenditure Implications – Consolidated Departments

Key Insight: The feasibility study has identified \$52,150 of potential non-personnel and infrastructure annual expenditure savings (**Figure 13**). Equipment simplification savings over a 10 year period totals \$220,000 (**Figure 14**) with an additional savings of \$400,000 possible in the 11th year. Hiring an additional firefighter per shift at AATFD#2 will increase annual expenditures by \$314,909 (**Figure 15**). Additional consolidation provisions and administrative support adds a further \$42,000. Using a cumulative expenditure analysis (**Figure 16**) it is projected that over a 10-year period net consolidation expenditures, on average, will increase by \$255,000 annually. The cost allocation to each Township for this increase would be determined through an inter-local agreement formula. This expenditure increase must be weighed against the improvements in response time and personnel on scene, department effectiveness, plus the potential for further on-going savings and cooperation advantages.

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Analysis Methodology: To quantify potential consolidation savings, 2014 actual expenditures through September 30 were analyzed for both departments. Analysis of cost opportunities focused on non-personnel budget line items and long-term equipment replacement plans. Areas of potential personnel savings were identified, but not quantified at this time. Cost risks were identified utilizing the recommendations noted in this report and the study group’s evaluation of all cost factors associated with departmental consolidation.

Conclusions: As noted in **Figure 13**, annual personnel related costs are in the range of 70-80% of total fire department expenditures. 2014 total projected annual expenditures for both fire departments were estimated at \$2.8M. Non-personnel/infrastructure costs accounted for about \$860,000. The identified \$52,150 of non-personnel and infrastructure opportunities would equal a savings of approximately 6% of non-personnel/infrastructure costs. This excludes savings from equipment simplification over 10 years totaling \$220,000. The study group believes there is further potential for long term savings in both non-personnel and personnel expenditures and recommends follow up of all opportunities.

Figure 13. Estimated Annualized Cost Savings through Consolidated Operations

Line Item	Ann Arbor Township	Superior Township	Total Projected Expenditures	Comments (Present Operations)
Total Annual Projected Expenditures	\$1,123,706	\$1,691,677	\$2,815,383	All values based upon 2014 actual expenditures through 9/30/14 projected to year-end 2014
Personnel Costs (*)	779,992	1,174,958	1,954,950	69% of total expenditures
All Other Costs	343,714	516,719	860,433	30% of total expenditures

Non-Personnel Operating Expenditures	Projected Expenditures	Projected Expenditures	Projected Savings	Comments (Consolidated Operations)
Gasoline and Diesel	\$17,826	\$20,929	\$1,350	3.5% More efficient joint response
Repair and Maintenance	15,024	20,532	1,800	5.0% Schedule maintenance efficiency, single contractor, reduced and modern equipment
Fire Fighting Supplies	23,396	25,104	6,000	12.0% Avoided duplication of purchased equipment
Dispatch Services	16,728	20,896	3,500	9.0% Single call to a combined Department. Avoided call duplication charges.

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Insurance-bonds	50,059**	45,090**	4,500	4.7% Single contract; reduced risk
Sub-Total Projected Non- Personnel Savings			\$17,150	Projected non-personnel annual savings.

(*) Excludes Fire Chief wages and benefits

(**) AATWP insurance costs covers all staff; STWP covers FD only.

Infrastructure Expenditures	Projected Expenditures	Projected Expenditures	Projected Savings	Comments
Part-time Fire Chief	0	\$35,000	\$35,000	Joint Chief eliminates the requirement

Ref. Figure 6. Major Apparatus Replacement Plan – Independently Managed Departments

Apparatus	Ann Arbor Township	Year	Superior Township	Year
Engines	\$0	----	\$0	----
Tanker	400,000	2025	400,000	2026
Aerial	0	----	900,000	2019
Rescue	300,000 (2)	2017	n/a	----
Utility	n/a	----	65,000	2019
Brush	60,000	2016		
10 Year Cumulative Total	\$760,000		\$1,365,000	

Figure 14 - Projected 10 Year Equipment Consolidation Savings: 2015 – 2025 CY Period

Apparatus	Proposed Action	Year	Projected Savings	Comments (Consolidated Departments)
Engines	Retain plan – replacements beyond 2025.	----	0	2025 age: (1) engine 13 years; (2) engines 14 years; (1) engine 10

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				years.
Tanker	Retain plan	2025	0	\$400,000 savings 2026 CY
Aerial	Replace (2) 75' units with (1) new 100' Sell both units.	2019	\$150,000	Resale savings for 2 nd unit no longer required. Major maintenance savings.
Rescue	Phase out (3) units at ages: 10 years and 12 years	2019 (1) 2021 (2)	\$25,000 \$45,000	Resale savings. Use engines in lieu of rescue units. Evolving departmental practice. Maintenance savings.
Utility	Retain plan	2019	0	Use across Townships
Other - Brush	Retain plan	2016	0	Use across Townships
	Projected Savings		\$220,000	Excludes \$400,000 savings in 2026.

Figure 15. Projected Annual Decision Cost Risk Assumptions

Decision Cost Risk Assumption	Estimated Annual Decision Cost	Comments (Consolidated Department)
Wage and Benefits for added fire fighters at AATWP#2 Station	\$(314,409)	Assume FF1 2 nd year base wage at \$37,702 plus benefits for three fire fighters
Single contract operating cost penalty	-	No major impact projected (refer to p.29)
Provision for Fire Chief administrative support	\$ (30,000)	Assumed wages of a part time administrator or shared position
Provision	\$ (5,000)	
Provision for carry forward of FD Study Fire Chief Premium	\$ (7,500)	
Decision Cost Risk Provision	\$(356,909)	Total cost risk across both Townships

Using the combined 2014 CY budget for both Townships as a baseline, **Figure 16** projects fire department expenditures over a 10-year period for separately managed departments versus expenditures for a consolidated department. Detailed projections for a consolidated department are

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highlighted in **Figures 13 through 15**.⁴ Ten years is utilized for financial analysis convenience only to calculate average costs. It does not imply a 10-year time limit to the recommendations.

Figure 16. Cumulative Expenditure Analysis – Baseline FD Annual Townships Budgets vs. Consolidated Budget Projection \$(000)

<i>Memo: Includes Staged Equipment Savings plus Expenditures in Figure 15</i>	Current Township FD Budgets Cumulative Expenditures	Projected Consolidated FD Budget Cumulative Expenditures	Difference - Consolidated Budget vs. Separate Department Expenditures	Average Annual Increase
2015	2,700	3,025 ^{5 6}	325	325
2016	5,460	6,090	630	315
2017	8,460	9,095	635	212
2018	11,160	12,100	940	235
2019	14,825	15,895	1070	214
2020	17,525	18,900	1375	229
2021	20,225	21,860	1635	233
2022	22,925	24,865	1940	242
2023	25,625	27,870	2245	249
2024 (10 th year)	28,325	30,875	2550	255
2025	31,425	34,280	2855	262
2026 (tanker savings)	34,525	37,285	2760	230

⁴ All costs were calculated using 2014 CY wage, apparatus, and equipment values.

⁵ Consolidation non-equipment adjustment: +\$356,909 - \$17,150 (non-personnel) - \$35,000 (part time Chief) = \$304,759 (round to \$305,000)

⁶ Start-up first year provision = \$20,000

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Figure 17. Calculated Average Annual Cost Increase for Consolidation.

Includes Start-up Costs plus Decision Cost Risks, less Savings from Equipment Expenditures, Non-Personnel, and Infrastructure.

	Present FD Budgets	Consolidated FD Budget	Average Annual Increase over 10 years
2015CY through 2024 CY Cumulative Expenditures	\$2,922,500	\$3,177,500	\$255,000

The study group forecasts that if consolidation is endorsed, including adding one fire fighter per shift at AATFD#2, there is further opportunity to reduce the present annual over time expenditures. Common shift patterns across the department would reduce the need for cross-training overtime. More firefighters and joint responses should reduce the need for call back overtime. These savings should be in the range of 10-15% of expenditures for 2014CY (**Figure 18**) and will be developed during implementation if the boards endorse consolidation.

Figure 18. Future Cost Opportunities – Savings not included in analysis

2014 Projected Qualified Overtime	Ann Arbor Township	Superior Township	Total 2014 Projected Expenditure	Cost Savings Opportunity (Consolidated Department)
Overtime – non FLSA	\$71,072	\$166,984	\$238,056 ⁷	Examine overtime expense opportunities due to: more efficient joint response; reduced call back overtime frequency with 1 FF/shift addition; efficiencies for common shift scheduled training

⁷ No savings potential has been assigned for Paid on Call as the on-going strategy must be developed during the implementation planning period.

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Analysis Findings – Consolidation Expenditure Assumptions: The study group believes the assumptions utilized and the resulting expenditure related findings are appropriate for the decisions to be considered by the Boards of Trustees. The study group recommends that more detailed assessment of employee contract and infrastructure expenditures should be deferred until after the boards consider the strategic cooperation decision.

- Fire Department Personnel Expenditures - There are known differences in benefits and wage policies that should be made common through a single contract in a consolidated department. The total projected fire department personnel costs for 2014, based upon 9/30/14 actuals, for each Township is \$779,592 for Ann Arbor Township and \$1,174,958 for Superior Township, excluding the wage and benefits of the Fire Chief. The calculated expenditure per firefighter is \$129,932 for Ann Arbor Township and \$130,550 for Superior Township. This comparison would indicate that there should not be a major cost increase for a single contract at present contract conditions. This would be confirmed in the implementation phase of the study. It should be noted that each Township's present labor contract must be renegotiated in 2015 CY for application in 2016.
- Legacy costs – These costs encompass differences in retirement agreements including health care. Preliminary reviews of potential legacy costs for each Township have identified the following legacy cost risks differences.
 - Ann Arbor Township has a legacy commitment to one retiree of \$150 per month or \$1,800 annually for health costs. The township also has a single entry balance of \$36,933 attributable to the current firefighters as part of a retiree health care buyout negotiated under the last bargaining agreement.
 - Superior Township has two retirees that generate approximately \$1800 per month in health care and dental/vision or about \$21,600 per year. The unfunded pension liability is \$986,505. As a percentage of payroll this is 13.1% with total annual payments of approximately \$97,360.
 - All costs are included in both township annual budgets.
- Administrative Support - A major element of the CGAP Strategic Cooperation Study was the ability to examine, under actual operating conditions, the management implications of one Fire Chief commanding four fire stations located in two Township jurisdictions. Although the administrative structure for the combined Department will be unique from the pilot study process, the Study Group is recommending a part-time administrator or shared position for the Chief to maximize his time developing personnel and operating effectiveness. The Study Group recommends a provision of \$30,000 for decision purposes.

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- Provision for Unknown - There may be unidentified annual Townships' administrative costs associated with consolidation. For decision purposes a provision of \$5000 annually is recommended. Also, during the projected 18 month study period, the Fire Chief annual salary was adjusted upwards by \$7,500 annually recognizing his added responsibilities for two Township fire departments. For decision purposes, this value has been included as an annual increase from present budgets.
- One-Time Consolidation Cost Increase Provision – It is recognized that there will be a one-time first-year cost associated with consolidation. This cost is estimated to be in the range of \$15,000 - \$20,000 and could include equipment renaming, changes to uniform nomenclature, stationary headings, filing fees, and legal advice and support. This cost excludes the implementation study expenditures.

Conclusions: Consolidation of the two departments is a feasible and viable option. Major operational improvements and savings are most readily achieved with a centrally managed, combined department utilizing common budget, accounting, and management processes.

The study group has determined that a net annual operating cost increase of approximately \$255,000, allocated across both townships by an inter-local agreement formula is a realistic decision cost estimate. This increase must be weighed against the identified improvements highlighted in this report. There is potential to identify future efficiencies once operating processes are fully in place. There may be opportunities to apply for support grants to help defray transition costs.

#27-5A Management Approaches for Separate Departments with Increased Cooperation

The study group did not consider alternative management scenarios for separate departments due to the numerous possible strategic cooperation scenarios. This could be accomplished if the boards decide not to consolidate but continue to share specific services.

#27-5B Alternative Management Approaches for a Consolidated Department

Key Insight – If endorsed by the boards of both townships, a “Joint Exercise of Authority through an Inter-Local Agreement” (hereafter, inter-local agreement), tailored to the needs of both townships, appears to embody flexibility of operations yet provides the legal structure that allows for robust contractual agreements and mechanisms to develop and control budgets.

Analysis Methodology: A consolidated department management structure should provide a process that 1) is easily understood and communicated, 2) provides trustees and fire department personnel needed guidance and oversight, 3) maximizes the potential for responsible and innovative Fire Chief leadership, 4) provides important and appropriate checks and balances of authority, and 5) enables both township communities to recognize that each community is being treated fairly and with maximum transparency.

The following governance structures were compared relative to the desired outcomes noted above. A more detailed analysis is required in the implementation phase with professional advice from counsel. **Attachment 4 and Attachment 5** highlight management interlocal agreement

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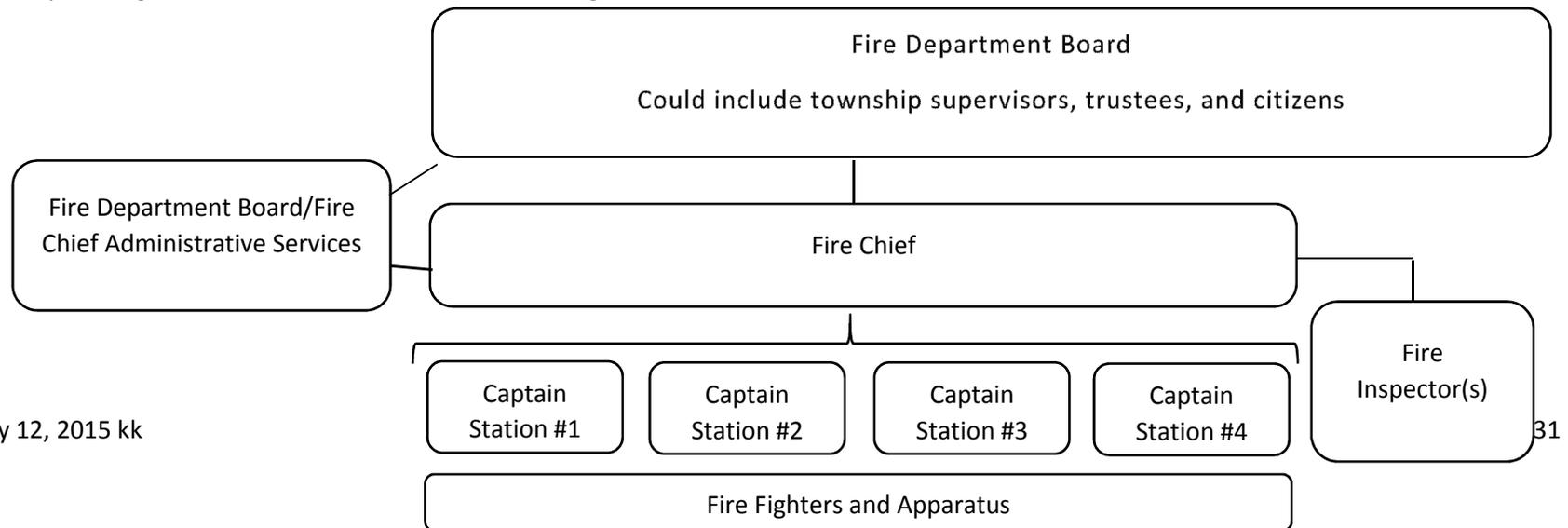
benchmarking discussions with Dexter Area Fire Department (DAFD) and Saline Area Fire Department (SAFD) Board Chairpersons. The following is a summary of the three alternative governance structures.

1. *Intergovernmental transfer of functions* - The simplest arrangement. A contract by one township to provide specific services to another township. Most appropriate for a specific function, such as a Fire Marshall serving both townships. Transfer must be approved by concurrent resolution of each township. A copy of the contract must be filed with the Secretary of State. Michigan MCL 124.532,533,534,535,536 outlines specific legal requirements.
2. *Joint exercise of authority through an inter-local agreement* – Likely the most practical for a consolidated fire department. An inter-local agreement allows agencies to jointly exercise power and authorities, which the agencies share in common and might be exercised separately. Requires a contract in the form of an inter-local agreement. Employees and collective bargaining units are transferred to the authority. The inter-local agreement may provide for a separate legal or administrative entity, such as a commission, board, or counsel. This entity would have defined powers in the agreement. Michigan MCL 124.501,505,506,507 outlines specific legal requirements.
3. *Emergency Services Authority* – Most formal and complex legal arrangement for sharing services and requires the creation of separate legal entity in the form of a governing body. This agreement must be filed with the Secretary of State and may include significant legal powers. Michigan MCL 124.601,602,603,604,605,606,607,608,609,610,612,613 outlines specific legal requirements.

Conclusion: Joint exercise of authority through an inter-local agreement – The study group believes, subject to detailed discussion with counsel, that this approach is the most appropriate legal arrangement for a consolidated department. It offers the opportunity to create a commission that is a separate legal entity but linked to each township. It should be noted that this governance structure requires that labor contracts need to be renegotiated to reflect the new legal entity.

The administrative specifics of how the Joint Exercise of Authority would operate will be determined in the implementation stage of the study. The study group believes a consolidated AATFD and STFD department would operate in a similar fashion as highlighted in **Attachment 4**.

A conceptual organization structure is shown below as **Figure 19**.



Strategic Cooperation Study Summary

The strategic cooperation study focused on the major benefits potentially achievable through increased cooperation, most realistically achieved through a combined department. Incremental benefits are anticipated with time after consolidation through increased personnel cooperation and effective Fire Board leadership – primarily taking advantage of the combined department flexibility to incorporate operational adjustments for efficiency and effectiveness.

The FD Study Group recognizes that the transition to a combined department will encounter difficult financial and contractual issues that must be addressed prior to any formal proposal to combine departments. Consideration of future township growth projections and existing priorities must be considered in future strategic department planning. Consolidation will require an openness to new ideas and a willingness to examine the overall benefits to each township as well as a fair allocation of incremental costs. The FD Study Group believes combining departments is feasible. Selected open issues that exist within separate departments today will continue to exist in the shorter term under a combined department and will need to be addressed. A combined department offers the flexibility to address these issues.

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Figure 20 - Key Study Insights

Present Operations	The present departments serve combined townships population of approximately 17,000 people. However, major employers and organizations located in both townships increase this fire and medical risk protection pool to about 33,000 people. The total number of annual incidents for both townships is approximately 2200. Structural fires account for approximately 5% of incidents and 60% for medical emergency responses.
SWOT Analysis	Each of the departments is well managed, supported, and well-funded. Emergency personnel are well trained and experienced. Equipment is relatively modern and well maintained. Response times and number of fire fighters responding should be improved. Issues include AATFD POC reliance and POC recruitment/retention. Cross training of personnel between departments is difficult. Flexibility for more efficient use of equipment between departments is difficult.
Operational Procedures and Administrative Processes	No critical operating or administrative process conflicts were identified in the study that would prevent departments from working together in a more profound way. A 12+ month pilot with one Chief managing two departments identified opportunities and issues that included significant Fire Chief workload due to incongruent township procedures.
Coordinated and Aligned Training Program	Present training programs for departments are satisfactory, but a lack of a formal training plan and disciplined documentation of training accomplished. Firefighters from both departments would like to focus on cross training of personnel, equipment, and protocols.
Service to Communities	Significant opportunities exist to improve service to the communities and reduce firefighter risk. Adopting study conclusions would result in 48.8% of incident locations across both townships experiencing faster response times from either the first or second arriving unit or 64.0% of incident locations across both townships experiencing an increase in service through additional firefighters on scene.
Expenditure Analysis	On a decision basis, the study identified a department consolidation average net annual operating cost increase, over a ten-year period of approximately \$255,000. Increased cooperation without consolidation is expected to yield, at best, 50% of the \$17,150 operational consolidation savings and likely none of the projected \$220,000 ten year equipment savings unless unique formal sharing agreements are developed.
Strategic Cooperation Management	Due to multiple possible approaches for separate department strategic cooperation, alternatives were not considered. Based upon discussions with nearby townships/cities with consolidated departments, an inter-

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Approaches	local agreement approach is viewed as the best choice for consideration.
Individual Township Cost, Affordability, and Benefits	Each township must evaluate the allocated cost of combining departments, the specific benefits that can be communicated to its residents, alternatives to resolve open issues that remain including the cost to resolve, and the affordability of the estimated average annual cost increase relative to existing fire and safety millage. Anticipated level of community support for a combined department should be assessed.

Senior Review Group Deliberations

A fundamental element of the study process was the plan to review and discuss progress and issues with the LMAG (fire fighter representatives) and to discuss study progress and township management considerations with the Senior Review Group. These reviews have been accomplished and input has been reflected in the report.

The Senior Review Group has had the task of assessing the study conclusions from both an individual township perspective and also the broader impact on the combined townships’ service area. The Senior Review Group has endorsed the study findings and conclusions including the benefits accruing from a combined department. However, the Senior Review Group has raised the following concerns:

- Affordability – Although budget affordability of the estimated \$255,000 annual average cost increase is a concern to both townships, Superior Township has an incremental affordability concern related to the planned new STFD station #2 fire station and its staffing. A department consolidation decision coupled with the planned STFD #2 new station is anticipated to increase township annual costs to a level that is judged not acceptable to the community.
- Individual Township benefits – While there is no argument that combining departments shows significant benefit across the townships, it is more difficult to demonstrate, particularly to Superior residents, the incremental value of the combined department.
- There are also important concerns regarding the transition costs, the new joint operating agreement complexity, and the difficulty of negotiating union contracts in 2015 for 2016 concurrently with the transition to a single department. Each of these are resolvable, but add to the challenge of a decision to combine departments.

The study recommendation, therefore, is to conclude the feasibility study and utilize the findings included in this report to determine how the present departments could be further strengthened. Both townships should create an awareness of opportunities to retain selected benefits,

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identified for a combined department, but remain as separate departments. The townships should also develop plans to resolve/minimize SWOT identified weaknesses and potential threats.

Attachments

- Study Participants and Support – Attachments 1
- Work Plan Graphic – Attachment 2
- Emergency Response Dispatch Protocol Summary – Attachment 3
- Dexter Area Fire Department (DAFD) discussion summary – Attachment 4
- Saline Area Fire Department (SAFD) discussion summary – Attachment 5
- National Fire Protection Association (NFPA) Best Practice Highlights – Attachment 6
- Supplemental Analyses – Rescue and EMS Incident Response Information – Attachment 7
- Preliminary Analysis - Alternative GIS Staffing Scenario Assumptions – Attachment 8
- Modified GIS2 Map – Incident Heat Map with labels – incidents per grid – Attachment 9

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Appendices (Separate Documents – Available on Request)

Operating Process Analysis

Training Survey
Study Guidelines

**Attachment 1 – Strategic
Participants and Support**

State of Michigan	Carrie Kolka	MI Department. of Treasury
Study Group	Brian Thurston	Joint Township Fire Chief
	Ken Kohrs	AA Twp. Trustee
	Garvin Smith	Superior Twp. Fire Chief (ret.)
Research Analysts	Brian McMillan	University of Michigan
	Becca Robinson	University of Michigan
Labor-Management Advisory Group	Lance Pierce	Superior Twp. Union President
	Lewis Kempf (Doug Eder)	Ann Arbor Twp. Union President
Senior Review Group	Ken Schwartz	Superior Twp. Supervisor
	Michael Moran	Ann Arbor Twp. Supervisor
	Dave Phillips	Superior Twp. Clerk/Trustee
	Brenda McKinney	Superior Twp. Treas./Trustee
	Della DiPietro	AA Twp. Treasurer/Trustee

Report

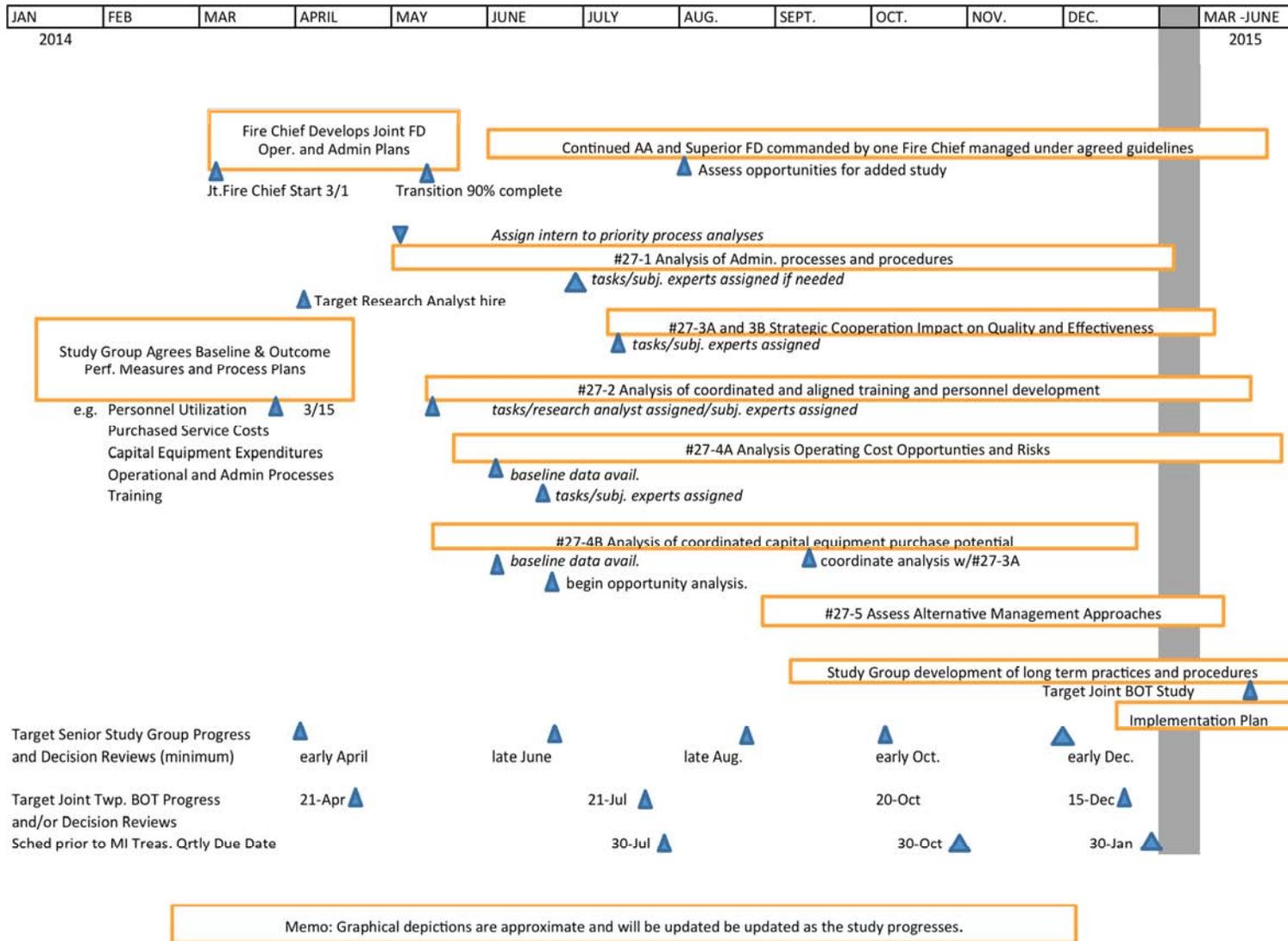
**Cooperation Study
Personnel**

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Legal Counsel	Sandi Sorini-Elser	AA Twp. Attorney
Controllers	Keith Lockie	Superior Twp. Controller
	Nancy Mason	Superior Twp. Accountant
	Colleen Coogan	AA Twp. Controller

Attachment 2 – Detailed Fire Collaboration Study Work Plan

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Attachment 3 - Fire Department Guidelines Response for HVA Emergency Dispatch

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Emergency service Mutual Aid is dispatched by HVA - both as an automatic response and by request. **Figures A and B** highlight both township’s mutual aid agreements with surrounding jurisdictions. The ratio of services given and received are tracked and regularly reviewed to ensure the appropriate balance.

Figure A - Mutual Aid SOP Guidelines offered by Ann Arbor Twp.

AA Twp. Provided	Superior Twp.	Northfield Twp.	Salem Twp.	Scio Twp.	Pittsfield Twp.	Ypsi City Ypsi Twp.
Automatic	A, B	AD	-	AD, BD	AD	-

Figure B - Mutual Aid Guidelines offered by Superior Twp. SOP

Superior Twp. Provided	Ann Arbor Twp.	Northfield Twp.	Salem Twp.	Scio Twp.	Ypsi Twp.	Ypsi City
Automatic	A	-	-	-	AD	AD

Code A –Structural Fires – Residential or Business

Code B – Rollover accident or extrication

Code C – All incidents

Code AD – Structural Fire – restricted to geographic locations

Code BD – Rollover accident or extrication – restricted to geographic location

Code (-) – Mutual aid not normally requested but available in extreme circumstances

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Attachment 4

Discussion Highlights – Dexter Area Fire Department (DAFD) – Inter-local Agreement Dexter City, Dexter Township, Webster Township

Reference Sources:

Mr. Harley B. Rider, Dexter Township Supervisor; Chair, Dexter Area Fire Dept. Board – January 21, 2015 – Dexter Township Office
Inter-local Agreement (amended) draft dated 12/05/14) Dexter Area Fire Department (DAFD)
DAFD 2015 Cost Allocation
Inter-local Agreement proposal – Washtenaw Consolidated Fire and Rescue Department

Background Summary

The three jurisdictions have been operating under an inter-local agreement approach since the early 1980's when Scio Township was also included in the agreement. The 12/5/14 draft agreement is an evolution from prior agreements, originally developed when Dexter Village managed the fire department services for the three townships. Scio Township chose to leave the group and establish its own department in 1984. The 12/5/14 draft agreement updates the prior agreement and has been endorsed by Dexter and Webster Townships, but the city of Dexter has not yet acted.

Overall, the experience with the inter-local agreement governing the DAFD has been positive with no major issues.

The DAFD goal is to respond as closely as possible to the NFPA best practice guidelines.

Discussion Highlights: Reference to 12/5/14 Draft DAFD Inter-local Agreement

- The Fire Board, hereafter referred to as the Board, directly manages the Dexter Area Fire Department (DAFD), hereafter referred to as the Department. Mr. Rider is the Chair of the Board.
- For reference, in 2013 CY, the DAFD responded to 1000 emergency incidents.
- The Department maintains two fire stations – one manned 24/7 by two fire fighters and one manned 24/7 by one fire fighter. The Department is considering a third station in Webster Township. Personnel includes a Chief, 9 full time union firefighters, 12 (non-union) active POC, and about 12 less active POC's.
- The Board is made up of two representatives from each jurisdiction plus one citizen member at large. The 12/5/14 draft eliminates the citizen representative.
 - Village of Dexter: Mayor and Trustee

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- Dexter Township: Supervisor and Treasurer
- Webster Township: Trustee and Citizen
- Member at Large (Appointed by the DAFD Board)
- Memo: The DAFD Fire Chief is an ex-officio non-voting member of the Board
- The Board meets monthly to discuss DAFD progress and issues and as appropriate determine budgets, labor contracts, and decisions on expenditures. Board representatives choose to brief their jurisdiction as needed.
- The Board acts, in most cases, independently of the three jurisdictions. For example:
 - A subcommittee appointed by the Board develops union contracts and the Board approves the contract including personnel benefits. The jurisdictions do not approve the contract, but the contract must be within the constraints of budget guidelines agreed with the jurisdictions.
 - The Board has the authority to hire and fire personnel. The Chief has the authority for discipline within the contract agreement.
 - Budgets are developed by the Fire Chief and approved by the Board. In the draft 12/5/14 agreement, a clause has been added that if the Board approved budget exceeds +3% over CPI, the Board must return to the jurisdictions for endorsement. If the budget is within this constraint, the Board can establish its budget without jurisdiction approval.
 - DAFD Cost Allocation is based upon historical and recent year call volume. Mutual aid to each jurisdiction is assumed equal between participants. Mutual aid to Scio Township is subtracted from the call volume. In the draft inter-local agreement any incident where the service is completed within the confines of the fire station would be counted as a mutual aid run (occurs frequently within Dexter City as a city station) For 2015, the cost sharing is:
 - Dexter Village: 34.32%
 - Dexter Township: 31.45%
 - Webster Township: 34.22%
 - *Note: On a very preliminary basis, if the same approach were to be adopted for a consolidated Ann Arbor and Superior Township the estimated cost allocation would be approximately 47.12% Ann Arbor Charter Township and 52.88% Superior Charter Township.*
 - The DAFD Board has examined other cost allocation formulae that includes SEV, population, etc. but Dexter Township and Webster Township believe the present approach better represents all parties and avoids a giving one jurisdiction too great an authority over the Board and funding.
 - Once the Board approves the DAFD budget, the Fire Chief has the authority to commit budgeted funds. If a cost exceeds a budgeted line item, the Chief must return to the Board for approval.
 - The Board cannot levy millage against the participating jurisdictions, but the jurisdictions can use their millage (or other resources) to resource the DAFD. In other words, the member jurisdictions may choose alternative means to fund the DAFD.

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- There is presently no provision for anticipated capital expenditures within the DAFD. The Board is considering adding this to the budget process. At present, major purchases are made on a debt commitment basis.
 - *Note: The implementation study needs to determine and recommend how to handle AA Twp. and SUP Twp. established funds for anticipated capital expenditures in any new inter-local agreement.*
- The fire department owns all property (apparatus and equipment) excluding title to the real property. Jurisdictions have no ownership interest in the apparatus or equipment.
- The Board has the authority for debt commitment, for example new apparatus. The Board cannot obligate the jurisdictions. If, for example, a jurisdiction departs from the DAFD, the debt is not the jurisdiction's obligation. However, the apparatus brought into the agreement by the jurisdiction and purchased by the DAFD during the jurisdiction's membership must stay with the DAFD. This has been done to encourage long-term membership.
- Real property, such as fire stations and/or garages, is not owned by the DAFD. The DAFD leases space and costs are budgeted annually.
- The DAFD and Board do not rely on member jurisdiction staff for services. Administrative work is contracted as well as controller and audit functions. These costs are included in the DAFD budget.
- Naming of major apparatus was an issue including equipment painting when Scio was a member of the agreement. Presently, apparatus is named "Dexter Area Fire Department".

The study group believes an approach, similar to the above and applied to an Ann Arbor and Superior Townships consolidated department, if endorsed by the township boards, is a reasonable starting point for developing an inter-local agree specific to the two Townships.

Note: Plans are also underway to discuss the Saline, Saline Township, Lodi Township, and York consolidated fire department inter-local agreement with Mayor Brian Marl, City of Saline who presides as Board Chair. It is estimated that their operation is similar to DAFD and has been operational for 10-15 years.

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Attachment 5

Discussion Highlights – Saline Area Fire Department (SAFD) – Inter-local Agreement City of Saline, Lodi, York, and Saline Townships

Objective: Discuss the rationale for selecting an interlocal operating agreement as the governing structure for a consolidated department and the basic operating principles encountered in actual practice.

Sources:

City of Saline Mayor, Mr. Brian Marl, Chairperson of SAFD Fire Board – February 20, 2015 Discussion – City of Saline Office
SAFD Office Manager, Ms. Carol A. Chapman
Interlocal Agreement (amended) dated 10/07/07) Saline Area Fire Department (SAFD)
SAFD 2014/155 Cost Allocation
2014/15 SAFD Budget

Rationale for selecting interlocal agreement

The interlocal agreement was originally established in December 1976 and has been amended three times. The original agreement was developed by the Mayor of Saline at that time, the reason likely to have been to strengthen volunteer and less formal fire emergency arrangements.

The operational and administrative arrangements and results of the SAFD have been very positive – viewed by the City and member Townships.

For reference, in 2013 CY SAFD responded to 1021 emergency incidents.

The SAFD membership is non-union and consists of 7 full time fire fighters and 15 POC. One fire station, located in the City of Saline, serves all jurisdiction constituents. POC supplement emergencies and also backfill full-time firefighters. When backfilling, they are paid a % of their hourly rate + their POC hourly rate if responding to a call.

The following sections reflect the findings from the benchmarking discussion with the Mayor and also the Office Manager for the SAFD.

Discussion Highlights and References to the October 7, 2007 SAFD Interlocal Agreement and the latest amendment dated November 13, 2013.

- The area covered by the SAFD is highlighted on a map included in the interlocal agreement.
- The Fire Board, hereafter referred to as the Board, directly manages the Saline Area Fire Department (SAFD), hereafter referred to as the Department. Mayor Marl is Chairperson of the Board. The Board elects officers from Board members for the positions: Chairperson, Vice-Chairperson, Treasurer, and Secretary. Bylaws are formally adopted by the Board.

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- Each member jurisdiction has two voting representatives on the Board. One member must be the chief executive of the governmental jurisdiction. The second member shall be an elected official from that jurisdiction. The terms for the appointments are 6 years or until they are no longer in office. Alternates are also appointed and must be elected officials. An additional member, known as “At Large Member” may also be selected who will be a resident of a jurisdiction for a term of 6 years. All members have one vote each (including alternates if representing a member). Therefore, the total Board membership, presently, is 9 members. A quorum for voting on measures is 5 members present but all parties to the agreement must be represented. Decisions are by majority votes of the quorum. Note that the “At large member” was specifically designed to avoid tie votes with an even number of jurisdictions.
- An annual meeting of the Board is required in February and the fiscal year begins July 1. Typically the Board meets on a quarterly basis, but more often if needed. At the annual meeting, the budget is proposed and referred to the governmental units for their adoption and officers of the Board are approved. All Board meetings are subject to the open meeting act and documents are subject to freedom of information act.
- Board members also take a leading role in what is termed “Friends of SAFD” which is a fire department fund raising organization sponsoring events in the SAFD area. This is not a formal element of the interlocal agreement but it is considered important for equipment purchases. Fire fighters play an important supporting role at the events.
- The Board has the power to enter into loans, mortgages, and binding agreements, however, as noted below regarding budgets, the agreements must be recognized in the annual budgets approved by the jurisdictions.
- The SAFD budget is developed by a working group, typically chief executives from the constituencies and the fire chief. The working group recommends a budget for approval by the Board and then subsequently by formal adoption by the respective governing bodies of the member jurisdictions. This includes a statement of capital contributions of each party. Each party has the flexibility to fund capital contributions by means suited to their governing body...general fund or millage. Once the budget is approved the Board has the authority for disbursements.
- Capital equipment cost allocation follows the same process as the operating budget. A capital equipment fund is included in annual budgets. There is a process defined in the interlocal agreement for a party withdrawing from the SAFD that refers to refunding capital interest at the then-present value over a period of 5 years.
- The Board pays no lease fees for the use of the single fire station located within the City of Saline. A second fire station may be considered in the future but funding methodology has not yet been defined.
- The interlocal agreement includes a weighted 5 element formula calculation for capital contributions. The allocation is reviewed and calculated annually as part of the budget process. These elements and weightings are:
 - (70%) Real and personal SEV
 - (5%) Service Area (Acres)
 - (10%) Population (census)
 - (5%) Roads (miles)

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- (10%) Dwellings Units (consider as “living units” i.e., number of units in a condo, businesses in a building, one site buildings)
- A comparison of the capital contributions allocation for 2007-08 included in the interlocal agreement with the allocation in 2014 indicates the *following*. The process appears stable.

	<u>City of Saline</u>	<u>Lodi Township</u>	<u>Saline Township</u>	<u>York Township</u>
2007-08	37.93%	31.51%	11.50%	19.06%
2014-15	35.31%	31.58%	11.43%	21.68%

- *Note: Due to the complexity of the process the study team did not calculate the allocation percentages for Ann Arbor and Superior Townships if this methodology were utilized. This calculation would be completed in the implementation planning phase along with any other proposed approaches.*
- The Board has hired a full time office manager employee for bookkeeping and administrative services. The office manager records and distributes minutes of the Board meeting to all jurisdictions. The office manager is also responsible for tracking disbursements approved by the Board and is subject to audit. The office manager is responsible for fire fighter payroll. The office manager salary and benefits are the responsibility of the Board.
- The Board is viewed as a policy making group and financially responsible for the SAFD operations. The Fire Chief is responsible for operations. The Chief has authority for operational discipline. New hires must be approved by the Board. The Chief participates in Board meetings as the operational representative, but does not have a Board vote on decisions.
- All firefighting and emergency service apparatus is branded Saline Area Fire Department.



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- Disclaimers
- Code development and adoption partner
- NFPA News (newsletter)
- Technical questions
- NFPA digital products
- National Fire Codes®
- Subscription Service
- Authenticity program
- Regional Fire Code Development Committees

NFPA 1710

NFPA 1710
Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments, 2010 Edition

The Department of Homeland Security, The Office of State and Local Government Coordination and Preparedness, has requested that NFPA make available the following excerpt to assist fire departments with the application process of the SAFER Act Grant. The following material is excerpted from NFPA 1710 and does not reflect the full requirements of the standard.

Chapter 1 Administration

- 1.1 Scope.** This standard contains minimum requirements relating to the organization and deployment of fire suppression operations, emergency medical operations, and special operations to the public by substantially all career fire departments.
- 1.1.1** The requirements address functions and objectives of fire department emergency service delivery, response capabilities, and resources.
- 1.1.2** This standard also contains general requirements for managing resources and systems, such as health and safety, incident management, training, communications, and pre-incident planning.
- 1.1.3** This standard addresses the strategic and system issues involving the organization, operation, and deployment of a fire department and does not address tactical operations at a specific emergency incident.
- 1.2 Purpose.**
- 1.2.1** The purpose of this standard is to specify the minimum criteria addressing the effectiveness and efficiency of the career public fire suppression operations, emergency medical service, and special operations delivery in protecting the citizens of the jurisdiction and the occupational safety and health of fire department employees.

Chapter 3 Definitions

- 3.2.2 Authority Having Jurisdiction (AHJ).** An organization, office, or individual responsible for enforcing the requirements of a code or standard, or for approving equipment, materials, an installation, or a procedure.
- 3.3.32 Initial Full Alarm Assignment.** Those personnel, equipment, and resources ordinarily dispatched upon notification of a structure fire.

Chapter 5 Fire Department Services

- 5.2.4.1 Initial Arriving Company.**
- 5.2.4.1.1** The fire department's fire suppression resources shall be deployed to provide for the arrival of an engine company within a 240-second travel time to 90 percent of the incidents as established in Chapter 4.
- 5.2.4.1.2** Personnel assigned to the initial arriving company shall have the capability to implement an initial rapid intervention crew (IRIC).
- 5.2.4.2 Initial Full Alarm Assignment Capability.**
- 5.2.4.2.1** The fire department shall have the capability to deploy an initial full alarm assignment within a 480-second travel time to 90 percent of the incidents as established in Chapter 4.
- 5.2.4.2.2** The initial full alarm assignment to a structure fire in a typical 2000 ft² (186 m²), two-story single-family dwelling without basement and with no exposures shall provide for the following:
- (1) Establishment of incident command outside of the hazard area for the overall coordination and direction of the initial full alarm assignment with a minimum of one individual dedicated to this task
 - (2) Establishment of an uninterrupted water supply of a minimum of 400 gpm (1520 L/min) for 30 minutes with supply line(s) maintained by an operator
 - (3) Establishment of an effective water flow application rate of 300 gpm (1140 L/min) from two handlines, each of which has a minimum flow rate of 100 gpm (380 L/min) with each handline operated by a minimum of two individuals to effectively and safely maintain the line
 - (4) Provision of one support person for each attack and backup line deployed to provide hydrant hookup and to assist in laying of hose lines, utility control, and forcible entry
 - (5) Provision of at least one victim search and rescue team with each such team consisting of a minimum of two individuals
 - (6) Provision of at least one team, consisting of a minimum of two individuals, to raise ground ladders and perform ventilation
 - (7) If an aerial device is used in operations, one person to function as an aerial operator and maintain primary control of the aerial device at all times
 - (8) Establishment of an IRIC consisting of a minimum of two properly equipped and trained individuals

Additional information

- [Review NFPA 1710 online.](#)
- [Purchase NFPA 1710.](#)
- [Questions about NFPA 1710](#)

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Attachment 7

Fire Department Cooperation Report - Supplement Incident Response Information

The following summarizes a more detailed analysis of Rescue and EMS responses and by the township fire departments and Huron Valley Ambulance (HVA). This information has value regardless of the study outcome as the departments examine present operating practices for potential equipment and personnel response efficiency opportunities.

Rescue and EMS Incident Statistics – AATFD and STFD

Data Source: GIS 2013 CY Incident Analysis

The FD Study report on page 16 estimates that 62.2% of AATFD incidents and 57.9% STFD of incidents are classified as Rescue and EMS. Using GIS mapping, and responding as separate departments for 2013, the percentage of these incidents occurring on expressway or expressway interchanges are as follows:

- 43.5% of the AATFD Rescue and EMS calls occurred on expressways. Therefore 27% of AATFD total calls were Rescue and EMS and expressway related (288 incidents).
- 8.8% of the STFD Rescue and EMS calls occurred on expressways. Therefore, 5.1% of STFD total calls were Rescue and EMS and expressway related.

Of the 57.9% STFD Rescue and EMS calls in 2013, 49.4% of these calls were within Superior township sections 34-36. Therefore 28.6% of total STFD calls are Rescue and EMS within sections 34-36. Memo: 73.4% of STFD total sections 34-36 incidents in 2013 were Rescue and EMS.

Rescue and EMS Incident Statistics – AATFD

Data Source: Emergent Health (HVA) 2013 CY AATFD Incident Analysis

Communications Manager, Kevin Irwin

The following information was supplied by Emergent Health, an organization that is responsible for both AATFD and STFD dispatch and for HVA ambulance service when required for Rescue and EMS calls. The data source is Emergent Health and should be viewed as supplemental to the GIS data based upon AATFD and STFD records. Future use of this information should be considered when determining the need for second fire apparatus response to Rescue and EMS Incidents.

AATFD and Emergent Health – Rescue and EMS expressway incidents	287	Total 2013 CY incidents = 2,065
Call canceled before arriving	115	Emergent data including as follows:
Canceled on arrival at scene	111	Person declined treatment, fire or

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		police canceled need for HVA, or duplicate calls
Medical attention needed	61	11 described as minor injury (P3 call)
Balance requiring HVA P1 Transport – includes major and minor injuries	50	Avg. response time 7.54 minutes (Refer to point #4 below)

Firefighter Roles and HVA and Police Support – Expressway Incidents

The following general statements apply to a reported serious expressway incident involving one or two vehicles.

- HVA is dispatched to all Rescue and EMS calls as long as an ambulance is available. Data is not collected by the fire department regarding arrival times of HVA ambulances or police support. The following are judgment estimates based on recent history.
 - Fire department arrives prior to HVA for an estimated 60-70% of calls (judgment)
 - For serious accidents, police reports are required, and police presence can be as high as 85-95%. However, arrivals may be delayed pending vehicle availability. State Police, Ann Arbor City, Pittsfield, and Northfield respond most frequently. Washtenaw County Sheriff seldom responds.
 - The SOP for the first arriving fire apparatus involves securing the accident scene through managing the traffic flow by blocking the lane of the event and an adjacent lane if possible. Common work practice is then to approach the involved vehicles and determine if there are injuries, number of injured, extrication needs, and to start triage of patients. The fire fighter will assist HVA or brief HVA on arrival. The role of the second arriving apparatus is similar, but it may extend safety margins by adding flares and cones, assess fire risk and need for any hazardous material cleanup.
 - HVA responds to all freeway calls. Emergent indicates that when severity is unknown HVA responds without lights or sirens as a Priority 3 (P-3) incident. Average response time 10.08 minutes. When a caller describes the scene as serious (slumped person, bleeding, or not responding) and stays on the line, the call is classified as Priority 1 (P-1) with lights and sirens. Average response time is 7.54 minutes.

Firefighter Roles and HVA and Police Support – Superior sections 34-36 incidents

The following is a general description of responses to calls in the area.

- Similar to above, HVA is dispatched to all EMS and Rescue calls as long as an ambulance is available. Data is not collected by the fire department regarding arrival times of HVA ambulances or police support. The following are judgment estimates based on recent history.
 - Fire department arrives prior to HVA for an estimated 60 – 70% of calls (judgement).

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- Police support is generally by the Washtenaw County Sheriff and occurs an estimated 50-60% of the time depending on the type of incident. Washtenaw County Sheriff officers are given the incident information by dispatch and regularly respond to the scene if available.
- The common SOP work practice is: Based on dispatch information, the type of situation reported, conditions found, location of event, action of bystanders, and historical knowledge of the address, the firefighters will either stage (park and standby) at a distance away from the scene and wait for additional personnel or if the situation dictates, will approach the scene and determine the extent of the problem and additional resources needed.

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Attachment 8

Supplement Geographic Information System (GIS) Analyses – Information Only

Although not part of the initial feasibility study, four additional analyses were developed using GIS to determine the impact of alternative staffing arrangements under combined fire department management. These supplemental analyses follow the same GIS parameters utilized in the Initiative #27-3A found on pages 16–18 in the main body of the report, i.e., the response time is calculated from each fire station to the 2013 CY incidents, following all speed limits and road rules.

The critical measure in the following maps and tables is the percentage of incidents where the first responding station is staffed by two firefighters (last column). This is used as a proxy to measure the reduced risk to both firefighters and victims involved in the incident. The following table highlights alternative station staffing and the changes to the present day staffing. In all analyses it is assumed that township fire department boundaries have been redefined to optimize a combined department response. Additional analysis must be conducted to determine if the indicated staffing changes are practical and to what degree other factors need to be considered. The study group recommends that these analyses be deferred until a decision is achieved. No study recommendations are made at this time.

Table – Alternative Staffing Considerations under a Combined Area Department

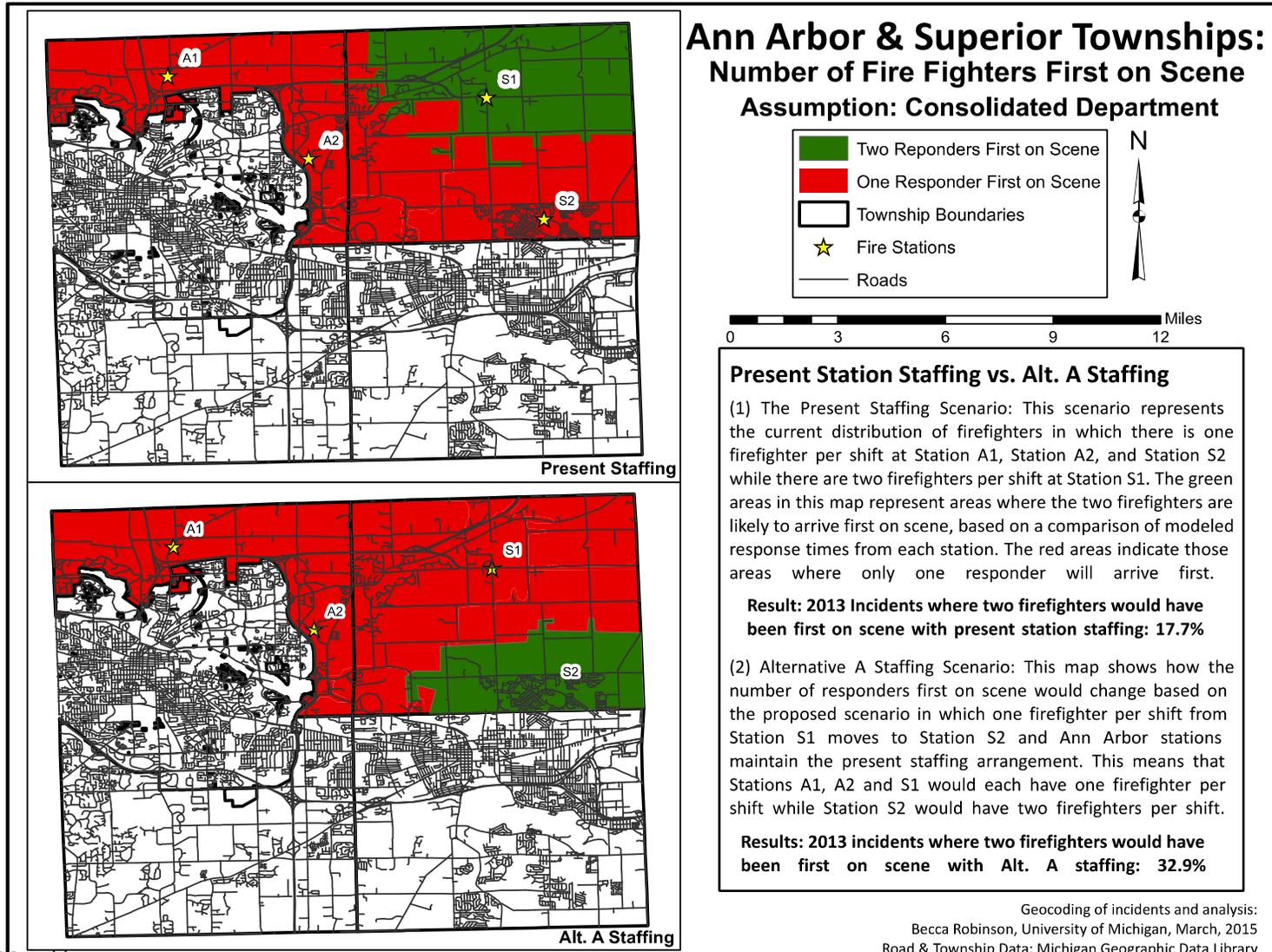
Alternative	Station A1 Staffing	Station A2 Staffing	Station S1 Staffing	Station S2 Staffing	Percentage 2013 CY Incidents with 2 First Responders
Current model	1	1	2	1	17.7%
A	1	1	1	2	32.9%
B	1	2	2	1	51.9%
C	1	2	1	2	71.2%
D	1	1	2	2	49.9%

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Attachment 8 - Alternative A – Baseline Station Staffing versus moving one firefighter per shift at STFD #1 to STFD #2.

All other fire stations staffed as baseline

Alternative A staffing results in an improvement in two firefighters first on scene from 17.7% of incidents to 32.9%. This option increases first responders in the high incident heat map section 34-36 area but achieves no improvement for high heat map incidents along the expressways. Northern Superior Twp. responses are reduced to 1 FF first on scene.

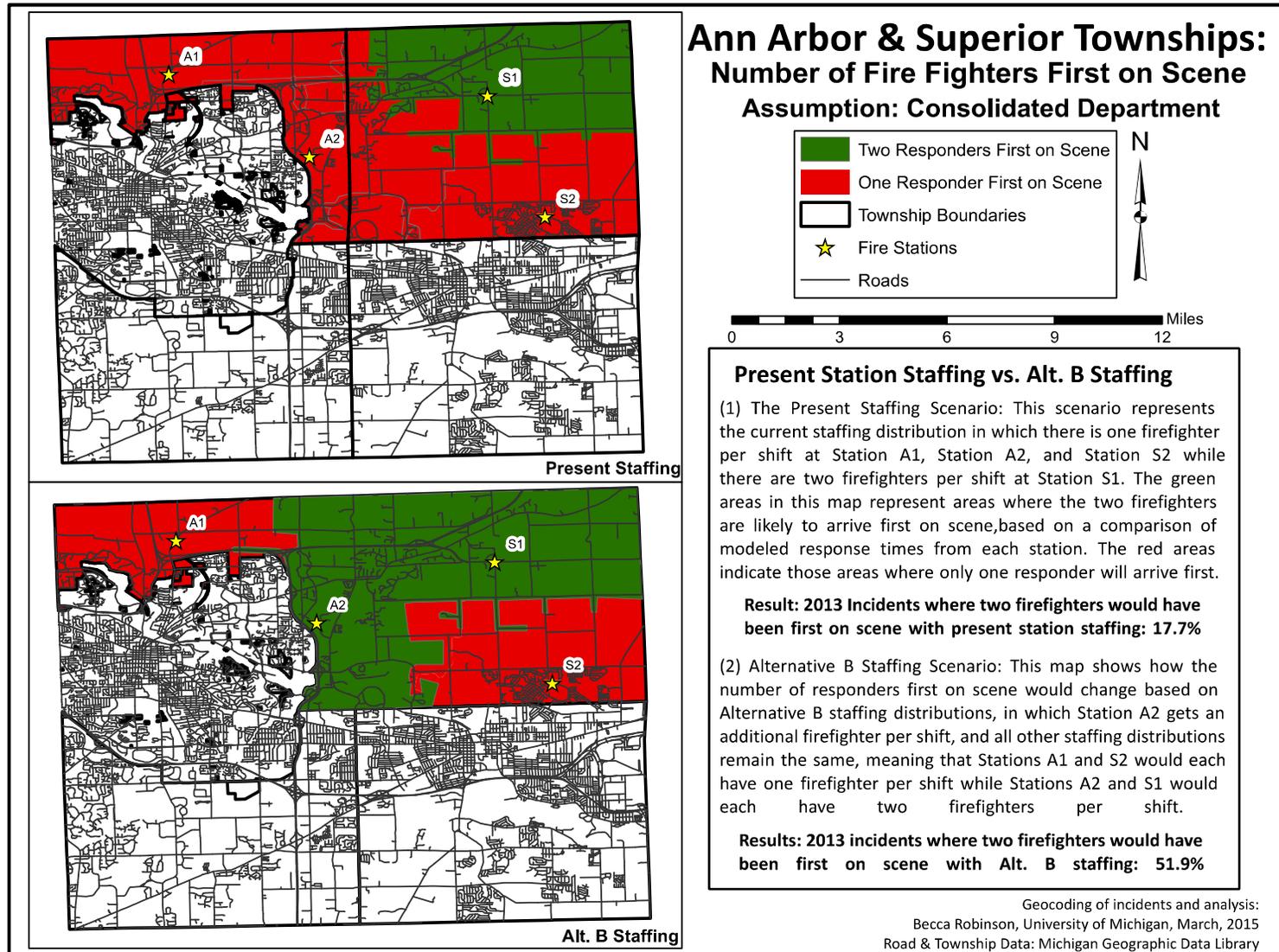


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Attachment 8 -Alternative B – Baseline Station Staffing versus an additional firefighter at AATFD #2 – Base Study Conclusion

All other fire stations staffed as baseline

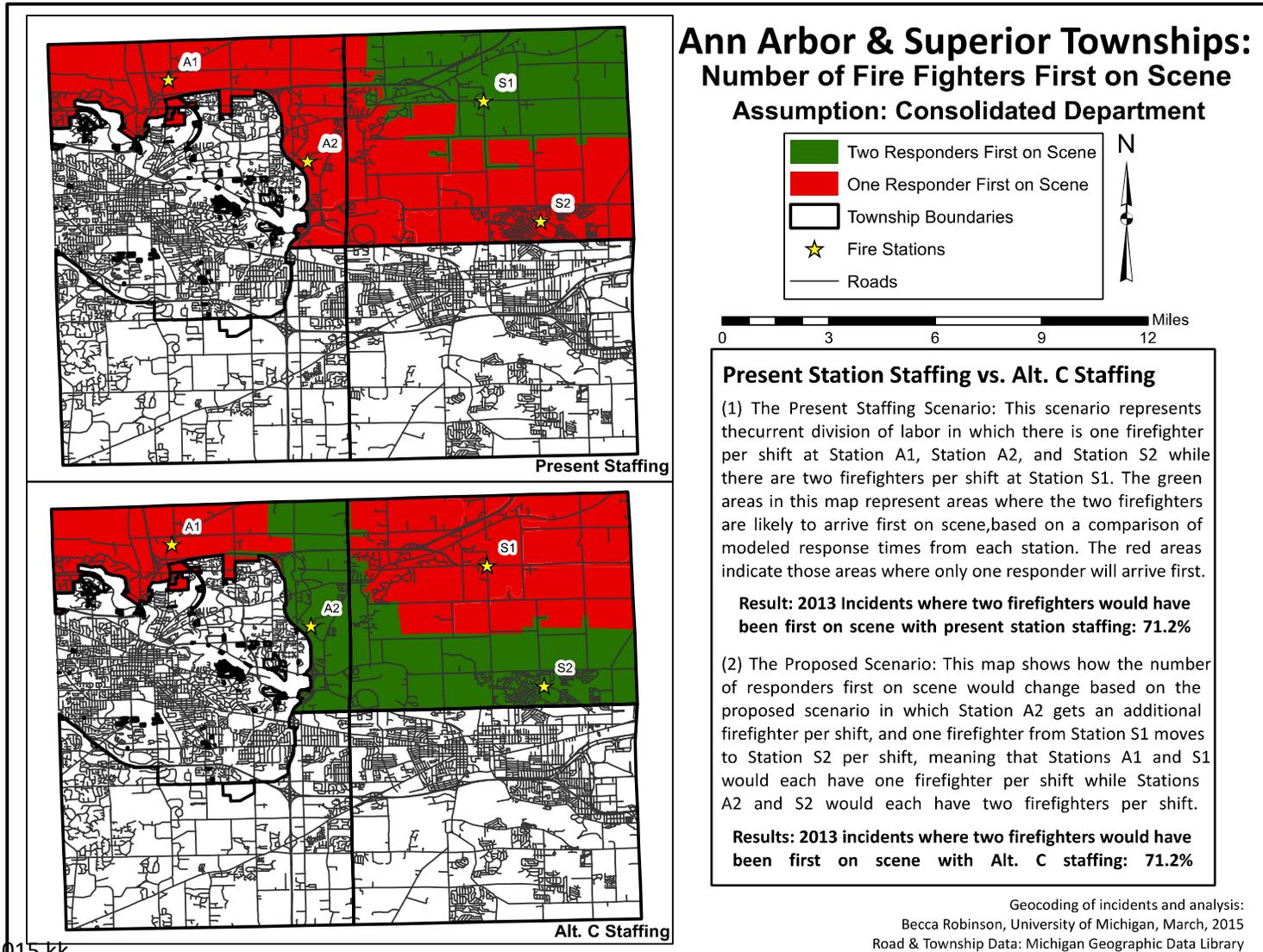
Alternative B results in an improvement in two firefighters first on scene from 17.7% to 51.9%. The critical expressway high heat map corridors and the high heat map areas near WCC and Saint Joseph Mercy Hospital have improved coverage. The high heat map incidents section 34-36 area covered by STFD #2 remains an issue.



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Attach. 8 - Alternative C – Baseline Station Staffing versus additional FF/shift at AATFD #2 and moving one FF/shift from STFD#1 to STFD#2
AATFD #1 remains as baseline, 1 FF/shift

Alternative C staffing results in an improvement of two firefighters first on scene from 17.7% to 71.2%. All frequent response areas are improved including the expressway corridor, WCC area, and in the section 34-36 area. The capability of STFD #1 station with one firefighter/shift teamed with AATFD #2 with 2 FF/shift is an open issue. Lower heat map areas for STFD #1 and AATFD #1 revert to 1 FF/shift first responders.

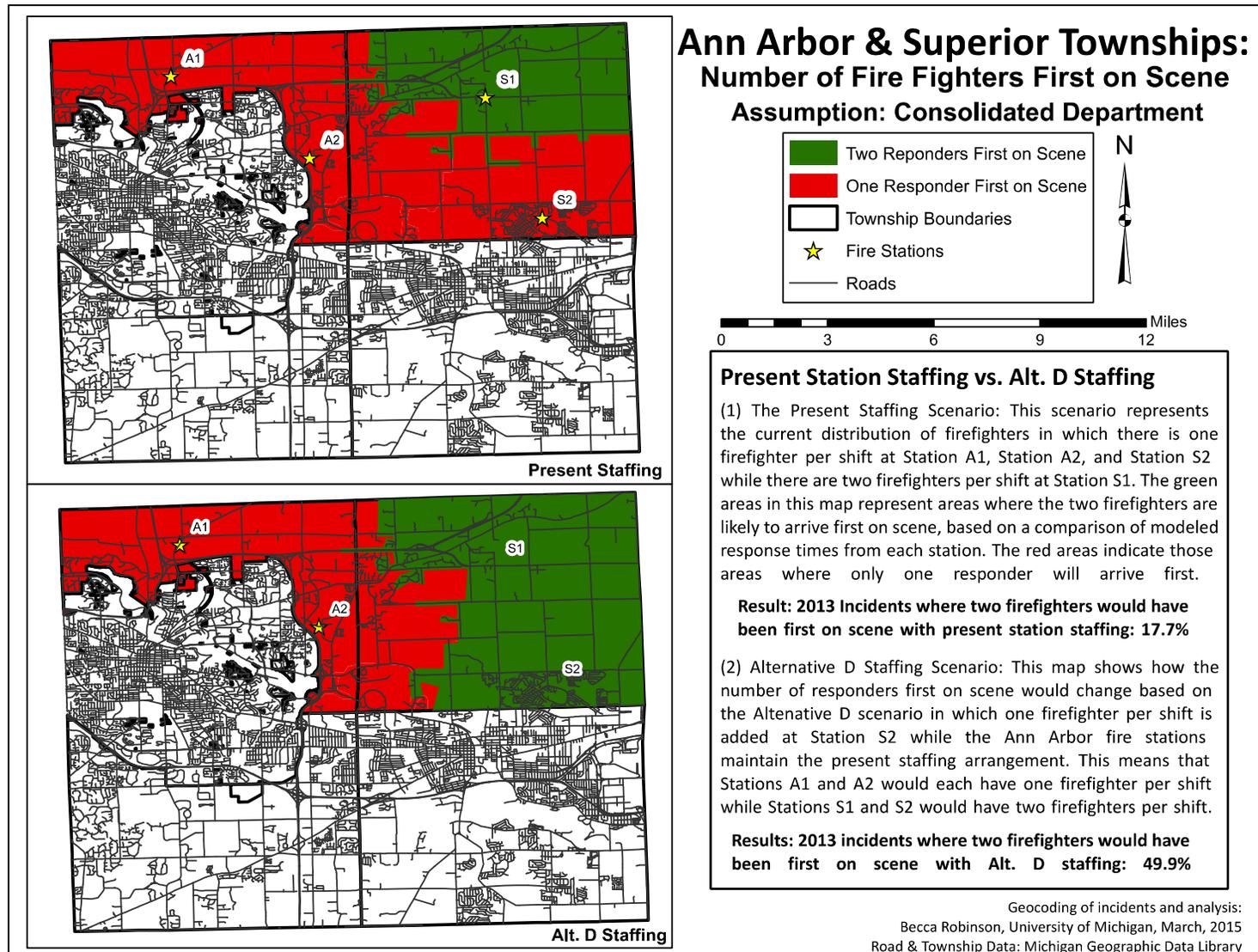


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Attachment 8 - Alternative D – Baseline Station Staffing versus additional firefighter per shift at STFD #2

All other station staffing as baseline

Alternative D staffing results in an improvement of two firefighters first on scene from 17.7% to 49.9%. Section 34-36 high heat map areas are improved. High heat map areas along the expressway corridors and near WCC remain in the one firefighter first on scene category.



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Attachment 9 – GIS 2A – Incident Heat Map with Grid Labels – Incidents per Grid

This incident heat map is identical to that shown on p. 17 as GIS 2 with the addition of the number 2013 CY incidents overlaid on each grid. This approach is particularly useful when assessing the likelihood of incidents in particular areas of the townships as it may related to equipment placement, staffing assignments, and possible future cooperation alternatives.

