

**STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
STATE BOUNDARY COMMISSION**

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PETITION FOR ANNEXATION  
OF TERRITORY IN INDIANFIELDS  
TOWNSHIP THE CITY OF CARO IN  
TUSCOLA COUNTY

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**DOCKET NO. 13-AP-1**

**EXHIBITS FOR PUBLIC HEARING BY CITY OF CARO**

- A. Brief in Support of City of Caro's Request to Dismiss Indianfields Township Petition at Hearing on Legal Sufficiency
- B. Maps of Area Proposed for Annexation
- C. Indianfields Township Fund Balances 2008-2013
- D. Criminal Incident Reports at Indianfields Township Cemetery
- E. Service Fees for Indianfields Township Cemetery Effective 2-13-2012
- F. Complaint for Declaratory Judgment (*Indianfields Township v. City of Caro* – Tuscola County File No. 11-26527-CZ)
- G. Assets & Liabilities Agreement dated 12-3-2009 between City of Caro and Elmer Township
- H. Consent Judgment entered in *Indianfields Township v. City of Caro* – Tuscola County File No. 11-26527-CZ
- I. Township Questionnaire for Annexation

A

**STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
STATE BOUNDARY COMMISSION**

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PETITION FOR ANNEXATION  
OF TERRITORY IN INDIANFIELDS  
TOWNSHIP THE CITY OF CARO IN  
TUSCOLA COUNTY

**DOCKET NO. 13-AP-1**

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**BRIEF IN SUPPORT OF THE CITY OF CARO'S  
REQUEST TO DISMISS THE INDIANFIELDS TOWNSHIP PETITION  
AT THE HEARING ON LEGAL SUFFICIENCY**

The City of Caro ("Caro") requests that the Annexation Petition ("Petition") which has been filed by Indianfields Township ("Indianfields") be dismissed at the hearing on legal sufficiency based upon the reasons set forth in this Brief.

**STATEMENT OF FACTS**

Caro was incorporated as a home rule city on November 5, 2009. The incorporation of the Village of Caro to the City of Caro was from two townships – Indianfields and Almer. Following incorporation, the City of Caro reached an agreement with Almer Township, pursuant to MCL 117.14, relating to the division of assets and liabilities resulting from the incorporation of Caro from the Township. Caro was unable to reach an agreement with Indianfields, and Indianfields filed a Declaratory Judgment in the Tuscola County Circuit Court requesting the

Court to determine the assets and liabilities for division and allocation between Caro and Indianfields. On June 25, 2012, a Consent Judgment was entered. A copy of the Consent Judgment is attached to this Brief as **Exhibit A**.

The Consent Judgment, in Paragraph 1, stated as follows:

**“1. That the respective claims of the Plaintiff and the Defendant which were raised in this case including such claims as could have been raised, pursuant to MCL 117.14, are dismissed with prejudice and without costs.”**

During the pendency of the negotiations between Caro and Indianfields, the issue of the Township’s cemetery was clearly negotiated and considered. See letter from Township Counsel, Gary Howell, attached as **Exhibit B**. Unfortunately, Caro and Indianfields were unable to reach an agreement regarding burial fees for Caro residents; however, such claims were clearly negotiated and represented “claims as could have been raised.”

On May 14, 2013, Indianfields filed the pending Petition for Annexation, requesting that its cemetery be annexed from Indianfields to Caro, and asserting that such annexation would trigger MCL 117.14 “**so that the City of Caro may thereafter own, operate, and control that cemetery**” (Annexation Petition, page 8). This Petition is scheduled for a hearing on legal sufficiency on September 11, 2013, and Caro asserts that the Petition is legally defective and flawed, and should be dismissed by the State Boundary Commission (“SBC”).

### ARGUMENT

MCL 117.9(2) requires that the SBC shall determine the validity of an annexation petition prior to the holding of a public hearing on the proposed annexation. Typically, the SBC examines whether the submitted petition meets the mapping and survey requirements (see Legal Sufficiency Criteria Checklist and Rule 123.37). The SBC will note that the applicable statutory

section requires the SBC to determine the “validity” of the Petition, which is a standard broader than whether the Petition meets technical mapping and survey requirements.

**1. THE PETITION OF INDIANFIELDS IS FUNDAMENTALLY FLAWED, SINCE MCL 117.14 IS NOT APPLICABLE.**

As indicated above, the cornerstone of the Petition by Indianfields is that MCL 117.14 applies, and that the SBC should order annexation to force Caro to own, operate, and control the Indianfields cemetery. Although the issue of the cemetery was negotiated by Caro and Indianfields at the time of incorporation and is barred by the entry of the Consent Judgment (**Exhibit A**), Indianfields now seeks annexation of the cemetery to Caro .

MCL 117.9(9) states as follows:

“The provisions of Section 14 (MCL 117.14) shall not be applicable to an annexation approved by the Commission of part of a township or a village to a city except in the event of outstanding bonds or other evidences of indebtedness of the township or village. In such event, the Commission shall determine and order an equitable division of assets and liabilities which relate to the bonds or other indebtedness.”

The Township’s Petition makes the erroneous assumption that MCL 117.14 would be triggered by its Annexation Petition. Attached to this Brief is the most recent audited financial statement of the Township, which clearly indicates that the Township has no “bonds or other evidence of indebtedness” (**Exhibit C**, page 10-11) (“Audit Report”).

In Township of Union vs. State Boundary Commission, 170 Mich App 500 (1988), vacated on other grounds, 432 Mich 873 (1989), the Michigan Court of Appeals interpreted MCL 117.9(9) to require that the bonds or other evidence of indebtedness must relate to the parcel for which annexation is sought. In other words, when a parcel is sought to be annexed to a city, the indebtedness must directly relate to that parcel. In this case, no such indebtedness exists, and therefore MCL 117.14 is inapplicable.

**2. MCL 117.14 REGARDING CEMETERY PROPERTY AND ITS TRANSFER FROM A TOWNSHIP TO A CITY APPLIES TO INCORPORATION PETITIONS, AND NOT TO ANNEXATION PETITIONS.**

Assuming that MCL 117.9(9) would trigger MCL 117.14, the provision of MCL 117.14, relating to cemetery property, would not apply. A plain reading of MCL 117.14 indicates that the first paragraph of the statute is divided into two (2) parts. The first part deals with the computation of assets and liabilities when a part of a city, village, or township is **annexed** to the city. The second part addresses the computation and allocation of assets and liabilities **“whenever a new city shall be incorporated”**. The language of the statute relating to cemetery property deals solely with incorporation. Since this is an annexation petition, the opportunity to “flip” the cemetery from Indianfields to Caro would not be applicable.

**3. THE PETITION FILED BY INDIANFIELDS IS LEGALLY INSUFFICIENT, SINCE THE SBC REQUIRES THAT THE PETITION MUST CONTAIN A STATEMENT OF REQUIRED PURPOSE, NECESSITY, AND URGENCY OF THE REQUESTED ACTION.**

The Petition conspicuously lacks any statement of required purpose, necessity, and urgency of the requested action. The Petition merely states that the Petition is filed to annex the cemetery into Caro for ownership, maintenance, and operation by Caro. There is no statement or showing that there is any need for the transfer. Attached as **Exhibit C** is the Audit Report of the Township for the year ending March 31, 2012, which indicates that the Township has a perpetual care fund of \$424,172 with expenditures for the cemetery for the same period in the amount of \$85,000. It is curious why the Township believes that it is necessary to seek annexation of the cemetery into Caro based upon the financial condition of its perpetual care fund. The lack of any statement of required purpose, necessity, and urgency should cause a dismissal of the Petition at Legal Sufficiency.

**4. SINCE MCL 117.14 RELATING TO THE ANNEXATION OF CEMETERY PROPERTY IS INAPPLICABLE, THE PETITION IS NONSENSICAL, IF GRANTED, RESULTING IN THE TOWNSHIP OWNING AND OPERATING THE CEMETERY WITHIN CARO.**

The logic of the Indianfields Petition must be examined since MCL 117.14 is not applicable. Although this may be the first petition by a township in the State of Michigan seeking to annex township property into a city, the reason for the annexation is transparent. It is motivated solely to force Caro to assume the liabilities relating to the Indianfields cemetery. However, if MCL 117.14 does not apply, and the petition granted, the cemetery would transfer from the corporate limits of the Township to the corporate limits of the city; however, the Township would continue to own, maintain, operate, and control its township cemetery within Caro. Certainly, the statutory purposes of the SBC are not achieved by this petition.

**CONCLUSION**

MCL 117.9(2) requires the SBC to determine the “validity” of a petition at the hearing of legal sufficiency prior to holding a public hearing. The Indianfields Petition is invalid for a multitude of reasons:

1. The Petition violates the preclusive effect of the Consent Judgment (**Exhibit A**).
2. MCL 117.14 does not apply to an annexation petition before the SBC, since there is no bond or evidence of indebtedness relating to the cemetery (MCL 117.9(9)).
3. MCL 117.14 regarding cemetery property applies to incorporations only and not to annexations.
4. The Indianfields Petition is flawed since it fails to state any required purpose or necessity.
5. The Indianfields Petition, if approved, would result in a cemetery owned by Indianfields located within the City of Caro.

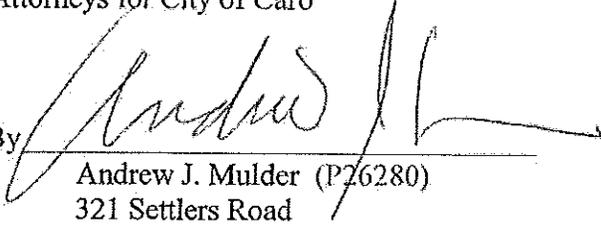
Caro requests the SBC to dismiss the Indianfields Petition at legal sufficiency.

Respectfully submitted,

CUNNINGHAM DALMAN, P.C.  
Attorneys for City of Caro

Dated: September 3, 2013

By



Andrew J. Mulder (P26280)  
321 Settlers Road  
Holland, MI 49423  
616-392-1821

EXHIBIT A

STATE OF MICHIGAN  
IN THE 54<sup>TH</sup> CIRCUIT COURT FOR THE COUNTY OF TUSCOLA

INDIANFIELDS TOWNSHIP, a  
Michigan Municipal Corporation,

Plaintiff,

Case No. 11-26527-CZ

v.

CITY OF CARO, a Michigan  
Municipal Corporation,

Defendant.

Visiting Judge by Assignment:  
Hon. M. Richard Knoblock

CONSENT JUDGMENT

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Taylor, Butterfield, Riseman, Howell,  
Churchill, Jarvis & Stutz, PC  
Attorneys for Plaintiff  
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PH: 810-664-5921

Andrew J. Mulder (P26280)  
Cunningham Dalman, PC  
Attorneys for Defendant  
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Holland, MI 49423  
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TRUE COPY  
MARGIE WHITE

At a session of the above Court, held in the City of Caro, County  
of Tuscola, State of Michigan, on June 25, 2012.

PRESENT: Hon. M. Richard Knoblock  
Huron County Circuit Court Judge

This cause, coming on to be heard pursuant to an action filed for declaratory judgment under MCL 117.14 by the Plaintiff, Indianfields Township, against the Defendant, City of Caro, requesting this Court to adjudicate the interests of the parties in the assets and liabilities arising out of the incorporation of the City of Caro from Indianfields Township on November 5, 2010, the parties having reached a settlement, the terms of which were placed on the record of this Court on April 26, 2012;

IT IS HEREBY ORDERED AND ADJUDGED AS FOLLOWS:

1. That the respective claims of the Plaintiff and the Defendant which were raised in this case, including such claims as could have been raised, pursuant to MCL 117.14, are dismissed with prejudice and without costs.

2. That, as soon as possible after the entry of this Judgment, the Plaintiff shall pay to the Defendant the total fund equity, which shall be an amount of not less than \$211,000 in the Sewer Enterprise Fund of the Township of Indianfields, Tuscola County-Proprietary Fund ("Fund Equity"). The Fund Equity shall be held, expended, and administered by the Defendant pursuant to and subject to the same restrictions as existed on the bonded indebtedness of Plaintiff. The Defendant shall use the Fund Equity for improvements or maintenance of the sewer system located in the Plaintiff Township or common and general system improvements of the sewer system administered by Defendant. The Plaintiff shall adopt an ordinance not later than 90 days after the entry of this Judgment, granting lien rights against users within the Township to the Defendant for delinquent sewer bills. The Defendant shall have no liability to pay any remaining installment payment on the sewer bonds of the Plaintiff, such payments to be made by the Plaintiff.

3. That the "life estate" created by Defendant for the Plaintiff in certain real property located at 111 Joy Avenue, Caro, Michigan 48723, which is legally described on the attached Exhibit A, pursuant to Agreements dated June 12, 1953, recorded in Liber 375, Pages 100-101 and amended pursuant to an Agreement dated March 14, 1977 (the "Real Property"), Tuscola County Register of Deeds, shall terminate upon Plaintiff's vacation of the Real Property but in no event shall such vacation of the Real Property be later than 60 months from the date of this Judgment ("Termination Date").

4. Upon occurrence of the Termination Date, the Defendant may record a certified copy of this Judgment with the Tuscola County Register of Deeds evidencing discharge and termination of any and all interest of the Plaintiff in the Real Property and Defendant is authorized to take such actions as are permitted by law or equity to obtain possession of the Real Property after the Termination Date.

5. That this Court retains jurisdiction to enforce the terms and conditions of this Judgment.

  
M. Richard Knoblock 6-25-12  
Visiting Judge by Assignment

APPROVED FOR ENTRY:

  
Steven D. Jarvis (P43872) by permission  
Attorney for Plaintiff 6/22/2012  
407 Clay Street  
Lapeer, MI 48446

  
Andrew J. Mulder, (P26280) 6/22/2012  
Attorney for Defendant  
321 Settlers Road  
Holland, MI 49423

EXHIBIT A

**Legal description of the interior area of the City of Caro Municipal Building  
located at 111 Joy Street, Caro, Michigan 48723**

Beginning at the southeast corner of said building (which said southeast corner is at the southeast corner of said Lot 22), thence north 25 feet, thence west 16 feet, thence north 4 feet, thence west 7 feet, thence south 14 feet, thence west 11 feet, thence south 15 feet, thence east 34 feet to the point of beginning; and beginning at a point which is 23 feet west and 15 feet north of the southeast corner of said building, thence north 14 feet, thence west 11 feet, thence south 14 feet, thence east 11 feet to the point of beginning. City of Caro, County of Tuscola, State of Michigan, which includes the room in the southeast corner and the three adjoining rooms immediately connecting therewith mentioned in the agreement dated June 12, 1953, and additional space pursuant to said Agreement subsequently made.

**EXHIBIT B**

LAW OFFICES

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Thomas K. Butterfield (1942-2006)  
Emory W. Clark (Of Counsel)

May 3, 2010

Ray Rendon, Supervisor  
Indianfields Township  
2400 Van Geisen Road  
Caro, MI 48723

RE: City of Caro Incorporation  
Division of Assets/Liabilities

Dear Mr. Rendon:

As you know, Indianfields Township and the City of Caro have thus far been unable to reach an agreement regarding the division of assets and liabilities required by Caro's incorporation as a city. I am sending you this opinion letter in order to clarify the issues involved in the division.

**Village Assets and Liabilities.** Section 14 of the Home Rule City Act is the primary statutory authority as to the division of property and liabilities. It provides that "[w]henever an incorporated village is incorporated as a city, without change of boundaries, such city shall succeed to the ownership of all the property of such village and shall assume all of its debts and liabilities." MCL 117.14. Simply put, whatever the village owned and owed, the city now owns and owes.

**Township Assets and Liabilities.** The same statutory section provides for the division of township assets and liabilities as follows:

Whenever a new city shall be incorporated, the personal property of the township from which it is taken shall be divided and its liabilities assumed between such city and the portion of the township remaining after such incorporation...and any real property of a township located in such new city shall be held jointly by such city and the remaining portion of the township in the ratio above mentioned. MCL 117.14.

The required division of township personal property and liabilities is "in the same ratio as the assessed valuation of the taxable property in the territory annexed bears to the assessed valuation of the taxable property in the entire city, village or township from which said territory is taken." MCL 117.14. Based on the taxable value of the Township in 2009, the ratio would result in approximately 44% of the property and liabilities being assumed by the City as of November 5, 2009.

Ray Rendon, Supervisor  
Indianfields Township  
May 3, 2010  
Page 2

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*Personal property*, as used in this statute connotes intangible as well as tangible personal property. *Royal Oak v. Berkley*, 309 Mich. 572; 16 N.W. 2d 83 (1944).

**General Fund.** Clearly, the amount held in the general fund as of the date of incorporation (not including any monies being held for distribution to other taxing authorities) is personal property which must be divided with the City. This should be a simple amount to determine.

**Miscellaneous Personal Property.** Office furniture, office equipment, maintenance equipment for the park and cemetery (pickup truck, backhoe, etc.) and voting machines constitute all of the tangible personal property belonging to the township. These items are all used and will probably not amount to a very large appraisal. The net value can then be divided.

**Sewer System.** The Michigan Supreme Court has previously determined that a township's water supply system, which was financed by sale of revenue bonds, and installed at expense of benefited property owners, was trust property, and was not personal property within the meaning of the statute, and was not therefore subject to division between township and city. *Lansing v. Lansing*, 356 Mich. 641; 97 N.W. 2d 804 (1959). Similarly, the sewer system within the Township is trust property and is not subject to division.

**Sewer Funds/Bond Obligations.** The Supreme Court has held that where contingent liability for bond obligations was imposed upon a township when the bonds were issued, such obligation continues until the bond obligation is satisfied, and such liability must be shared proportionately by the city and the remaining portion of the township. *Dearborn Tp. V. Dearborn*, 308 Mich. 284; 13 N.W. 2d 821 (1944). Therefore, any excess funds and any deficiency owed on the bonds must be split proportionately.

**Township Hall.** As you know, a 1977 document exists by which the Village granted the Township the right to possess and occupy a portion of a municipal building as a Township Hall. Based on the language used in this document, it appears that the Township possesses a fee simple determinable and the Village of Caro has a right of reverter. This means that as long as the Township uses the Township Hall for Township purposes, the Township can occupy the premises indefinitely.

The statute provides that, "any real property of a township located in such new city shall be held jointly by such city and the remaining portion of the township in the ratio above mentioned." MCL 117.14. Therefore, the City of Caro and Indianfields Township would jointly own the Township Hall. Each party would hold an ownership share of the Township Hall in the same ratio as was used to divide the other assets and liabilities. The statute further states that "[s]uch real property shall be subject to sale by agreement of the governmental units or may be partitioned in the manner provided by law for partitioning of lands held by persons as tenants in common." Given that the Township Hall is already part of the City's building, it would appear that the City would have to either buy the Township out or allow the Township to continue to utilize the portion of the building identified in the deed.

**Township Park and Cemetery Real Property.** Under the statute, "any real property of a township located in such new city shall be held jointly by such city." MCL 117.14. Conversely, this implies that any real property of the township located outside such new city shall continue to be the sole property of the township. Since the cemetery and park remain in the Township, the values of these properties are not subject to division.

**Cemetery Perpetual Care Fund.** The purpose of the cemetery perpetual care fund is to maintain the cemetery for the benefit of those who have purchased burial plots. This means that the money in this fund is held in trust. Property held in trust is not personal property of the Township within the meaning of the statute, and is not therefore subject to division between township and city. *Lansing v. Lansing*, 356 Mich. 641; 97 N.W. 2d 804 (1959).

**Township Liabilities.** The Michigan Supreme Court has made it clear that township liabilities must be divided with the city. The Court has stated that a "[c]ity becomes liable for contribution for indebtedness existing at date of annexation of territory detached from township" or in our case the date of incorporation. *Hazel Park Nonpartisan Taxpayers Ass'n v. Royal Oak Tp.*, 317 Mich. 607; 27 N.W. 2d 249, app. Dismd. (1947). Further, the test for liability is whether or not the debt or obligation actually existed at the time of division. In other words, was the township obligated to the debt as of the date the village filed its certified copy of its charter incorporating it into a city. The documentation makes it clear that the township was indeed obligated to pay \$223,500.00 for the unfunded portion of the Michigan Employee Retirement System (MERS) obligation and its \$35,980.00 debt to the Tuscola Area Airport Authority at the time incorporation was approved.

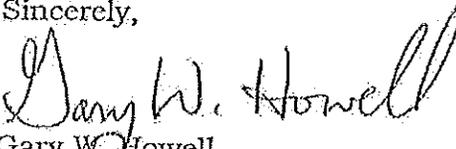
Ray Rendon, Supervisor  
Indianfields Township  
May 3, 2010  
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Summary. In light of the above statutory and court decision requirements, there is a need to value and divide the assets in the general fund and the other personal property. There is also a need to value and divide the liabilities to the MERS fund and the Airport Authority. The Township Hall becomes jointly owned. The cemetery and park property continue to be solely owned by the township. The sewer system continues as property held in trust by the Township.

If there are any questions about this opinion letter, please let us know.

Sincerely,



Gary W. Howell  
Township Attorney

cc: Indianfields Township Board  
Caro City Attorney

**EXHIBIT C**

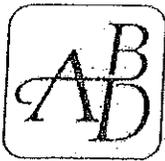
**TOWNSHIP OF INDIANFIELDS,  
TUSCOLA COUNTY  
Caro, Michigan**

**REPORT ON FINANCIAL STATEMENTS  
(with required supplementary and  
supplementary information)  
Year Ended March 31, 2012**

# Township of Indianfields, Tuscola County

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**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
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Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA  
Valerie J. Hartel, CPA

September 20, 2012

Terry L. Haske, CPA  
Jamie L. Peasley, CPA  
Timothy D. Franzel  
Laura J. Kosal, CPA  
Jill M. Mulders, CPA

Robert L. Tuckey, CPA

**INDEPENDENT AUDITOR'S REPORT**

Township of Indianfields  
Tuscola County  
Caro, Michigan 48723

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 Township of Indianfields as of and for the year ended March 31, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Indianfields management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Township of Indianfields as of March 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Indianfield's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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## Township of Indianfields

### Management's Discussion and Analysis

### For Fiscal Year Ended March 31, 2012

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As management of the Township of Indianfields, we offer readers of the Township of Indianfields' financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2012.

#### FINANCIAL HIGHLIGHTS

- The Township's governmental activities assets exceed its liabilities at the close of the most recent fiscal year by \$1,539,822 (net assets). Of this amount, \$428,349 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's governmental activities total net assets increased by \$73,325.
- The Township's business-type activities total net assets decreased by \$211,001.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$989,240 an increase of \$114,481 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$308,559 or 71 percent of total general fund expenditures.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# Township of Indianfields

## Management's Discussion and Analysis

### For Fiscal Year Ended March 31, 2012

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All of the funds of the Township can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

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

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

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, fire protection fund and capital projects fund.

The Township adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

**Business-Type Activities.** The Township's business-type activities consist of the Sewer Fund. The Sewer Fund is used to account for sewer services provided to residents of the Township.

The propriety fund financial statements can be found on pages 6 through 9 of this report.

**Permanent Funds.** Permanent funds are used to accumulate funds for a specific purpose. The Township's permanent fund is the Perpetual Care Fund.

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

The basic fiduciary fund financial statements can be found on page 12 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 13 through 23 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 24 through 28 of this report.

**Township of Indianfields**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended March 31, 2012**

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1,539,822 at the close of the most recent fiscal year.

A portion of the Township's net assets \$550,582 reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Township's investment in its capital assets is reported net of related debt.

**Township of Indianfields' Net Assets - 3/31/12**

	Governmental Activities 3/31/2012	Business-Type Activities 3/31/2012	Total 3/31/2012
Current and other assets	\$ 1,090,285	\$ 246,821	\$ 1,337,106
Capital assets	550,582	-	550,582
<b>Total assets</b>	<b>\$ 1,640,867</b>	<b>\$ 246,821</b>	<b>\$ 1,887,688</b>
Current liabilities	\$ 101,045	\$ 246,675	\$ 347,720
Noncurrent portion of long-term debt	-	-	-
<b>Total liabilities</b>	<b>101,045</b>	<b>246,675</b>	<b>347,720</b>
<b>Net assets:</b>			
Invested in capital assets	550,582	(17,010)	533,572
Restricted for a specific purpose	560,891		560,891
Unrestricted	428,349	17,156	445,505
<b>Total net assets</b>	<b>1,539,822</b>	<b>146</b>	<b>1,539,968</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,640,867</b>	<b>\$ 246,821</b>	<b>\$ 1,887,688</b>

An additional portion of the Township's net assets \$560,891 represents resources that are subject to permanent restrictions on how they may be used. The remaining balance of unrestricted net assets \$445,505 may be used to meet the government's ongoing obligations to citizens and creditors.

At end of the current fiscal year, the Township is able to report positive balances.

The government's net asset increased by \$73,325 during the current fiscal year.

**Township of Indianfields**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended March 31, 2012**

**Township of Indianfields' Net Assets - 3/31/11**

	Governmental Activities 3/31/2011	Business-Type Activities 3/31/2011	Total 3/31/2011
Current and other assets	\$ 989,888	\$ 261,918	\$ 1,251,806
Capital assets	591,738	5,682	597,420
<b>Total assets</b>	<b>\$ 1,581,626</b>	<b>\$ 267,600</b>	<b>\$ 1,849,226</b>
Current liabilities	\$ 115,129	\$ 39,443	\$ 154,572
Noncurrent portion of long-term debt	-	17,010	17,010
<b>Total liabilities</b>	<b>115,129</b>	<b>56,453</b>	<b>171,582</b>
<b>Net assets:</b>			
Invested in capital assets	591,738	(26,448)	565,290
Restricted for a specific purpose	503,289		503,289
Unrestricted	371,470	237,595	609,065
<b>Total net assets</b>	<b>1,466,497</b>	<b>211,147</b>	<b>1,677,644</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,581,626</b>	<b>\$ 267,600</b>	<b>\$ 1,849,226</b>

**Township of Indianfields**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended March 31, 2012**

**Township of Indianfields' Changes in Net Assets - 3/31/12**

	Governmental Activities	Business-Type Activities	Total
	March 31, 2012	March 31, 2012	March 31, 2012
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 45,390	\$ 6,412	\$ 51,802
General revenues			
Property taxes			
Levied for general purposes	287,425	-	287,425
State sources	194,165	-	194,165
Investment earnings	5,195	446	5,641
Other	15,774	-	15,774
Total revenues	<u>547,949</u>	<u>6,858</u>	<u>554,807</u>
<b>Expenses</b>			
Legislative	15,102	-	15,102
General government	211,636	-	211,636
Public safety	39,459	-	39,459
Public works	151,387	6,859	158,246
Cultural and recreational	15,884	-	15,884
Unallocated depreciation	41,156	-	41,156
Total expenses	<u>474,624</u>	<u>6,859</u>	<u>481,483</u>
Increase in net assets	73,325	(1)	73,324
Net assets, beginning of year	1,466,497	211,147	1,677,644
Transfer to other governmental units	-	(211,000)	(211,000)
Net assets, end of year	<u>\$ 1,539,822</u>	<u>\$ 146</u>	<u>\$ 1,539,968</u>

**Township of Indianfields**  
 Management's Discussion and Analysis  
 For Fiscal Year Ended March 31, 2012

**Township of Indianfields' Changes in Net Assets - 3/31/11**

	Governmental Activities	Business-Type Activities	Total
	March 31, 2011	March 31, 2011	March 31, 2011
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 64,990	\$ 6,337	\$ 71,327
General revenues			
Property taxes			
Levied for general purposes	249,816	-	249,816
State sources	202,470	-	202,470
Investment earnings	5,989	1,304	7,293
Other	4,278	-	4,278
Total revenues	<u>527,543</u>	<u>7,641</u>	<u>535,184</u>
<b>Expenses</b>			
Legislative	15,953	-	15,953
General government	244,126	-	244,126
Public safety	56,750	-	56,750
Public works	124,146	7,682	131,828
Cultural and recreational	17,053	-	17,053
Unallocated depreciation	46,458	-	46,458
Total expenses	<u>504,486</u>	<u>7,682</u>	<u>512,168</u>
Increase in net assets	23,057	(41)	23,016
Net assets, beginning of year	1,443,440	211,188	1,654,628
Net assets, end of year	<u>\$ 1,466,497</u>	<u>\$ 211,147</u>	<u>\$ 1,677,644</u>

**Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund Budgetary Highlights**

The final budget was changed from the original budget. The tax collection fees were decreased by \$15,000 and miscellaneous income was increased by \$12,500. The executive expenses were increased by \$13,850. The elections expense was increased by \$3,350. The treasurer expenses were increased by \$200. The cemetery expenses were decreased by \$1,200. The township hall expenses were increased by \$2,500. The parks and recreation expenses were decreased by \$550. The net result of the amendments is a \$20,650 increase to the budgeted loss.

**Township of Indianfields**  
 Management's Discussion and Analysis  
 For Fiscal Year Ended March 31, 2012

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**Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business type activities as of March 31, 2012, amounts to \$550,582 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment, and office equipment and furniture.

Major capital asset events during the current fiscal year included the following:

**Township of Indianfields' Capital Assets**  
 (net of depreciation)

	<u>Governmental activities</u> <u>March 31, 2012</u>	<u>Business-Type activities</u> <u>March 31, 2012</u>
Vehicles	\$ 1,500	
Building and improvements	339,762	
Machinery and equipment	26,275	
Office equipment and furniture	1,915	
Land Improvements (Roads)	181,130	
	<u>\$ 550,582</u>	<u>\$ -</u>

Additional information on the Township's capital assets can be found in Note 4 on page 19 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Township of Indianfields goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public.

The Township has made conservative estimates concerning state revenue sharing for fiscal year 2013 due to the budget constraints at the State level.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Township's Office at 111 Joy Street, Caro, Michigan, 48723.

# Basic Financial Statements

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**STATEMENT OF NET ASSETS**  
 March 31, 2012

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 506,979	\$ 142,466	\$ 649,445
Investments	53,635		53,635
Special assessments - current		5,658	5,658
Special assessments - deferred		13,007	13,007
Taxes receivable	63,258	421	63,679
Accounts receivable	13,670		13,670
Prepaid expense	28,571		28,571
Restricted assets:			
Cash		35,269	35,269
Investments	424,172	50,000	474,172
<b>TOTAL CURRENT ASSETS</b>	<u>1,090,285</u>	<u>246,821</u>	<u>1,337,106</u>
<b>CAPITAL ASSETS</b>			
Fixed assets, net of accumulated depreciation	<u>550,582</u>		<u>550,582</u>
<b>TOTAL CAPITAL ASSETS</b>	<u>550,582</u>	<u>-</u>	<u>550,582</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,640,867</u></u>	<u><u>\$ 246,821</u></u>	<u><u>\$ 1,887,688</u></u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 24,024		\$ 24,024
Revenue bonds payable - current		\$ 17,010	17,010
Due to other governmental units		211,000	211,000
Deferred revenues	<u>77,021</u>	<u>18,665</u>	<u>95,686</u>
<b>Total current liabilities</b>	<u>101,045</u>	<u>246,675</u>	<u>347,720</u>
<b>Long-term liabilities</b>			
Long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>101,045</u>	<u>246,675</u>	<u>347,720</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	550,582	(17,010)	533,572
Restricted, nonexpendable	421,174		421,174
Restricted	139,717		139,717
Unrestricted	<u>428,349</u>	<u>17,156</u>	<u>445,505</u>
<b>TOTAL NET ASSETS</b>	<u>1,539,822</u>	<u>146</u>	<u>1,539,968</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,640,867</u></u>	<u><u>\$ 246,821</u></u>	<u><u>\$ 1,887,688</u></u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
STATEMENT OF ACTIVITIES  
March 31, 2012

Functions/programs	Expenses	Program revenues		Net (Expenses) Revenues		
		Charges for services	Capital Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary government</b>						
Governmental activities						
Legislative	\$ 15,102	-		\$ (15,102)	-	\$ (15,102)
General government	126,368	\$ 45,390		(80,978)	-	(80,978)
Public safety	39,459	-		(39,459)	-	(39,459)
Public works	151,387	-		(151,387)	-	(151,387)
Cemetery	85,268	-		(85,268)	-	(85,268)
Recreation and culture	15,884	-		(15,884)	-	(15,884)
Unallocated depreciation	41,156	-		(41,156)	-	(41,156)
<b>Total governmental activities</b>	<b>474,624</b>	<b>45,390</b>	<b>-</b>	<b>(429,234)</b>	<b>-</b>	<b>(429,234)</b>
Business-type activities:						
Sewer	6,859	6,412	-		\$ (447)	(447)
<b>Total primary government</b>	<b>\$ 481,483</b>	<b>\$ 51,802</b>	<b>-</b>	<b>(429,234)</b>	<b>(447)</b>	<b>(429,681)</b>
<b>General revenues</b>						
Taxes				287,425		287,425
Intergovernmental				194,165		194,165
Interest & rents				5,195	446	5,641
Miscellaneous				15,774		15,774
<b>Total general revenues</b>				<b>502,559</b>	<b>446</b>	<b>503,005</b>
Changes in net assets				73,325	(1)	73,324
Net assets, beginning of year				1,466,497	211,147	1,677,644
Transfer to other governmental units				-	(211,000)	(211,000)
<b>Net assets, end of year</b>				<b>\$ 1,539,822</b>	<b>\$ 146</b>	<b>\$ 1,539,968</b>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
March 31, 2012

	GOVERNMENTAL FUND TYPES				TOTAL GOVERNMENTAL FUNDS
	GENERAL	FIRE PROTECTION FUND	CAPITAL PROJECTS	MAJOR PERMANENT FUND (PERPETUAL CARE FUND)	
<b><u>ASSETS</u></b>					
Cash on hand & in bank	\$ 428,021	\$ 41,374	\$ 37,584		\$ 506,979
Investments			53,635		53,635
Taxes receivable	9,673				9,673
Accounts receivable	13,670				13,670
Due from other funds	59,870	7,201			67,071
Prepaid expenses	28,571				28,571
Restricted Assets:					
Certificates of deposit				\$ 422,972	422,972
Investments				1,200	1,200
Due from other funds					
<b>TOTAL ASSETS</b>	<b><u>\$ 539,805</u></b>	<b><u>\$ 48,575</u></b>	<b><u>\$ 91,219</u></b>	<b><u>\$ 424,172</u></b>	<b><u>\$ 1,103,771</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts payable	\$ 24,024				\$ 24,024
Due to other funds	10,488				10,488
Due to cemetery fund				\$ 2,998	2,998
Deferred revenues	77,021				77,021
<b>TOTAL LIABILITIES</b>	<b><u>111,533</u></b>			<b><u>2,998</u></b>	<b><u>114,531</u></b>
<b>FUND EQUITY:</b>					
Nonspendable	28,571			421,174	449,745
Restricted for refuse	91,142				91,142
Restricted for fire protection		\$ 48,575			48,575
Committed for capital projects			\$ 91,219		91,219
Unassigned	308,559				308,559
<b>TOTAL FUND EQUITY</b>	<b><u>428,272</u></b>	<b><u>48,575</u></b>	<b><u>91,219</u></b>	<b><u>421,174</u></b>	<b><u>989,240</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 539,805</u></b>	<b><u>\$ 48,575</u></b>	<b><u>\$ 91,219</u></b>	<b><u>\$ 424,172</u></b>	<b><u>\$ 1,103,771</u></b>
Total governmental fund balances					\$ 989,240
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not Financial resources and, therefore, are not reported in the funds					
Cost of the capital assets				1,451,568	
Less accumulated depreciation				(900,986)	550,582
Net assets of governmental activities					<b><u>\$ 1,539,822</u></b>

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2012**

	GOVERNMENTAL FUND TYPES				TOTAL GOVERNMENTAL FUNDS
	GENERAL	FIRE PROTECTION FUND	CAPITAL PROJECTS	PERPETUAL CARE FUND	
<b>REVENUES:</b>					
Taxes	\$ 238,828	\$ 48,597			\$ 287,425
Intergovernmental revenue	194,165				194,165
Charges for services	45,390				45,390
Interest and rents	4,105	3	\$ 141	\$ 946	5,195
Miscellaneous revenues	15,774				15,774
<b>TOTAL REVENUES</b>	<u>498,262</u>	<u>48,600</u>	<u>141</u>	<u>946</u>	<u>547,949</u>
<b>EXPENDITURES:</b>					
Legislative	15,102				15,102
General government	126,343	25			126,368
Public safety	39,459				39,459
Public works	151,387				151,387
Cemetery	85,268				85,268
Recreation & cultural	15,884				15,884
<b>TOTAL EXPENDITURES</b>	<u>433,443</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>433,468</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>64,819</u>	<u>48,575</u>	<u>141</u>	<u>946</u>	<u>114,481</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>363,453</u>	<u>-</u>	<u>91,078</u>	<u>420,228</u>	<u>874,759</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 428,272</u>	<u>\$ 48,575</u>	<u>\$ 91,219</u>	<u>\$ 421,174</u>	<u>\$ 989,240</u>

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED MARCH 31, 2012**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 114,481</b>
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(41,156)
Capital outlay	-
Book value of assets disposed	-
	-
<b>Change in net assets of governmental activities</b>	<b><u>\$ 73,325</u></b>

The accompanying notes are an integral part of the financial statements

**TOWNSHIP OF INDIANFIELDS, TUSCOLOA COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
 March 31, 2012

	<b>PROPRIETARY FUND TYPE</b>
	<b>ENTERPRISE (SEWER)</b>
<b><u>ASSETS</u></b>	
Cash on hand & in bank	\$ 142,466
Special assessments - current	5,658
Special assessments - deferred	13,007
Due from other funds	421
Restricted Assets:	
Replacement & Reserve accounts	35,269
Investments	50,000
<b>TOTAL ASSETS</b>	<b>\$ 246,821</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>	
Revenue bonds payable - current	\$ 17,010
Due to other governmental units	211,000
Deferred revenues	18,665
<b>TOTAL LIABILITIES</b>	<b>246,675</b>
<b>NET ASSETS:</b>	
Investment in capital assets, net of related debt	(17,010)
Unrestricted	17,156
<b>TOTAL NET ASSETS</b>	<b>146</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 246,821</b>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED MARCH 31, 2012

	PROPRIETARY FUND
	SEWER FUND
OPERATING REVENUE:	
Charges for services	\$ 6,412
TOTAL OPERATING REVENUE	6,412
OPERATING AND MAINTENANCE EXPENSE	6,859
OPERATING INCOME (LOSS)	(447)
NON-OPERATING REVENUE:	
Interest earned	446
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES) AND CONTRIBUTIONS	(1)
DECREASE IN CONTRIBUTED CAPITAL	-
CHANGES IN NET ASSETS	(1)
NET ASSETS BEGINNING OF THE YEAR	211,147
TRANSFER TO OTHER GOVERNMENTAL UNITS	(211,000)
NET ASSETS END OF THE YEAR	\$ 146

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 YEAR ENDED MARCH 31, 2012

	<u>SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 8,795
Cash paid to suppliers	552
Interest received	446
Interest paid	(1,729)
	8,064
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	8,064
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase (decrease) in bond payable	(15,120)
	(15,120)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	(15,120)
INCREASE (DECREASE) IN CASH	(7,056)
CASH AT BEGINNING OF THE YEAR	234,791
CASH AT END OF YEAR	\$ 227,735

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS  
PROVIDED BY (USED) IN OPERATING ACTIVITIES**

	<b>SEWER FUND</b>
NET INCOME	\$ (1)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
Amortization and depreciation	5,682
(Increase) Decrease:	
Special assess. & sewer connection receivable	5,658
Due from other funds	2,383
Increase (Decrease):	
Accounts payable	-
Deferred revenue	(5,658)
Total adjustments	8,065
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,064

*Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.*

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 STATEMENT OF CASH FLOWS  
 PERPETUAL CARE FUND  
 YEAR ENDED MARCH 31, 2012

	<b>PERPETUAL CARE FUND</b>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Interest received	\$ 946
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES:	946
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase (decrease) in transfers	-
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES:	-
CASH AT BEGINNING OF THE YEAR	423,226
CASH AT END OF YEAR	\$ 424,172

RECONCILIATION OF NET INCOME TO NET CASH FLOWS  
PROVIDED BY (USED) IN OPERATING ACTIVITIES

	PERPETUAL CARE FUND
NET INCOME	\$ 946
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
(Increase) Decrease:	
Due from other funds	59,513
Increase (Decrease):	
Due to other funds	(59,513)
Total adjustments	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 946

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 FIDUCIARY FUND  
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 March 31, 2012

	<u>AGENCY FUND</u>
	<u>CURRENT TAX COLLECTION FUND</u>
 <b><u>ASSETS</u></b>	
CURRENT ASSETS:	
Cash	\$ 13,192
Taxes receivable	248,121
	<hr/>
TOTAL CURRENT ASSETS	261,313
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 261,313</b>
	<hr/> <hr/>
 <b><u>LIABILITIES</u></b>	
CURRENT LIABILITIES:	
Due to general fund	\$ 30,625
Due to library	14,315
Due to county	101,802
Due to schools	91,190
Due to sewer fund	421
Due to refuse fund	15,759
Due to fire protection fund	7,201
Due to Caro Transit Authority	-
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 261,313</b>
	<hr/> <hr/>

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

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Township of Indianfields, Michigan was organized in 1852 and covers an area of approximately 35 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its 2,600 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

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

**A. REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Indianfields, Tuscola County include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

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

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

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

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

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

The government reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for money that is set aside for future capital projects.

The Perpetual Care Fund is utilized to accumulate savings used to maintain the cemetery fund.

The government reports the following non-major funds as major funds:

The Fire Protection Fund is utilized to account for the fire tax levy used to pay for fire protection throughout the township.

The government reports the following proprietary funds:

The Sewer Fund is utilized to account for the sewer system revenues and expenditures necessary to provide residents with a sewer system.

Additionally, the government reports the following fund type:

The Agency Fund is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and the unrestricted resources, as they are needed.

**D. ASSETS, LIABILITIES AND NET ASSETS:**

**1. Cash and Investments**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time.

The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**2. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**3. Receivables**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**4. Restricted Assets**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

**5. Capital Assets**

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Roads	20-40 years
Buildings	40-60 years
Office Equipment	5-7 years
Computer Equipment	3-7 years

**6. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**7. Interfund Transactions**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**8. Deferred Revenue**

The General Fund collects a special assessment levy for refuse collection. The levy covers a period from December 1 through November 30. That portion of the levy applicable to the period from April 1 through November 30 is recorded as deferred revenue.

The Sewer Fund assessed several parcels of property for the cost of sewer line construction and connections to be repaid over a period not to exceed fifteen years. The portion of the assessments not due within twelve months is recorded as deferred revenue.

**9. Estimates**

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**10. Fund Balance**

In the fund financial statements, governmental funds report funds under some of the following classifications:

**Nonspendable fund balance** - amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

**Restricted fund balance** - amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

Committed fund balance - amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (Board). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Township would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

**NOTE 2 – LEGAL COMPLIANCE – BUDGETS:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year-end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. See Note 10 for PA 621 violations for various expenditures that exceeded budgeted amounts.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**NOTE 3 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:**

On May 8, 1984 the Township entered into a contract with the Village of Caro (now City of Caro) and Almer Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Indianfields Township's portion of the local share is \$333,000. The bonds were refinanced in 1992 and again on October 31, 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140. The Township's share of this bond is 12.6%.

The Township expected to repay its share plus interest, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

	<u>(PRINCIPAL ONLY)</u>		
	<u>Year Ending March 31,</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	<u>\$17,010</u>	<u>\$ 629</u>	<u>\$17,639</u>
TOTAL	<u>\$17,010</u>	<u>\$ 629</u>	<u>\$17,639</u>

On November 22, 2006 Indianfields Township and the Village of Caro (now City of Caro) entered into an agreement to transfer full ownership, management, operations, control, and maintenance of the Treatment Plant and System to the Village of Caro at book value. The City of Caro will enter into contracts with Tuscola County to construct improvements to the Treatment Plant at an estimated cost of \$7,700,000. In return, the Township has the right to use 8.3% of the capacity of the Treatment Plant and System. The Township will be responsible for its share of the outstanding 2002 bonds. Per the agreement, \$50,000 was deposited into a maintenance reserve fund for the System to be held by the City. The City will be responsible for billing and collecting from the Township customers. If the customer fails to pay within thirty days, the Township will become liable to the City. The Township has agreed to install water meters on all sewer customers at the Townships' expense.

**Changes in long-term liabilities**

Long-term liability activity for the year ended March 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable	<u>\$32,130</u>	<u>\$ -</u>	<u>\$15,120</u>	<u>\$17,010</u>	<u>\$17,010</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**NOTE 4 - CHANGES IN CAPITAL ASSETS:**

A summary of changes in capital assets follows:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2011</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2012</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Building & Improvements	\$ 1,036,905			\$ 1,036,905
Land Improvements	207,694			207,694
Computer & Office Equipment	38,980			38,980
Machinery & Equipment	140,489			140,489
Vehicles	27,500			27,500
Total Cost	1,451,568	-	-	1,451,568
Accumulated Depreciation	(859,830)	(41,156)		(900,986)
<b>NET BOOK VALUE</b>	<b>\$ 591,738</b>	<b>\$ (41,156)</b>	<b>\$ -</b>	<b>\$ 550,582</b>

Depreciation expense amounted to \$41,156.

**NOTE 5 - CASH AND INVESTMENTS:**

Cash and investments are held separately by each of the Township's funds.

**Interest rate risk.** In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

**Credit Risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

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

**Custodial credit risk- deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2012, \$388,908 of the Township's bank balance of \$1,206,007 was exposed to custodial credit risk because it was uninsured and uncollateralized. The amount on the books is \$1,225,713.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2012, the Township had no investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2012 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>INVESTMENTS</u>	<u>RESTRICTED ASSETS</u>
General Fund:			
Deposits	\$ 428,021		
Other Funds:			
Fire Protection Fund			\$ 41,374
Perpetual Care Fund			424,172
Capital Projects Fund	91,219		
Sewer Fund	142,466		85,269
Subtotal	<u>661,706</u>	NONE	<u>550,815</u>
Current Tax Collection Fund	13,192	-	-
<b>TOTAL</b>	<u><u>\$ 674,898</u></u>	<u>NONE</u>	<u><u>\$ 550,815</u></u>

The cash and cash equivalents column includes all cash deposits and certificates of deposits with 90 days or greater maturity terms.

**NOTE 6 - DUE TO AND FROM OTHER FUNDS:**

Due to and from other funds balances for temporary cash flow purposes at March 31, 2012 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Governmental Fund Types:		
General Fund	\$ 59,870	\$ 10,488
Fire Protection Fund	7,201	
Enterprise Fund:		
Sewer fund	421	
Trust and agency:		
Current Tax Collection Fund		54,006
Perpetual Care Fund		2,998
<b>TOTAL</b>	<u><u>\$ 67,492</u></u>	<u><u>\$ 67,492</u></u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**NOTE 7 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 1.6222 operating mills and .7500 fire mills on a taxable value of \$62,161,156.

**NOTE 8 - PENSION PLAN:**

**DEFINED BENEFIT PLAN:**

On March 21, 1994, the Township of Indianfields elected to place all of its eligible employees into the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the state of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the state of Michigan. The Township has no fiduciary responsibility for the plan.

Only the Township's full-time employees and elected officials are eligible to participate in the plan. As of March 31, 2012, the Township had nine employees who were covered under the plan; six of them are current employees.

The plan provides for vesting of benefits after six years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the plan are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1.5% of the member's final average compensation (5-year average). The retirement allowance is reduced ½% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses the entry age normal actuarial cost method. Benefit provisions and contribution obligations have been established by the contract.

**PENSION BENEFIT OBLIGATION:**

The Pension Benefit Obligation (PBO) which is the actuarial present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going-concern basis, the funding status of the PERS to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation is determined as part of an actuarial valuation.

The significant actuarial assumptions that are expected to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering a) the nature and mix of current and expected investments; and b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over 30 years for positive and 10 years for negative balances.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

**CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE:**

**COMPUTED EMPLOYER COMPARATIVE SCHEDULE**

<u>CALENDAR YEAR</u>	<u>CONTRIBUTION RATES AS PERCENT OF COVERED PAYROLL</u>	<u>COVERED PAYROLL</u>	<u>DOLLAR CONTRIBUTION FOR FISCAL YEAR</u>	
			<u>COMPUTED</u>	<u>ACTUAL</u>
2010	25.77%	\$26,316	\$15,744	\$ 6,781
2009	15.36%	\$47,308	\$16,188	\$ 7,267
2008	18.26%	\$82,649	\$18,384	\$15,088
2007	19.01%	\$95,799	\$18,216	\$18,246
2006	16.71%	\$94,147	\$15,732	\$18,935

**GASB 25 And GASB 27 Information**

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in December 31, 2010 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

**GASB 25 Information (as of 12/31/2010)**

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$ 175,145
Terminated employees (vested former members) not yet receiving benefits	65,758
Non-vested terminated employees (pending refunds of accumulated member contributions)	-
Current Employees-	
Accumulated employee contributions including allocated investment income	-
Employer financed	41,401
Total Actuarial Accrued Liability	<u>282,304</u>
Net Assets Available for Benefits at Actuarial Value (Market Value is \$28,865)	<u>33,568</u>
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 248,736</u>

**GASB 27 Information (as of 12/31/2010)**

Fiscal Year Beginning	April 1, 2012
Annual Required Contribution (ARC)	\$15,744*
Amortization Factor Used – Underfunded Liabilities (28 years)	0.055889

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2012**

\*Based on valuation payroll (based on projected fiscal year payroll for division that will have no new hires). For divisions that are open to new hires the actual required contribution will be based on current monthly payroll (during the fiscal year beginning April 1, 2012) times the computed employer contribution rate(s) shown in Tables 15 & 16. The ARC shown here is the sum of the ARC's calculated separately for each division.

**NOTE 9 - 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 carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

**NOTE 10 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2012 the township incurred expenditures in certain budgetary accounts, where the actual expenditures exceeded the appropriations as follows:

LINE ITEMS	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNFAVORABLE BUDGET VARIANCE
General Fund - public safety	\$ 2,000	\$ 39,459	\$ 37,459
General Fund - street lighting	\$ 2,700	\$ 3,388	\$ 688

**NOTE 11- CITY OF CARO INCORPORATION:**

Part of Indianfields Township lies within the Village of Caro. The Village incorporated into a City on November 5, 2009. Under state law a division of assets has to occur between the Township and the City. On April 26, 2012 the Township and the City reached a settlement agreement. The terms of the agreement call for the Township to pay to the City the total fund equity, which shall be an amount not less than \$211,000 in the Sewer Fund of the Township. In additions, the "life estate" created by the city in real property located at 111 Joy Street, Caro, Michigan (the Township office building) shall terminate upon the Township vacating the real property. In no event shall such vacation of the real property be later than 60 months from the date of the final judgment. The final judgment was issued on June 25, 2012.

**NOTE 12- CONTINGENCIES:**

There is a financial dispute between the Township and the Tuscola Area Airport Authority. According to the Township attorney, the Township has passed a resolution to withdraw as a member. The Authority has taken the position that withdrawal will only be allowed if the Township pays \$35,980 in claimed assessments and assumes contingent liability for 16% of the outstanding debts of the Authority.

## Required Supplementary Information

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED MARCH 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes:				
Current property tax	\$ 166,000	\$ 166,000	\$ 238,083	\$ 72,083
Tax collection fees	15,000	-	-	-
Trailer fees	1,000	1,000	745	(255)
<b>Total Taxes</b>	<u>182,000</u>	<u>167,000</u>	<u>238,828</u>	<u>71,828</u>
Intergovernmental Revenue:				
State shared revenue	191,200	191,200	187,012	(4,188)
State shared revenue - metro	14,000	14,000	7,153	(6,847)
<b>Total Intergovernmental Revenues</b>	<u>205,200</u>	<u>205,200</u>	<u>194,165</u>	<u>(11,035)</u>
Charges For Services				
Land division fees	1,750	1,750	525	(1,225)
Fire calls	3,000	3,000	-	(3,000)
Cemetery	45,000	45,000	42,989	(2,011)
State fire protection	1,200	1,200	1,876	676
<b>Total Charges for Services</b>	<u>50,950</u>	<u>50,950</u>	<u>45,390</u>	<u>(5,560)</u>
Interest and Rents				
Rental income	750	750	975	225
Interest income	3,250	3,250	3,130	(120)
<b>Total Interest and Rents</b>	<u>4,000</u>	<u>4,000</u>	<u>4,105</u>	<u>105</u>
Miscellaneous Revenues:				
Other	26,000	38,500	15,774	(22,726)
<b>TOTAL REVENUES</b>	<u>\$ 468,150</u>	<u>\$ 465,650</u>	<u>\$ 498,262</u>	<u>\$ 32,612</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2012**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES:</b>				
Legislative:				
Salaries - board	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Salaries - clerical	4,000	5,500	4,883	617
Memberships & dues	3,000	1,500	1,654	(154)
Capital outlay	3,000	3,000	2,565	435
<b>Total Legislative</b>	<u>16,000</u>	<u>16,000</u>	<u>15,102</u>	<u>898</u>
General Government:				
Executive:				
Salaries - supervisor	12,000	12,000	12,000	-
Assessor-contracted services	15,000	15,000	15,829	(829)
Office supplies	2,000	7,100	6,913	187
Professional services	18,300	27,050	23,587	3,463
<b>Total Executive</b>	<u>47,300</u>	<u>61,150</u>	<u>58,329</u>	<u>2,821</u>
Elections:				
Office supplies		200	200	-
Printing and publishing		1,000	874	126
Fees and equipment		2,150	2,220	(70)
<b>Total Elections</b>	<u>-</u>	<u>3,350</u>	<u>3,294</u>	<u>56</u>
Clerk:				
Salaries - clerk	12,000	12,000	12,000	-
Salaries - Deputy clerk	1,600	1,400	-	1,400
Office supplies	-	-	67	(67)
Fees and equipment	150	350	287	63
<b>Total Clerk</b>	<u>13,750</u>	<u>13,750</u>	<u>12,354</u>	<u>1,396</u>

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED MARCH 31, 2012

EXPENDITURES, (Continued):	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Treasurer:				
Salaries - treasurer	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Office supplies	200	400	-	400
Tax roll preparation	5,000	5,000	3,441	1,559
Salaries - deputy	1,600	1,600	1,605	(5)
Dues	50	50	50	-
<b>Total Treasurer</b>	<u>18,850</u>	<u>19,050</u>	<u>17,096</u>	<u>1,954</u>
Board of Review:				
Salaries	1,200	1,200	876	324
Printing and publishing	400	400	216	184
<b>Total Board of Review</b>	<u>1,600</u>	<u>1,600</u>	<u>1,092</u>	<u>508</u>
Other Expenditures:				
Employer share- FICA	6,000	6,000	5,531	469
Retirement	26,000	26,000	17,534	8,466
Life insurance	-	-	262	(262)
Unemployment	1,200	1,200	1,846	(646)
Workers compensation	1,500	1,500	978	522
Liability, property & auto	8,000	8,000	8,027	(27)
<b>Total Other Expenditures</b>	<u>42,700</u>	<u>42,700</u>	<u>34,178</u>	<u>8,522</u>
<b>Total General Government</b>	<u>124,200</u>	<u>141,600</u>	<u>126,343</u>	<u>15,257</u>
Public Safety:				
Contracted services-fire	-	-	38,400	(38,400)
Township Police	2,000	2,000	1,059	941
<b>Total Public Safety</b>	<u>2,000</u>	<u>2,000</u>	<u>39,459</u>	<u>(37,459)</u>

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2012**

EXPENDITURES, (Continued):	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Public works:				
Sanitation:				
Contracted services	\$ 129,700	\$ 129,700	\$ 103,767	\$ 25,933
Street Lighting	2,700	2,700	3,388	(688)
Highways and Streets	112,000	112,000	41,503	70,497
Zoning Board	5,300	5,300	2,729	2,571
Total Public Works	<u>249,700</u>	<u>249,700</u>	<u>151,387</u>	<u>98,313</u>
Cemetery:				
Salaries & wages	50,000	50,000	57,130	(7,130)
Taxes - F.I.C.A.	5,000	5,000	4,370	630
Operating supplies	6,000	6,000	5,066	934
Telephone	2,000	2,000	2,032	(32)
Utilities	6,500	6,500	5,506	994
Contracted services	5,000	-	-	-
Miscellaneous	4,650	5,650	5,631	19
Capital outlay	2,000	2,000	408	1,592
Repairs & maintenance	5,500	8,300	5,125	3,175
Total Cemetery	<u>86,650</u>	<u>85,450</u>	<u>85,268</u>	<u>182</u>
Recreation and Cultural:				
Township Hall:				
Equipment		-	-	-
Telephone	4,000	4,000	3,369	631
Printing & publishing	1,000	1,000	688	312
Repairs & supplies	1,500	2,500	1,474	1,026
Supplies	1,500	2,000	1,474	526
Postage	4,000	5,000	2,956	2,044
Total Township Hall	<u>12,000</u>	<u>14,500</u>	<u>9,961</u>	<u>4,539</u>

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED MARCH 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):				
Parks & Recreation:				
Salaries	\$ 6,000	\$ 5,000	\$ 3,665	\$ 1,335
Operating supplies	750	1,200	1,112	88
Equipment & land improvements	500	500	-	500
Repairs & maintenance supplies	2,700	3,100	273	2,827
Utilities	1,500	1,500	873	627
Contracted Services	1,400	1,000	-	1,000
Total Parks & Recreation	<u>12,850</u>	<u>12,300</u>	<u>5,923</u>	<u>6,377</u>
Total Recreation and Cultural	<u>24,850</u>	<u>26,800</u>	<u>15,884</u>	<u>10,916</u>
TOTAL EXPENDITURES	503,400	521,550	433,443	88,107
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,250)</u>	<u>(55,900)</u>	<u>64,819</u>	<u>120,719</u>
FUND BALANCE - BEGINNING OF YEAR	<u>363,453</u>	<u>363,453</u>	<u>363,453</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 328,203</u>	<u>\$ 307,553</u>	<u>\$ 428,272</u>	<u>\$ 120,719</u>

## Supplementary Information

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY  
 CURRENT TAX COLLECTION FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 March 31, 2012

	BALANCE MARCH 31, 2011	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2012
<b><u>ASSETS:</u></b>				
Cash	\$ 40,409		\$ 27,217	\$ 13,192
Taxes - receivable	245,460	\$ 1,606,929	1,604,268	248,121
<b>TOTAL ASSETS</b>	<b>\$ 285,869</b>	<b>\$ 1,606,929</b>	<b>\$ 1,631,485</b>	<b>\$ 261,313</b>
 <b><u>LIABILITIES:</u></b>				
Due to general fund	\$ 58,100	\$ 146,868	\$ 119,393	\$ 30,625
Due to library	14,597	96,888	96,606	14,315
Due to county	51,479	254,460	304,783	101,802
Due to schools	133,023	892,641	850,808	91,190
Due to sewer fund	2,804	8,795	6,412	421
Due to Caro Transit Authority	9,890	74,690	64,800	-
Due to fire protection fund	-	41,395	48,596	7,201
Due to refuse fund	15,976	115,748	115,531	15,759
<b>TOTAL LIABILITIES</b>	<b>\$ 285,869</b>	<b>\$ 1,631,485</b>	<b>\$ 1,606,929</b>	<b>\$ 261,313</b>



**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
Certified Public Accountants

Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA  
Valerje J. Hartel, CPA

Terry L. Haske, CPA  
Jamie L. Peasley, CPA  
Timothy D. Franzel  
Laura J. Kosal, CPA  
Jill M. Mulders, CPA

September 20, 2012

Robert L. Tuckey, CPA

To the Members of the Board  
Township of Indianfields

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Indianfields as of and for the year ended March 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Indianfields' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Indianfields' internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Indianfields' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the township's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Township of Indianfields' internal control to be significant deficiencies:

Financial Statements (repeat comment)

After considering the qualifications of the accounting personnel of Township of Indianfields, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Segregation of Duties (repeat comment)

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the township segregate duties whenever possible.

715 East Frank Street • Caro, MI 48723  
989-673-3137 fax: 989-673-3375  
1-800-234-8829

2956 Main Street • Marlette, MI 48453  
989-635-7545 fax: 989-635-7547

6261 Church Street • Cass City, MI 48726  
989-872-3730 fax: 989-872-3978

Members of the Board  
September 20, 2012  
Page two

Material Adjustments to Financial Statements (Repeat Comment)

Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP). During our audit, we identified and proposed numerous material adjustments (which were approved and posted by management) to adjust the Township's records to the appropriate balances. These adjustments were in the areas of cash, accounts payable, capital assets, and receivables. The township has historically relied on its independent auditors to assist with the process of making necessary year-end adjustments to present its financial statements in accordance with GAAP. As a result of this condition, the Township's accounting records were initially misstated by amounts material to the financial statements. The Township will review the accounting adjustments that were necessary in order for the financial statements to be in accordance with GAAP and plan accordingly to reduce these for subsequent year audits.

Matching Bank Reconciliations to the General Ledger (Repeat Comment)

The bank accounts are reconciled each month. However, the reconciled amounts are not being checked against the bank balances of the Township's financial records to make sure they are the same. This verification should be done every month for each bank account for all the funds of the Township. This will help to make sure that all cash transactions have been recorded properly and also to discover possible bank errors.

Bank Deposits

Throughout the fiscal year, the Township collected money that was not deposited for several months. We recommend the Township regularly make deposits as necessary to avoid misstatements in monthly/yearly financial statements and to help avoid the possibility of misplacing funds.

Adjusting Journal Entries

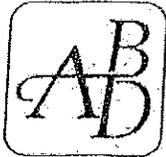
The Township is currently making adjusting journal entries, however they are not being reviewed. We recommend the Township has a board member review and approve the adjusting journal entries on a monthly or as needed basis.

This communication is intended solely for the information and use of management Township of Indianfields, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Township of Indianfields and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants



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September 20, 2012

Robert L. Tuckey, CPA

To the Members of the Board  
Township of Indianfields

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Indianfields for the year ended March 31, 2012, and have issued our report thereon dated September 20, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 20, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 19, 2012.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Indianfields are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated September 20, 2012.

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Members of the Board  
September 20, 2012  
Page 2

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2012.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

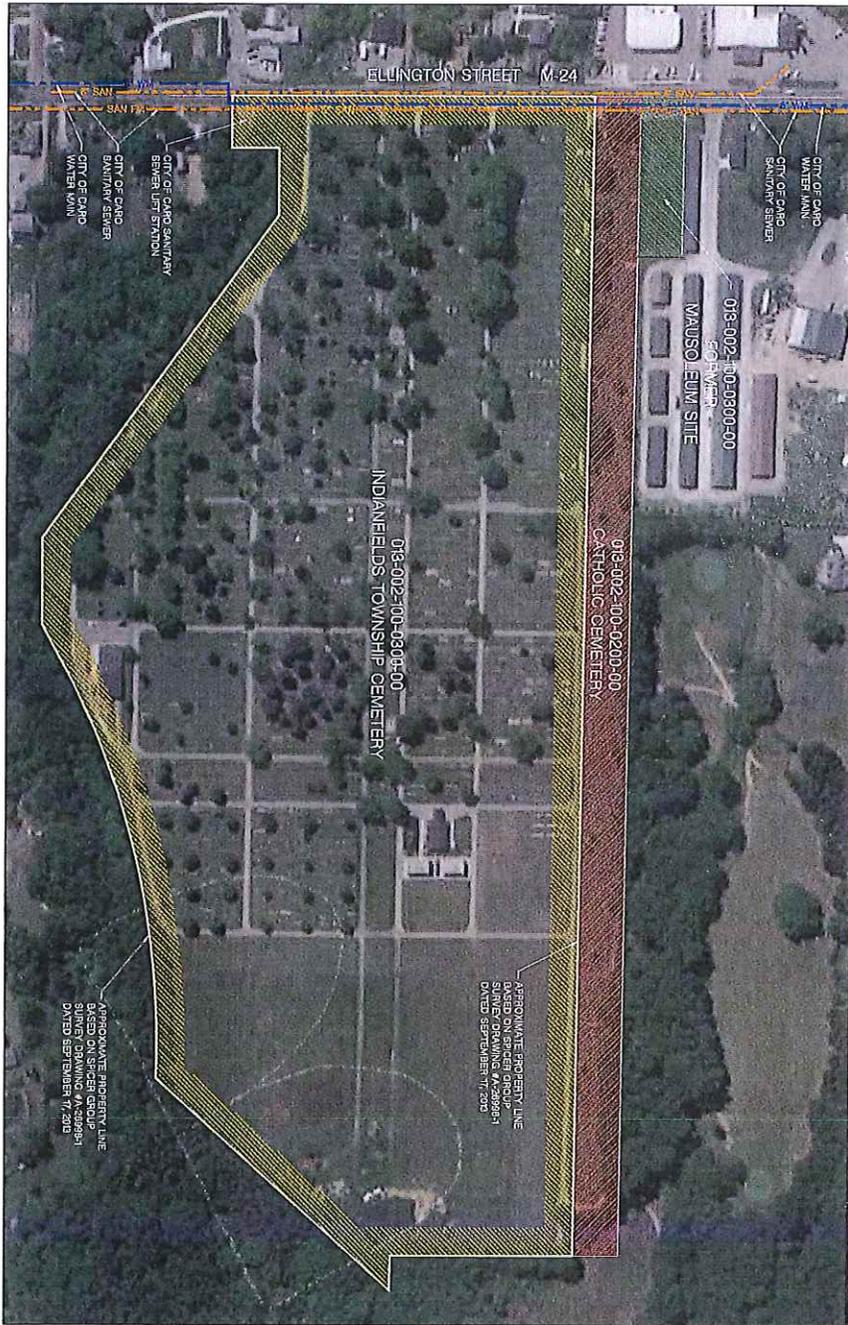
This information is intended solely for the use of the Members of the Board and management of the Township of Indianfields and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants

B



SHEET 1 OF 1  
 JOB No. 1200024

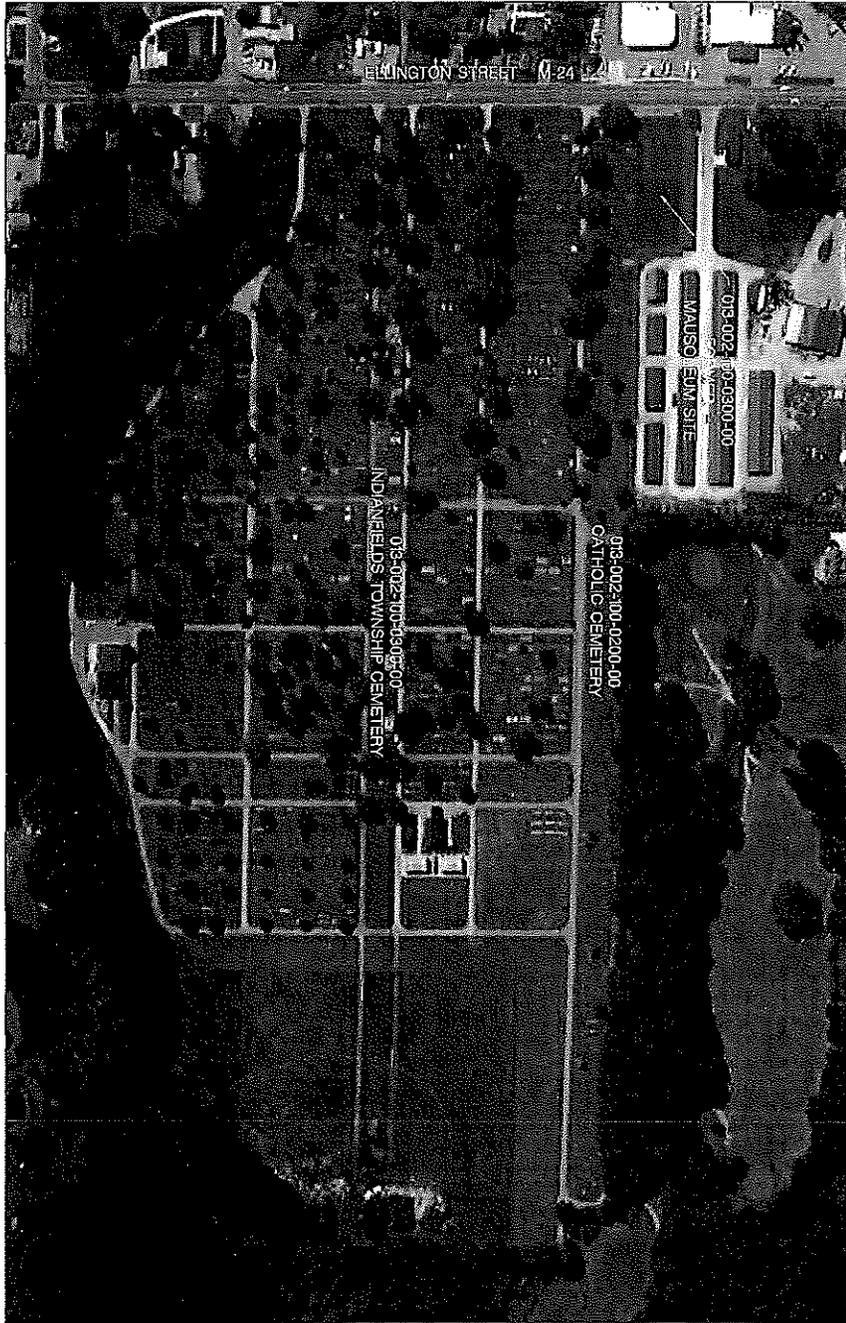
PREPARED FOR  
 CITY OF CARO

INDIANFIELDS TOWNSHIP CEMETERY  
 PROPERTY MAP

  
 128 N. Saginaw Street  
 Lapeer, MI 48446

**ROWE PROFESSIONAL SERVICES COMPANY**  
 Q: (810) 664-9411  
 F: (810) 664-3451  
 www.rowepsc.com

PLAN DATE: NOVEMBER 2013  
 PROJECT MGR: DPS  
 REVISION: DPS  
 SCALE: 1" = 100' (APPROXIMATE)



SHEET 1 OF 1  
 JOB NO. 1210023

REV:

PREPARED FOR  
**CITY OF CARO**  
  
 INDIANFIELDS TOWNSHIP CEMETERY  
 AREA MAP



**ROWE PROFESSIONAL  
 SERVICES COMPANY**

128 N. Saginaw Street  
 Lapeer, MI 48446

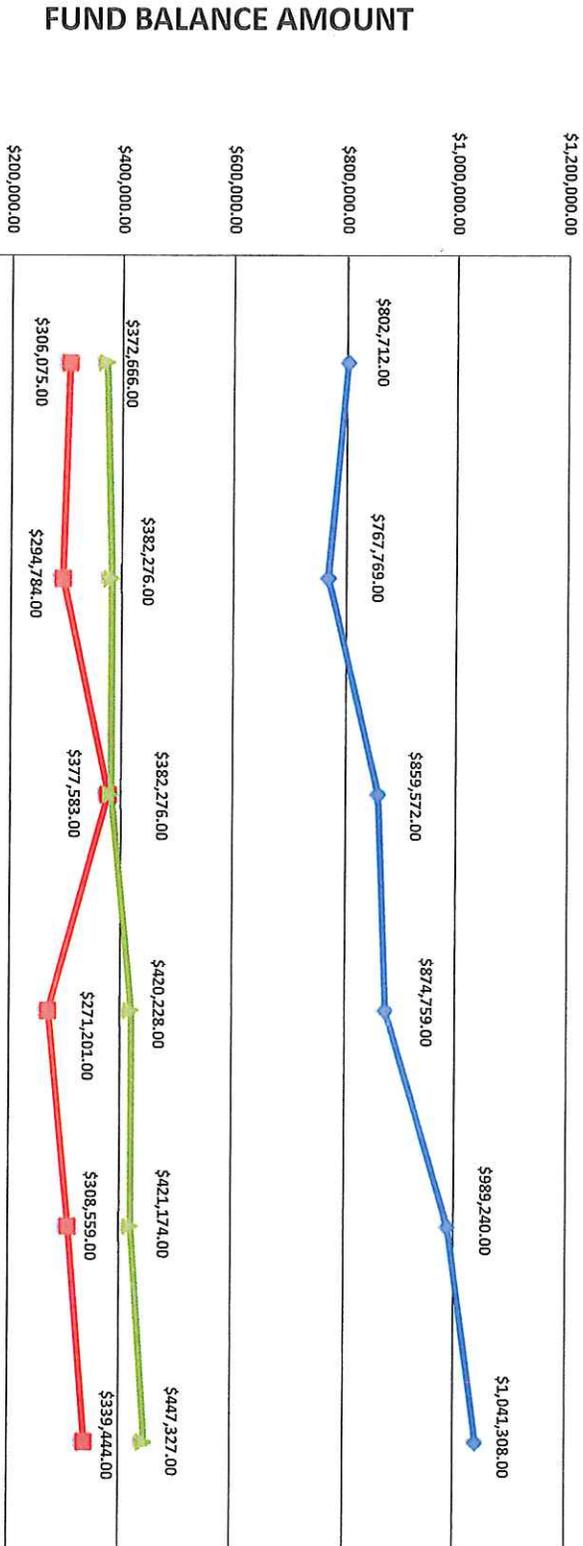
O: (810) 664-9411  
 F: (810) 664-3451  
 www.rowepcc.com

PLAN DATE: NOVEMBER 2013  
 PROJECT NCR: DPS  
 REVENOR: DPS  
 SCALE: 1" = 100' (APPROXIMATE)

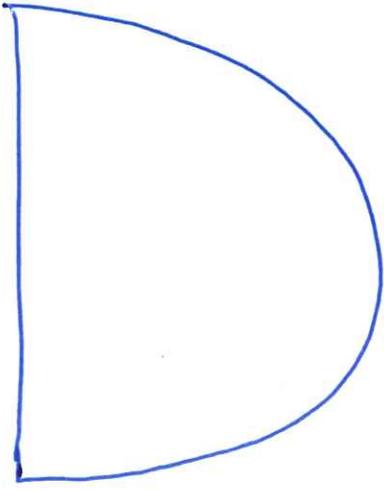
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## INDIANFIELDS TOWNSHIP FUND BALANCES 2008-2013

\*All data acquired from annual audits ending March 31



	2008	2009	2010	2011	2012	2013
Combined General Fund Balance	\$802,712.00	\$767,769.00	\$859,572.00	\$874,759.00	\$989,240.00	\$1,041,308.00
Unassigned General Fund Balance	\$306,075.00	\$294,784.00	\$377,583.00	\$271,201.00	\$308,559.00	\$339,444.00
Perpetual Care Fund Equity	\$372,666.00	\$382,276.00	\$382,276.00	\$420,228.00	\$421,174.00	\$447,327.00



CFS REPORT

ONES: MSPZ, TCSDZ, CMMRZ, CAFDZ  
CFS NUMBER: T060212-90  
CASE NUMBER:  
INC CODE: THREAT    DESC: THREATS

DATE/TIME REC'D: 06/02/12 19:55:17  
DATE/TIME SENT: 06/02/12 19:55:31  
DATE/TIME CMPL: 06/02/12 21:51:44

-----  
INC ADDR: 950 ELLINGTON ST                    APT#:                    CITY: INDIA PH#: NA  
COMP NAME: CORRECTIONS                    COMP ADDR:                    PH#:                     
IN PROG:    OFF CONT:    PRI: 4 WEAPON:    ALARM:                    PRI UNIT: SH32  
CALLTAKER: reb                    DISPATCHER: lkd  
FINAL DISP:  
-----

UNITS ATTACHED:  
-----

COMMENTS: csb 06/02/12 20:02:27 Primary unit changed from 4609 to SH32  
csb 06/02/12 20:02:04 MASON LYONS  
csb 06/02/12 20:02:00 SUBJ LIVES IN INDIANFIELDS TWP CEMETERY  
lkd 06/02/12 20:01:11 NOT CAPD'S AREA  
reb 06/02/12 19:56:00 HOMELESS INDIVIDUAL CAME TO JAIL LOBBY FOR THREATS COMPL  
-----

VEHICLES:

PERSONS:

RUNTIMES ASSOCIATED WITH CALL:

UNIT	SUBUNIT	STATUS	TIME
4609	GGOETSCHY	DISP	19:55:52
		ENROUTE	19:55:55
		ONSCENE	19:55:57
		AVAILABLE	20:02:20
SH32	DKINNEY	DISP	20:01:23
		ENROUTE	20:02:22
		ONSCENE	20:02:23
		AVAILABLE	21:51:46

CFS REPORT

ZONES: MSPZ, TCSDZ, CMMRZ, CAFDZ

CFS NUMBER: T040513-79

DATE/TIME REC'D: 04/05/13 19:13:20

CASE NUMBER:

DATE/TIME SENT: 04/05/13 19:14:27

INC CODE: MDOP

DESC: MDOP

DATE/TIME CMPL: 04/05/13 19:34:06

-----  
INC ADDR: 350 ELLINGTON ST APT#: CITY: INDIA PH#: (989) 673-3577  
COMP NAME: JOYCE JASTER COMP ADDR: 229 QUINN AVE PH#: 233-3507  
IN PROG: OFF CONT: PRI: 3 WEAPON: ALARM: PRI UNIT: SH77  
CALLTAKER: csb DISPATCHER: csb  
FINAL DISP:  
-----

UNITS ATTACHED:  
-----

COMMENTS: csb 04/05/13 19:28:53 Primary unit changed from 3352 to SH77  
csb 04/05/13 19:28:40 GOOD STATUS ALL SET  
csb 04/05/13 19:28:37 KIDS RAN INTO 224 ELLINGTON,  
csb 04/05/13 19:16:30 ALMOST TO ELLINGTON ST  
csb 04/05/13 19:14:52 BOY IN BRIGHT YELLOW SWEAT SHIRT  
csb 04/05/13 19:14:45 DRK JKT  
csb 04/05/13 19:14:40 WHT SHIRT, WHT HAT  
csb 04/05/13 19:14:36 2 GIRLS 1 BOY  
csb 04/05/13 19:14:32 TEENS  
csb 04/05/13 19:14:24 NOW WALKING OUT LAST DRIVE TOWARDS FRANK ST  
csb 04/05/13 19:14:01 3 KIDS HAVE WENT THROUGH CEMETERY AND PULLED A BUNCH  
FLOWERS OUT OF GRAVES AND BY VAULTS  
-----

VEHICLES:

PERSONS:

RUNTIMES ASSOCIATED WITH CALL:

UNIT	SUBUNIT	STATUS	TIME
3352	AWARNER	DISP	19:16:54
		ENROUTE	19:18:21
		AVAILABLE	19:23:40
4609	GGOETSCHY	DISP	19:17:34
		ENROUTE	19:22:33
		ONSCENE	19:22:34
SH77	DPISHA	AVAILABLE	19:34:06
		DISP	19:23:43
		ENROUTE	19:23:46
		ONSCENE	19:23:47
		OUTOFCAR	19:24:19
		AVAILABLE	19:34:05

CFS REPORT

ZONES: MSPZ, TCSDZ, CMMRZ, CAFDZ

CFS NUMBER: T070313-36

DATE/TIME REC'D: 07/03/13 15:21:49

CASE NUMBER:

DATE/TIME SENT: 07/03/13 15:22:19

INC CODE: MDOP

DESC: MDOP

DATE/TIME CMPL: 07/03/13 15:31:24

INC ADDR: 350 ELLINGTON ST

APT#:

CITY: INDIA PH#: 989-673-5622

COMP NAME: PAM SUTHERLAND

COMP ADDR: 220 N ALMER ST

PH#:

IN PROG: OFF CONT:

PRI: 3

WEAPON:

ALARM:

PRI UNIT:

CALLTAKER: kay

DISPATCHER:

FINAL DISP:

UNITS ATTACHED:

COMMENTS: kay 07/03/13 15:31:20 WILL CALL BACK NEXT WEEK FOR A REPORT  
kay 07/03/13 15:24:01 PLANTS SNIPPED AND PULLED FROM GROUND  
kay 07/03/13 15:23:43 ONGOING ISSUE  
kay 07/03/13 15:23:25 EVERY YEAR THIS HAPPENS  
kay 07/03/13 15:23:12 FATHERS GRAVE SITE HAS DAMGE TO FLOWERS AND SHRUBS

VEHICLES:

PERSONS:

RUNTIMES ASSOCIATED WITH CALL:

UNIT	SUBUNIT	STATUS	TIME
------	---------	--------	------

E

## Indianfields Township Cemetery

Service Type	SERVICE FEES - NEW RATES effective 2/13/2012			
	M-F Before 3 p.m.		No Service on Sundays or Holidays or After 3pm	
<b>Interment:</b>	<b>Twp. Resident</b>	<b>Non Twp. Resident</b>	<b>Twp. Resident</b>	<b>Non Twp. Resident</b>
Opening/Closing - Adult Summer Rate (Mar. 16 - Nov 14) Winter Rate (Nov. 15 - March 15)	\$400 \$550	\$1200 \$1650		
Opening/Closing Infant/Cremains/Babyland Summer Rate (Mar. 16 - Nov 14) Winter Rate (Nov. 15 - March 15)	\$100 \$150	\$300 \$450		
Grave Concrete Top Removal - Full Size	\$150	\$150		
Grave Concrete Top Removal - Infant/Cremains	\$50	\$50		
Committal building used for full funeral	\$200	\$600		
<b>Disinterment:</b>				
Opening/Closing - Adult Summer Rate (Mar. 16 - Nov 14) Winter Rate (Nov. 15 - March 15)	\$400 \$550	\$1200 \$1650		
Opening/Closing Infant/Cremains/Babyland Summer Rate (Mar. 16 - Nov 14) Winter Rate (Nov. 15 - March 15)	\$100 \$150	\$150 \$200		
<b>Purchase of Spaces:</b>	<b>Twp. Resident</b>	<b>Non Twp. Resident</b>		
Full Space - includes foundation	\$450 per space	\$2250		
Babyland Space	\$50	\$250		
Sacred Heart	must purchase from church			
<b>Maintenance:</b>	<b>Twp. Resident</b>	<b>Non Twp. Resident</b>		
Removal of curbing and seed lot (6 spaces)	\$175	\$525		
Black Dirt and seed only	\$200	\$600		

Replace concrete top - full lot	\$500	\$1500		
Spray lot for weeds	\$40	\$120		
Foundations/Government Markers (those not included in lot purchase)(Standard sizes only)	\$75	\$225		
Corner Markers	\$30			

### Mausoleum Fee Schedule

CRYPT/NICHE LOCATION	NEW RATES	
	Twp. Resident	Non Twp. Resident
Columbarium Niche	\$275	\$825
Single Crypt - Row A (Bottom)	\$1900	\$5700
Single Crypt - Row B	\$2000	\$6000
Single Crypt - Row C	\$1800	\$5400
Single Crypt - Row D	\$1700	\$5100
Single Crypt - Row E	\$1600	\$4800
Single Crypt - Row F (Top)	\$1500	\$4500
True Companion Crypts	2x Single Rate	2x Single Rate

F

STATE OF MICHIGAN

IN THE 54<sup>TH</sup> CIRCUIT COURT FOR THE COUNTY OF TUSCOLA

INDIANFIELDS TOWNSHIP, a  
Michigan municipal corporation,

Plaintiff,

Case No.: 11-26527-CZ

vs

HON. PATRICK R. JOSLYN

CITY OF CARO, a Michigan  
municipal corporation,

Defendant.

TAYLOR, BUTTERFIELD, RISEMAN,  
HOWELL, CHURCHILL, JARVIS & STUTZ, P.C.

By: STEVEN JARVIS P43872

Attorney for Plaintiff

407 Clay Street

Lapeer, MI 48446

810-664-5921

COMPLAINT FOR DECLARATORY JUDGMENT

Your Plaintiff, INDIANFIELDS TOWNSHIP, by and through its attorneys, TAYLOR, BUTTERFIELD, RISEMAN, HOWELL, CHURCHILL, JARVIS & STUTZ, P.C., hereby states the following as its Complaint for Declaratory Judgment:

1. That your Plaintiff Indianfields Township (hereinafter "Indianfields"), is a municipal corporation located entirely within the County of Tuscola and the State of Michigan.
2. That the Defendant City of Caro (hereinafter "Caro"), is a municipal corporation located entirely within the County of Tuscola and the State of Michigan.
3. That jurisdiction and venue are properly before this Court pursuant to MCR 2.605 and MCL 600.1629 respectively as both parties are located entirely within Tuscola County.
4. That this is a case of actual controversy requiring this Court to declare the rights and other legal relations between your Plaintiff and Defendant.

FILED WITH CLERK OF COURT  
TUSCOLA COUNTY MICHIGAN  
JAN 18 2011

TAYLOR, BUTTERFIELD,  
RISEMAN, HOWELL,  
CHURCHILL, JARVIS  
& STUTZ, P.C.  
407 CLAY STREET  
LAPEER, MICHIGAN 48446  
TEL: (810) 664-5921



2011020527CZ

5. That this Court therefore has jurisdiction over this matter pursuant to MCR 2.605.

**NEED FOR DECLARATORY JUDGMENT**

6. Plaintiff repeats and realleges paragraphs 1 through 5 as if fully set forth therein.
7. The Village of Caro became incorporated as a City on November 5, 2009.
8. That prior to said incorporation "Caro" existed as a village within the boundaries of both Indianfields and Almer Townships.
9. That as a Village, Caro was considered part of Indianfields.
10. That as a City, Caro is now separate from Indianfields.
11. That Caro's incorporation as a City requires a determination as what property, real and personal, and what liabilities that Caro and Indianfields will be responsible for take now that they are separate municipal entities.
12. That MCL 117.14 (See Exhibit A) sets forth the process required to resolve all issues including division of personal and real property, assets and liability proportionally between the remaining township and the resulting city of Caro.
13. That the parties to this litigation agree that the applicable statute to apportion liabilities and assets between Caro and Indianfields Township is MCL 117.14.
14. That based on information and belief, the parties agree on some issues including:
  - A.) The ratio for dividing the personal property of the township will be based on the relative assessed values of the two governmental units who are parties to this lawsuit.
  - B.) That any state tax revenues to be divided would be based on the ratio of the relative populations of the two governmental units.

FILED  
MAY 18 2011

YLOR, BUTTERFIELD,  
RISMAN, HOWELL,  
CHURCHILL, JARVIS  
& STUTZ, P.C.  
407 CLAY STREET  
LANSING, MICHIGAN 48246  
PH: (810) 664-5921

C.) That any real property belonging to the township but now located within Caro is to be held as tenants in common by the city and township with the percentage of ownership based on the relative assessed values of these two units of government.

15. That the parties to this litigation have not been able to agree on several issues including but not limited to:

A.) The correct percentage of personal property that the City of Caro would have a claim upon. The City's claim is for 55.95% of the personal property while your Plaintiff Indianfields believes that the City's claim would be 52.10%.

B.) What is the correct net value of township's personal property and liabilities balance as of November 5, 2009."

C.) The extent of the City of Caro's liability for Indianfield's pension system.

16. That over sixteen months have passed since Caro became a city.

17. That Indianfields and Caro have made several unsuccessful attempts to negotiate a resolution to these issues.

18. That Indianfields asserts that this matter is ripe for a declaratory judgment as allowed under MCR 2.605.

WHEREFORE Indianfields Township prays this Honorable Court will issue a declaratory judgment determining the rights and responsibilities of each party pursuant to MCL 117.14 including Defendant's paying Plaintiff's actual costs and attorney fees.

FILED  
RECEIVED  
BY  
4/18/2011

Respectfully submitted,



By: STEVEN JARVIS P43872  
Attorney for Plaintiff  
407 Clay Street  
Lapeer, MI 48446  
810-664-5921

Dated: April 13, 2011

FILED APR 13 2011

AYLOR, BUTTERFIELD,  
RISEMAN, HOWELL,  
CHURCHILL, JARVIS  
& STUTZ, P.C.  
407 CLAY STREET  
LAPEER, MICHIGAN 48446  
PH: (810) 664-5921

THE HOME RULE CITY ACT (EXCERPT)  
Act 279 of 1909

117.14 Incorporation or annexation.

Sec. 14. Whenever an incorporated village is incorporated as a city, without change of boundaries, such city shall succeed to the ownership of all the property of such village and shall assume all of its debts and liabilities. Whenever a city, village or township is annexed to a city, the city to which it is annexed shall succeed to the ownership of all the property of the city, village or township annexed, and shall assume all of its debts and liabilities. Whenever a part of a city, village or township is annexed to a city, the real property in the territory annexed which belongs to the city, village or township from which it is taken shall be sold by the authorities of the city, village or township in which said land was located before such annexation, and that portion of the proceeds of such sale shall be paid to the city acquiring such territory which shall be in the same ratio to the whole amount received as the assessed valuation of the taxable property in the territory annexed bears to the assessed valuation of the taxable property in the entire city, village or township from which said territory is taken. Whenever a part of a city, village or township is annexed to a city, all of the personal property belonging to any such city, village or township from which territory is detached shall be divided between the township, city or village from which said territory is detached and the city to which the territory is annexed, in the same ratio as the assessed valuation of the taxable property in the territory annexed bears to the assessed valuation of the taxable property in the entire city, village or township from which said territory is taken. Whenever a new city shall be incorporated, the personal property of the township from which it is taken shall be divided and its liabilities assumed between such city and the portion of the township remaining after such incorporation, which incorporation shall be effective as of the date of filing the certified copy of the charter as hereinafter provided, in the same ratio as herein provided in case of the annexation of a part of a township to a city, and any real property of a township located in such new city shall be held jointly by such city and the remaining portion of the township in the ratio above mentioned. Such real estate shall be subject to sale by agreement of the governmental units or may be partitioned in the manner provided by law for partitioning of lands held by persons as tenants in common; Provided, That no cemetery within such territory shall be sold; but to the extent it is owned by the city, village or township within which it is located, it shall become the property of the city to which it is annexed.

Whenever a new city is incorporated from part of a township or townships, such city shall be entitled to its pro rata share of the amount thereafter due such township or townships or due any county agency in respect of population in such township or townships from any future distribution of gasoline and motor vehicle weight tax revenues, intangibles tax revenues, state alcoholic liquor tax revenues, or any other state funds, moneys or grants which, by law, now or hereafter, are required to be distributed among cities, villages, townships and/or counties of the state, which pro rata distribution shall be determined as follows, to-wit:

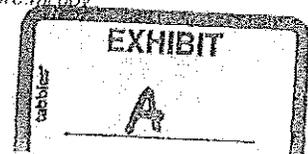
(1) According to the latest federal census prior to date of distribution but since such annexation, if there be such census, showing the respective population of the township or townships and the municipalities affected;

(2) In the absence of such federal census, an official special census shall be taken of the areas detached from each township to form the newly incorporated city and of the entire township or townships from which such area was detached. Such census shall be taken by enumerators appointed by the secretary of state upon application by any one of the municipalities affected by such incorporation, which census shall be taken, as near as may be, in accordance with the provisions of section 6 of this act; the ratio of population between the areas incorporated from each township to form the newly incorporated city and the remainder of the respective township or townships from which the city was incorporated, shall be the basis for determination of the pro rata share of the state funds, moneys or grants to be distributed.

The township or townships from which such incorporated city is incorporated or the county agency receiving the funds, moneys or grants in respect of population in such township or townships shall be liable to the incorporated city for its proper pro rata share of any state funds, moneys or grants received by such township or townships or such county agency, respectively, after the date of incorporation;

(3) In the absence of such federal census and in lieu of an official special census determining the respective populations of the municipalities affected by such incorporation, the newly incorporated city and each township from which the same was incorporated, may agree, by joint resolution, as to the prorating between them and between the city and any county agency receiving state funds, moneys or grants in respect of population in such township or townships of any funds, moneys or grants distributable by the state, a certified copy of which joint resolution shall be filed with the secretary of state and shall thereafter be binding upon all parties affected by said incorporation.

Whenever a part of a city, village or township is annexed to a city, the city to which such territory is annexed shall be entitled to its proper pro rata share of any of the said state funds, moneys or grants thereafter



distributable under the law to the city, village or township from which said territory was detached or to any county agency receiving state funds, moneys or grants in respect to population in such township or townships, determined as follows:

(1) According to ratio of population between the area annexed and the remainder of the township, city or village from which said area was detached, as determined by the latest official federal or state census showing such populations;

(2) If there be no official census by which said respective populations can be determined, then a census shall be taken of the territory detached and the remainder of the territory in the township, city or village from which it was detached as provided above in the case of a newly incorporated city;

(3) In the absence of such federal census and in lieu of taking an official special census, the city to which said territory was annexed and the cities, townships, or villages from which said territory was detached, may agree by joint resolution of their governing bodies as to the prorating of any such state funds, moneys, or grants between them and between the city and any county agency receiving said funds, moneys, or grants in respect to population in such township or townships as provided above in the case of a newly incorporated city, a certified copy of which joint resolution shall be filed with the secretary of state and shall thereafter be binding upon all parties to said incorporation.

The foregoing provisions shall be used hereafter in determining the pro rata distributions of any state funds, moneys or grants between townships or county agencies and any city which has become newly incorporated or annexed territory since the latest decennial federal census, either before or after the passing of this law; but in no event shall the sharing of any distribution of state funds, moneys or grants made previous to the effective date of this act be altered.

The indebtedness and liabilities of every city, village and township, a part of which shall be annexed to a city shall be assumed by the city to which the same is annexed in the same proportion which the assessed valuation of the taxable property in the territory annexed bears to the assessed valuation of the taxable property in the entire city, village or township from which such territory is taken. Assessed valuation shall be determined in every division pursuant to this section from the last assessment roll of the city, village or township which has been confirmed by the board of review.

History: 1909, Act 279, Eff. Sept. 1, 1909;—CL 1915, 3317;—Am. 1917, Act 225, Eff. Aug. 10, 1917;—CL 1929, 2250;—Am. 1931, Act 233, Eff. Sept. 18, 1931;—Am. 1947, Act 53, Imd. Eff. Apr. 18, 1947;—CL 1948, 117.14;—Am. 1951, Act 158, Imd. Eff. June 6, 1951;—Am. 1956, Act 77, Eff. Aug. 11, 1956.

FILED WITH CL 4/12/2011

Approved, SCAO

Original - Court  
1st copy - Defendant

2nd copy - Plaintiff  
3rd copy - Return

STATE OF MICHIGAN JUDICIAL DISTRICT 54th JUDICIAL CIRCUIT COUNTY PROBATE	<b>SUMMONS AND COMPLAINT</b>	CASE NO. 11-20527-CZ
---	------------------------------	-------------------------

Court address  
440 N. State St., Caro, Michigan 48723

Court telephone no.  
(989) 673-3330

Plaintiff's name(s), address(es), and telephone no(s).  
 INDIANFIELDS TOWNSHIP, a Michigan municipal corporation,

v

Defendant's name(s), address(es), and telephone no(s).  
 CITY OF CARO, a Michigan municipal corporation,

Plaintiff's attorney, bar no., address, and telephone no.  
 STEVEN JARVIS P43872  
 407 Clay Street  
 Lapeer, MI 48446  
 810-664-5921

**SUMMONS** NOTICE TO THE DEFENDANT: In the name of the people of the State of Michigan you are notified:

1. You are being sued.
2. YOU HAVE 21 DAYS after receiving this summons to file a written answer with the court and serve a copy on the other party or take other lawful action with the court (28 days if you were served by mail or you were served outside this state). (MCR 2.111(C))
3. If you do not answer or take other action within the time allowed, judgment may be entered against you for the relief demanded in the complaint.

Issued 04-18-2011	This summons expires 07-18-2011	Court clerk Cindy McKinney - Volby Deputy Clerk
----------------------	------------------------------------	--

\*This summons is invalid unless served on or before its expiration date.  
This document must be sealed by the seal of the court.

**COMPLAINT** Instruction: The following is information that is required to be in the caption of every complaint and is to be completed by the plaintiff. Actual allegations and the claim for relief must be stated on additional complaint pages and attached to this form.

**Family Division Cases**

- There is no other pending or resolved action within the jurisdiction of the family division of circuit court involving the family or family members of the parties.
- An action within the jurisdiction of the family division of the circuit court involving the family or family members of the parties has been previously filed in \_\_\_\_\_ Court.
- The action  remains  is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
------------	-------	---------

**General Civil Cases**

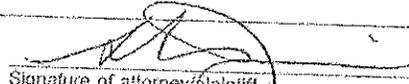
- There is no other pending or resolved civil action arising out of the same transaction or occurrence as alleged in the complaint.
- A civil action between these parties or other parties arising out of the transaction or occurrence alleged in the complaint has been previously filed in \_\_\_\_\_ Court.
- The action  remains  is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
------------	-------	---------

**VENUE**

Plaintiff(s) residence (include city, township, or village) Indianfields Township	Defendant(s) residence (include city, township, or village) City of Caro
Place where action arose or business conducted Indianfields Township	

04/13/2011  
Date

  
Signature of attorney/plaintiff



to use the court because of a disability or if you require a foreign language interpreter to help, please contact the court immediately to make arrangements.

AIN T MCR 2.102(B)(11), MCR 2.104, MCR 2.105, MCR 2.107, MCR 2.113(C)(2)(a), (b), MCR 3.206(A)

**PROOF OF SERVICE**

**SUMMONS AND COMPLAINT**  
Case No. \_\_\_\_\_

**TO PROCESS SERVER:** You are to serve the summons and complaint not later than 91 days from the date of filing or the date of expiration on the order for second summons. You must make and file your return with the court clerk. If you are unable to complete service you must return this original and all copies to the court clerk.

**CERTIFICATE/AFFIDAVIT OF SERVICE/NONSERVICE**

<input type="checkbox"/> <b>OFFICER CERTIFICATE</b> I certify that I am a sheriff, deputy sheriff, bailiff, appointed court officer, or attorney for a party (MCR 2.104[A][2]), and that: (notarization not required)	OR	<input type="checkbox"/> <b>AFFIDAVIT OF PROCESS SERVER</b> Being first duly sworn, I state that I am a legally competent adult who is not a party or an officer of a corporate party, and that: (notarization required)
--	----	---

- I served personally a copy of the summons and complaint,  
 I served by registered or certified mail (copy of return receipt attached) a copy of the summons and complaint,  
 together with \_\_\_\_\_  
 List all documents served with the Summons and Complaint \_\_\_\_\_

\_\_\_\_\_ on the defendant(s):

Defendant's name	Complete address(es) of service	Day, date, time

I have personally attempted to serve the summons and complaint, together with any attachments, on the following defendant(s) and have been unable to complete service.

Defendant's name	Complete address(es) of service	Day, date, time

I declare that the statements above are true to the best of my information, knowledge, and belief.

Service fee	Miles traveled	Mileage fee	Total fee
\$ _____	_____	\$ _____	\$ _____

Signature \_\_\_\_\_  
 Name (type or print) \_\_\_\_\_  
 Title \_\_\_\_\_

Subscribed and sworn to before me on \_\_\_\_\_ Date \_\_\_\_\_ County, Michigan.  
 My commission expires: \_\_\_\_\_ Date \_\_\_\_\_ Signature: \_\_\_\_\_  
 Notary public, State of Michigan, County of \_\_\_\_\_ Deputy court clerk/Notary public

**ACKNOWLEDGMENT OF SERVICE**

I acknowledge that I have received service of the summons and complaint, together with \_\_\_\_\_ Attachments \_\_\_\_\_  
 \_\_\_\_\_ on \_\_\_\_\_  
 Day, date, time  
 Signature \_\_\_\_\_ on behalf of \_\_\_\_\_

FILED WITH CIVIL DIVISION

G

## AGREEMENT

This agreement made and entered into on this 21<sup>st</sup> day of December, 2009, by and between Almer Charter Township, hereinafter referred to as "Township" and the City of Caro, hereinafter referred to as "City" both being located in the County of Tuscola, State of Michigan.

Witnesseth:

Whereas, on November 5, 2009, the Village of Caro incorporated as a home ruled City;  
and

Whereas, said City was incorporated from part of Almer Township; and

Whereas, MCL 117.14 provides that whenever an Incorporated Village is incorporated as a City there shall be a division of assets and liabilities associated therewith; and

Whereas, City and Township have amicably agreed upon a division of said liabilities and assets with the understanding that the purpose of this Agreement is to set forth the terms and conditions relating to said division.

Now, therefore, for and in consideration of the mutual promises and covenants of the parties hereto contained herein the parties agree as follows:

1. The City residents shall be granted the same right to purchase lots and be buried in the Almer Township Cemetery for the exact same fees and costs as Township residents (exclusive of any tax levy or similar paid by Township residents) for a period commencing November 5, 2009 until November 5, 2019.
2. The City residents shall be granted the same access as Township residents for use of the Luder Road dump for the exact same fees and costs as Township residents (exclusive of any tax levy or similar levy paid by Township residents) for a period commencing on November 5, 2009 until November 5, 2012.
3. The City residents shall be granted the same access as Township residents for use of Darbee Farm Park for the exact same fees and costs as Township residents (exclusive of any tax levy or similar levy paid by Township residents) for a period commencing on November 5, 2009 until November 5, 2029.
4. Without charge the Township will transfer to the City by December 31, 2009 ownership of one currently certified voting machine.
5. The Township shall transfer to the City the amount of \$14,500 from the Township's general fund; fifty percent of said amount (\$7,250) shall be transferred by January 15, 2010 and the remaining balance thereof (\$7,250) shall be transferred by May 15, 2010.

6. The City agrees to honor prior agreements regarding sewer capacity usage by Township residents.

7. The Township has a continuing obligation to pay the Tuscola County Sanitary Sewer System (Caro area) refunding bonds series 2002 which will be paid in full on or about March 1, 2013. The Township shall retain the funds necessary to pay its' obligation pursuant to said bonds; however, all funds currently held by the Township in excess of the amount necessary to pay the obligation for said bonds shall be paid by the Township to the City by January 15, 2010. (There is approximately \$55,000 in excess of the amount needed to pay said bonds and therefore the Township will transfer \$50,000 by the date hereinbefore mentioned.) The parties agree that the Township may withhold approximately \$5,000 for incidental costs and expenses which may be associated with the payment of said bonds and that any balance remaining after the payment in full of said bonds on or about March 1, 2013 shall then also be paid by the Township to the City.

8. Township and City hereby acknowledge that this Agreement shall be a complete release and discharge of all division of assets, and any and all claims, actions or liabilities, known or unknown, asserted or unasserted, which could be raised by either party pursuant to MCL 117.1; provided, however, that any other issue not specifically addressed herein, if covered by any previously executed existing agreements between the Township and Village of Caro, (City's predecessor) shall be controlled by said previously executed agreements which shall remain in full force and effect.

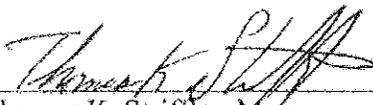
9. The parties agree that the undersigned have been duly authorized by their respective boards to execute this Agreement and the City and Township each have resolutions evidencing such approval.

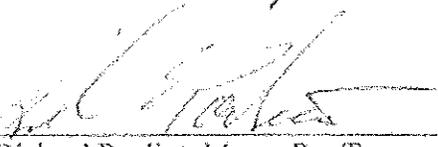
10. The parties agree this Agreement shall be binding on the parties hereto, their successors and assigns.

11. This Agreement represents the complete agreement between the parties hereto, and no term, condition or agreement has been agreed by the parties, as except set forth herein.

In witness whereof, we the parties hereto have executed this Agreement on the date first above noted.

City of Caro by:

  
Thomas K. Striffler, Mayor

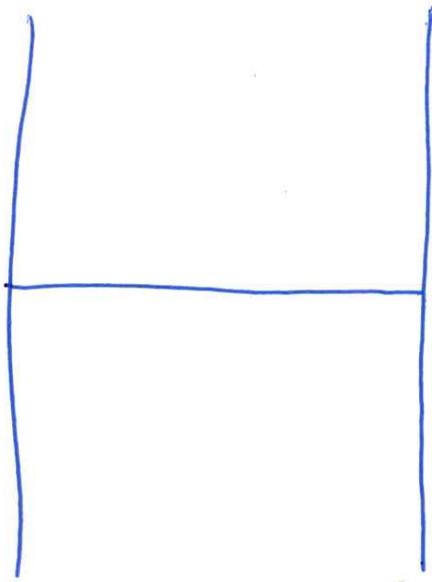
  
Richard Pouliot, Mayor Pro Tem

Karen Snider  
Karen Snider, City Clerk

Almer Charter Township by:

James Miklovic  
James Miklovic, Township Supervisor

Peggy Reavey  
Peggy Reavey, Township Clerk



STATE OF MICHIGAN

IN THE 54<sup>TH</sup> CIRCUIT COURT FOR THE COUNTY OF TUSCOLA

INDIANFIELDS TOWNSHIP, a  
Michigan Municipal Corporation,

Plaintiff,

Case No. 11-26527-CZ

v.

CITY OF CARO, a Michigan  
Municipal Corporation,

Defendant.

Visiting Judge by Assignment:  
Hon. M. Richard Knoblock

CONSENT JUDGMENT

Steven Jarvis (P43872)  
Taylor, Butterfield, Riseman, Howell,  
Churchill, Jarvis & Stutz, PC  
Attorneys for Plaintiff  
407 Clay Street  
Lapeer, MI 48446  
PH: 810-664-5921

Andrew J. Mulder (P26280)  
Cunningham Dalman, PC  
Attorneys for Defendant  
321 Settlers Road  
Holland, MI 49423  
PH: 616-392-1821

TRUE COPY  
MARGIE WHITE

At a session of the above Court, held in the City of Caro, County  
of Tuscola, State of Michigan, on June 25, 2012.

PRESENT: Hon. M. Richard Knoblock  
Huron County Circuit Court Judge

This cause, coming on to be heard pursuant to an action filed for declaratory judgment under MCL 117.14 by the Plaintiff, Indianfields Township, against the Defendant, City of Caro, requesting this Court to adjudicate the interests of the parties in the assets and liabilities arising out of the incorporation of the City of Caro from Indianfields Township on November 5, 2009; the parties having reached a settlement, the terms of which were placed on the record of this Court on April 26, 2012;

**IT IS HEREBY ORDERED AND ADJUDGED AS FOLLOWS:**

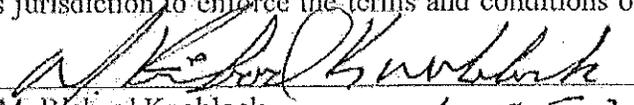
1. That the respective claims of the Plaintiff and the Defendant which were raised in this case, including such claims as could have been raised, pursuant to MCL 117.14, are dismissed with prejudice and without costs.

2. That, as soon as possible after the entry of this Judgment, the Plaintiff shall pay to the Defendant the total fund equity, which shall be an amount of not less than \$211,000 in the Sewer Enterprise Fund of the Township of Indianfields, Tuscola County-Proprietary Fund ("Fund Equity"). The Fund Equity shall be held, expended, and administered by the Defendant pursuant to and subject to the same restrictions as existed on the bonded indebtedness of Plaintiff. The Defendant shall use the Fund Equity for improvements or maintenance of the sewer system located in the Plaintiff Township or common and general system improvements of the sewer system administered by Defendant. The Plaintiff shall adopt an ordinance not later than 90 days after the entry of this Judgment, granting lien rights against users within the Township to the Defendant for delinquent sewer bills. The Defendant shall have no liability to pay any remaining installment payment on the sewer bonds of the Plaintiff, such payments to be made by the Plaintiff.

3. That the "life estate" created by Defendant for the Plaintiff in certain real property located at 111 Joy Avenue, Caro, Michigan 48723, which is legally described on the attached **Exhibit A**, pursuant to Agreements dated June 12, 1953, recorded in Liber 375, Pages 100-101 and amended pursuant to an Agreement dated March 14, 1977 (the "Real Property"), Tuscola County Register of Deeds, shall terminate upon Plaintiff's vacation of the Real Property but in no event shall such vacation of the Real Property be later than 60 months from the date of this Judgment ("Termination Date").

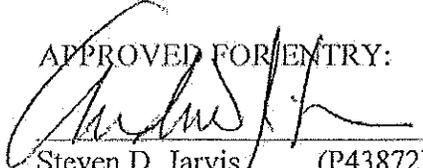
4. Upon occurrence of the Termination Date, the Defendant may record a certified copy of this Judgment with the Tuscola County Register of Deeds evidencing discharge and termination of any and all interest of the Plaintiff in the Real Property and Defendant is authorized to take such actions as are permitted by law or equity to obtain possession of the Real Property after the Termination Date.

5. That this Court retains jurisdiction to enforce the terms and conditions of this Judgment.

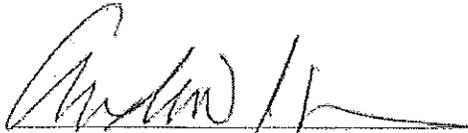
  
M. Richard Knoblock  
Visiting Judge by Assignment

6-25-12

APPROVED FOR ENTRY:

  
Steven D. Jarvis (P43872)  
Attorney for Plaintiff  
407 Clay Street  
Lapeer, MI 48446

by permission  
6/22/2012

  
Andrew J. Mulder (P26280) 6/22/2012  
Attorney for Defendant  
321 Settlers Road  
Holland, MI 49423

**EXHIBIT A**

**Legal description of the interior area of the City of Caro Municipal Building  
located at 111 Joy Street, Caro, Michigan 48723**

Beginning at the southeast corner of said building (which said southeast corner is at the southeast corner of said Lot 22), thence north 25 feet, thence west 16 feet, thence north 4 feet, thence west 7 feet, thence south 14 feet, thence west 11 feet, thence south 15 feet, thence east 34 feet to the point of beginning; and beginning at a point which is 23 feet west and 15 feet north of the southeast corner of said building, thence north 14 feet, thence west 11 feet, thence south 14 feet, thence east 11 feet to the point of beginning. City of Caro, County of Tuscola, State of Michigan, which includes the room in the southeast corner and the three adjoining rooms immediately connecting therewith mentioned in the agreement dated June 12, 1953, and additional space pursuant to said Agreement subsequently made.

I

Questionnaire for Annexation  
State Boundary Commission  
Office of Land Survey and Remonumentation  
Bureau of Construction Codes/LARA

SBC DOCKET #13-AP-1 from PETITIONER  
Proposed Annexation of Land in the Indianfields Township  
to the City of Caro, Tuscola County

BOUNDARY COMMISSION QUESTIONS  
FOR  
DEVELOPING PUBLIC HEARING INFORMATION

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REMONUMENTATION

1. a) Why is annexation necessary or desirable at this time?

Annexation is necessary to provide adequate municipal services to the proposed annexation area, and to provide those services through the City, which is the only local unit that has the ability to provide adequate services. The current municipal services to the proposed annexation area are funded solely by the Township, but those services are not adequate because the Township does not supply a number of services that are needed in the proposed annexation area. In addition, the principal beneficiaries of the improved and additional municipal services to the proposed annexation area will be residents and taxpayers of the City, since more than 50% of the users of the cemetery within the proposed annexation area are City residents and taxpayers.

b) Have you reviewed other alternatives that might accomplish your goals without annexation?

Yes. Attempted to negotiate an operating agreement for cemetery services with the City and the City leaders refused to come to the table.

c) What are these alternatives?

One alternative to annexation would be for the City to voluntarily provide municipal services to the proposed annexation area without annexation. Another alternative would be to transfer the proposed annexation area into the City via Act 425. A third option would be for the City to provide funds for municipal services to the cemetery within the proposed annexation area. A local funeral director attempted to mediate an agreement between the City and the Township, but his efforts were futile because the City would not come to the table to discuss any alternatives or options.

d) Why were they rejected?

The reason for the City's refusal to negotiate with the Township are unknown. However the City mayor has gone on public written record stating the City will not provide any financial help for the operation of the Cemetery, despite the fact that the majority of the graves in the Cemetery are tied to current and past residents and taxpayers of the City.

2. a) If annexation is accomplished, will the existing land use change?

No.

b) If yes, how will it change?

See 2a.

c) How soon can this change be expected?

See 2a.

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REMONUMENTATION

3. a) What governmental services are currently being provided to the area proposed for annexation?

The Township currently manages and provides all available municipal services to the cemetery in the proposed annexation area, but these services are limited because the Township does not have a police department, a road department, leaf pickup services, refuse collection, and other related services that are available within the City. In addition, police patrol services to the annexation area are not currently provided by the County or State because the only roads that provide access to the proposed annexation area are City roads.

b) From which jurisdiction?

Indianfields Township

4. a) What new or additional governmental services do you expect to be made available if the land is annexed?

City police protection, winter snow removal, fall leaf pick-up and disposal, road maintenance on cemetery property, refuse collection and related City services.

b) Are these services available without annexation?

Possibly, through contract, but the City has not agreed to come to the table to discuss providing these services to the proposed annexation area.

c) From which jurisdiction?

All of the municipal services needed in the proposed annexation area can be provided by the City, including all the above-mentioned services and fire protection.

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REMONUMENTATION

d) Under what conditions?

Such services would be provided on the same conditions as they are provided to other properties within the City.

5. If the annexation were approved, what would be the impact on the city, the township, and the greater community?

Annexation would reduce the burden on the Townships General Fund budget from over 18% of GF to approximately 13% of GF while increasing the City's General Fund budget from nothing to approximately 1 and 1/2% of GF. Annexation would allow City residents to be eligible for resident rates for Cemetery services and create greater harmony in the community

6. If the annexation were denied, what would be the impact on the city, the township, and the greater community?

City residents will continue to pay non-resident fees for burials within the cemetery. Township residents will continue to bear the burden for maintaining the cemetery, despite the fact that the majority of graves in the cemetery have ties to City residents. Inadequate municipal services will continue to be provided to the cemetery, because of its access solely via City Streets. Vandalism due to the lack of police services and police presence will continue to be a problem.

SUBMITTED OR PREPARED BY:

William E Campbell

Print Name

William E Campbell

Signature

11-15-2013

Date