

CUNNINGHAM
DALMAN PC
ATTORNEYS AT LAW

Andrew J. Mulder
Joel G. Bouwens
Kenneth B. Breese
Jeffrey K. Helder
Ronald J. Vander Veen
David M. Zessin
Randall S. Schipper
Susan E. Vroegop
Gregory J. McCoy
P. Haans Mulder
Vincent L. Duckworth

Kenneth M. Horjus
Nicholas R. Dekker
David M. Givskud
Jessica Arends

Of Counsel:
Gordon H. Cunningham
Ronald L. Dalman
Max R. Murphy
James A. Bidol

January 2, 2014

Kevin O'Brien, P.S.
Department of Licensing & Regulatory Affairs
State Boundary Commission
Office of Land Survey & Remonumentation
2501 Woodlake Circle
Okemos, MI 48864

RECEIVED

Overnight Mailed

JAN 07 2014

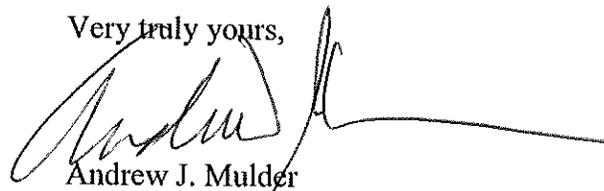
OFFICE OF LAND SURVEY &
REMONUMENTATION

Re: Docket No. 13-AP-1;
In Re: Petition for Annexation of Territory in Indianfields Township
To the City of Caro in Tuscola County

Dear Kevin:

Enclosed for filing with the SBC please find the City of Caro's Summary and Submittal of Addition al Documentation, which I have signed on behalf of the City of Caro on page 7. Also enclosed please find our Proof of Service. Please do not hesitate to contact me if you have any questions regarding this matter. Thank you.

Very truly yours,



Andrew J. Mulder

AJM/lc
Enclosure

pc: City of Caro
William Fahey
(w/enc.)

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

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

DOCKET NO. 13-AP-1

**CITY OF CARO SUMMARY AND SUBMITTAL OF ADDITIONAL
DOCUMENTATION**

NOW COMES the City of Caro, by and through its attorneys, Cunningham Dalman, P.C., and submits the following additional documentation in connection with the above annexation:

At the public hearing held on December 4, 2013, several erroneous comments were made by Indianfields Township (“Township”) seeking to justify its annexation request that the Indianfields Cemetery be annexed into the City of Caro (“Caro”). These erroneous statements are addressed as follows:

I. THE INDIANFIELDS TOWNSHIP CEMETERY WAS ALWAYS THE CARO CEMETERY AND WAS NEVER INTENDED TO OPERATED BY THE TOWNSHIP.

Members of the State Boundary Commission (“SBC”) will recall that Township officials pulled out an old book, entitled “Caro Cemetery”, containing grave sales and argued that the Indianfields Township Cemetery was always the Caro Cemetery based upon the title of this grave sale book. Therefore, the cemetery should be annexed to the City of Caro. This logic is questionable, at best. Attached as **Exhibit A** are copies of the deeds conveying the cemetery

property to Indianfields Township. There is no mention of the Village of Caro which existed at that time. In fact, one of the Grantors was a township resident within the Village of Caro. Since 1871, this property was designated to be owned and operated by Indianfields Township as a cemetery and any argument that historically it was intended to be “Caro” Cemetery is grossly inaccurate.

II. ANNEXATION OF THE INDIANFIELD TOWNSHIP WOULD NOT BE CONSISTENT WITH THE NATURAL BOUNDARY CRITERIA OF THE SBC.

Township Attorney William Fahey argued to the SBC that the “natural boundary” criteria of the SBC supported the annexation of the Indianfields Township Cemetery to Caro. Attached as **Exhibit B** is the Part VII Map which depicts the relationship of the proposed annexed area to Caro. The annexation of the Township cemetery to Caro is inconsistent with the existing boundary of Ellington Street as the east boundary of the City of Caro. It is surprising, but not unexpected, that the Township would argue this position since it would inject the City boundary east of Ellington Street. Application of the SBC criteria would be consistent with the continued boundary of Caro on the east being Ellington Street which was established by the SBC at the time of incorporation.

III. THE FINANCIAL DOCUMENTS OF THE TOWNSHIP ARE INCONSISTENT WITH ITS CLAIM THAT THE CURRENT FINANCIAL STRUCTURE OF THE CEMETERY CANNOT BE OPERATED ECONOMICALLY.

Township Attorney William Fahey made broad and sweeping statements at the public hearing that the Township cannot operate its cemetery without draining its general fund. No facts were cited to support this claim. The evidence submitted by Caro strongly rebuts this claim. The facts of the cemetery operations are as follows:

- A. Caro was incorporated as a Home Rule City on November 5, 2009. Exhibit C in the SBC public hearing pack contained a graph indicating that the Township perpetual care fund for the cemetery had a pre-incorporation balance of \$373,000. In 2013, the perpetual care fund had a balance of \$447,000 (representing an increase of \$74,000, or a 20% increase). This information is based upon audit reports filed by the Township with the State of Michigan.
- B. During the same period, the general fund balance of the Township grew from \$803,000 in 2008 to \$1,041,000 in 2013 for an increase of 30 percent. See Exhibit C to SBC Hearing Packet.
- C. For the year ending March 31, 2013, the Township collected \$85,250 in cemetery fees and during the same period, its costs to operate the cemetery were \$73,065. **The Township made a profit of \$13,250 off of its cemetery operations. See Exhibit C.**
- D. The entire budgeting process for the Township relating to the cemetery is suspect. For the year ending March 31, 2013, the cemetery operation was budgeted to cost the Township \$136,787. It, in fact, cost the Township \$73,000. See **Exhibit C.**

The SBC should have no confidence in the Township financial analysis or its dire predictions that it cannot operate the cemetery.

In contrast to the Indianfields Cemetery, Caro negotiated and agreed with Almer Township for uniform burial fees between City and township residents (Exhibit G to SBC Hearing Packet). Unlike Indianfields, Almer Township spends approximately \$24,000 each year

to operate its cemetery as opposed to the \$73,000 amount expended by Indianfields.¹ (See **Exhibit D.**) In the written submittal of Allen Jones, Chairperson of the Caro Village to City Citizens' Committee, Mr. Jones had it right when he stated in his written statement to the SBC as follows:

My personal feeling, which I gained by personally conducting a study of Township Cemeteries around the State of Michigan, found it was, in fact, one of the highest cost operating cemeteries in the State on a per capita basis. What was discovered is that they had excessive personnel costs, equipment costs, and did not have a perpetual fund capable of allowing the cemetery to operate without significant cash infusion from the general fund and no cash was being deposited into the township general fund which cemeteries tend to generate. Several things, all public knowledge, came to light in the last few years. First, the head sexton of the cemetery was fired and criminal charges were filed against him. His wife, also an employee with the township is now no longer with the employed (sic.) by the township. They may have made some cost reductions in their cemetery operations, by ridding themselves of this cemetery is by no stretch of the imagination a good-will gesture by the Indianfields Township towards the City but rather their effort to saddle another governmental agency with the albatross they have created. (See **Exhibit E.**)

IV. IMMEDIATELY PRIOR TO THE FILING OF THIS ANNEXATION PETITION, INDIANFIELDS TOWNSHIP CONVEYED CEMETERY PROPERTY TO STRIP THE CEMETERY OF MARKETABLE LAND.

At the public hearing, Township Clerk, William Campbell, answered a question from Local Commissioner William Bortel that the sale of portions of the property relating to the cemetery by the Township on May 22, 2013 (12 days after the filing of the Boundary Commission petition) was legal and did not implicate cemetery property.

Here are the facts! On May 22, 2013, the Township sold property to Fullmer Investment Company, LLC for the sum of \$20,000 (12 days after its May 10, 2013 annexation petition was filed with the SBC) (**Exhibit F**). The property sold by the Township was part of the cemetery as

¹ A reasonable conclusion that can be drawn from the comparison of cemetery operations in Indianfields Township and Almer Township is that the Indianfields Township is expensing costs to the cemetery which may be attributable to other Township operations.

indicated by the Township's Part VII Map indicating that parcel no. 100-0300 included the parcel sold by the Township on May 22, 2013. The Township has not been candid and transparent with the SBC. The Township wanted to sell off a portion of its cemetery prior to the SBC decision on its annexation petition for infusion of \$20,000 to its General Fund, and at the public hearing misrepresented those facts to the SBC.

At the public hearing, Caro presented maps attached as Exhibit B in the SBC Hearing Packet indicating that parcel no. 013-002-100-0300-00 contained the property under cemetery operations which was sold by the Township on May 22, 2013.

V. THE INDIANFIELDS TOWNSHIP WAS A PART OF THE ASSET AND LIABILITIES NEGOTIATION AND SHOULD BE BARRED BY THE CONSENT JUDGMENT.

Commissioner Stewart inquired at the public hearing whether a specific listing of all of the issues included in the division of assets and liability negotiations upon the incorporation of Caro had been maintained. Caro submits the following documentation to support its position that the Caro Cemetery was clearly part of the division of assets and liabilities upon incorporation pursuant to MCL 117.14.

Attached as **Exhibit G** are the following:

- A.** First two sheets - listing of items discussed with the Township of Indianfields and Almer. Page 3 notes of Almer Township Response to City of Caro.
- B.** Four sheets - points of discussion
- C.** Indianfields Township counter-proposal dated October 1, 2009
- D.** Division of assets proposal to Indianfields' counter-proposal dated November 4, 2009
- E.** Memo to Caro City Council from Mayor Striffler and Mayor Pro Tem Pouliot with attachments A-D

- F. Letter from Township Attorney Gary Howell to City Attorney Gary Crews dated September 10, 2010
- G. Letter to Township Supervisor, Ray Rendon, from Township Attorney Gary Howell dated May 3, 2010 and copied to City Attorney Gary Crews
- H. Indianfields Township Board of Trustees letter dated October 4, 2010 from Richard Pouliot and Thomas Striffler.

The cemetery issue was negotiated and is governed by the terms of the Consent Judgment, which states as follows:

“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.”

Conclusion

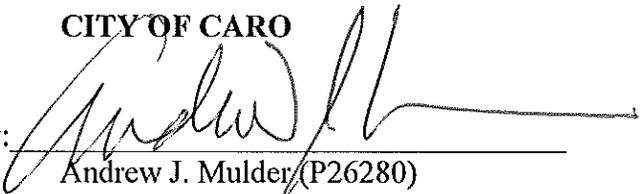
In conclusion, it is the position of Caro that the public hearing and the documents submitted by Caro clearly indicate the following:

- A. The proposed annexation does not meet the statutory criteria of the SBC.
- B. That MCL 117.14 does not apply to the annexation request of the Township. In fact, MCL 117.9(9) applies so that the ownership of the cemetery would not transfer from the Township to Caro.
- C. The economic arguments made by the Township are unsupported and clearly inconsistent with the facts. Not only is the cemetery operated profitably, but its perpetual fund and general fund have grown since the incorporation of Caro.
- D. The Township conveyed cemetery assets immediately after its annexation petition was filed with the SBC evidencing its intent to skim off cemetery assets into its general fund.
- E. Negotiations regarding the cemetery were clearly a part of the “claims” which could have been litigated and are barred by the Consent Judgment.

Respectfully submitted,

CITY OF CARO

Dated: January 2, 2014

By: 

Andrew J. Mulder (P26280)
CUNNINGHAM DALMAN, P.C.
321 Settlers Rd.
Holland, MI 49423

EXHIBIT A

Deeds conveying property to Indianfields Township for cemetery purposes

L = 28

437

Received for Record, Assignment of A. D. 1871, at 1 o'clock P.M. J. H. Gurnell

This Indenture, Made this Seventh day of August in the year of our Lord one thousand eight hundred and seventy one

Board of North Indian Fields in the year of our Lord one thousand eight hundred and seventy one

Witnesseth, That the said parties of the first part, for and in consideration of the sum of One Hundred and Sixty five Dollars

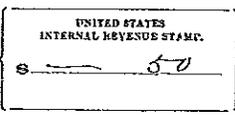
situate and being in the Township of Indian Fields County of Tuscola and State of Michigan and more particularly known and divided as follows, to wit: commencing at the South West corner of the North West quarter of the North West quarter of Section Two (2) in Township Twelve (12) North Range Nine (9) East, and running thence East Forty (40) rods, thence North Twenty (20) rods, thence West Forty (40) rods, and thence South Twenty (20) rods to the place of beginning, being Five (5) acres of land in the South West corner of said North West quarter of the North West quarter of said Section Two (2) and being Forty rods long East & West and Twenty rods wide North and South

2-12-9

Together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining: To Have and to Hold the said premises as described, with the appurtenances, unto the said parties of the second part, and to their heirs and assigns, FOREVER.

In Witness Whereof, The said parties of the first part have hereunto set their hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of J. P. Hoop, E. W. Gurish, Henry Church, Belia Church



STATE OF MICHIGAN, County of Tuscola, On this Seventh day of August in the year one thousand eight hundred and seventy one before me, a Notary Public in and for said County, personally came the above named Henry Church and Belia Church his wife known to me to be the person who executed the foregoing instrument, and acknowledged the same to be their free act and deed.

STATE OF MICHIGAN, County of Tuscola, On this Seventh day of August in the year one thousand eight hundred and seventy one before me, the subscriber, a Notary Public for said County, personally appeared Henry Church and Belia Church his wife to me known to be the same persons described in and who executed the within instrument, who severally acknowledged the same to be their free act and deed. And the said Belia Church wife of the said Henry Church

on a private examination by me, separate and apart from her said husband, acknowledged that she executed the same freely, and without any fear of or compulsion from any one.

J. P. Hoop, Notary Public

L=132

P=41

Vertical text on the left margin, likely a recording or filing note.

Received for Record the... day of... A. D. 1903, at... o'clock... as a proper certificate was furnished in compliance with Section 185, of Act 236 of Public Acts of Michigan of 1893, as amended by Act 184 of Public Acts of Michigan of 1896.

Lincoln B. Spencer et al TO

James H. Sawyer, Deputy, Register of Deeds.

This Indenture

Made this 17th day of May

In the year of our Lord one thousand nine hundred and...

BETWEEN Lincoln B. Spencer et al and the Township of Judau fields...

WITNESSETH, That the said part... of the first part, for and in consideration of the sum of... Dollars,

to... in hand paid by the said part... of the second part, the receipt whereof is hereby confessed and acknowledged, do... by these presents grant, bargain, sell, remise, release, alien and confirm unto the said part... of the second part, and to their heirs and assigns, FOREVER, ALL that certain piece or parcel of Land, situate and being in the

Township of Judau fields... County of Tuscola, and State of Michigan... and described as follows, to-wit: Commencing at the north west corner of the south half of the north west fractional quarter of section 12...

Together with all and Singular, the hereditaments and appurtenances thereunto belonging or in any wise appertaining; To Have and to Hold the said premises, as... described, with the appurtenances, unto the said part... of the second part, and to... heirs and assigns, FOREVER. And the said

part... of the first part, their... administrators, do... covenant, grant, bargain and agree, to and with the said part... of the second part, and their... heirs and assigns, that at the time of the sealing and delivery of these presents... well seized of the above granted premises, IN FER SIMPLE; that they are free from all incumbrances whatever,

and that they will, and their... heirs, executors... administrators... shall Warrant and Defend the same against all lawful claims whatsoever;

In Witness Whereof, The said part... of the first part hereunto setteth hand and seal the day and year first above written

Witnesses for Lincoln B. Spencer et al: Joseph C. Reese, Carl B. Spencer, Joseph H. Spencer, John E. Spencer, Adela Reid to Lincoln B. Spencer, John Regge witness for the H. C. Spencer

Witnesses for the Township of Judau fields: Joseph C. Reese, Carl B. Spencer, Joseph H. Spencer, John E. Spencer, Adela Reid to Lincoln B. Spencer, John Regge witness for the H. C. Spencer

STATE OF MICHIGAN, COUNTY OF Tuscola, ss. On this 17th day of May, in the year one thousand nine hundred and...

before me, J. Edgar Public, in and for said County, personally appeared... to me known to be the same person...

described in and who executed the within instrument, who... acknowledged the same to be their free act and deed

Notary Public: J. Edgar Public, State of Michigan. I, the undersigned, being a Notary Public in and for the County of Tuscola, State of Michigan, do hereby certify that the foregoing instrument was duly acknowledged before me on the day and date therein expressed, and that the parties thereto are the persons named therein and who executed the same, and that the same is a true and correct copy of the original instrument as the same appears from the records of my office.

Vertical text on the right margin, likely a recording or filing note.

Township Board of Indianfields Township

This instrument was presented and received for Record this 13th day of April A. D. 1921, at 3 o'clock P. M., as a proper certificate was furnished in compliance with Section 2937, Compiled Laws of 1897.

Henry W. Beecher Register of Deeds.

Deister L. Dickinson and wife

This Indenture Made this 13th day of April in the year of our Lord one thousand nine hundred and Twenty one

BETWEEN The Township Board of Indianfields Township, Tuscola County, Michigan

and Deister L. Dickinson and Cora M. Dickinson, husband and wife jointly parties

WITNESSETH, That the said party of the first part for and in consideration of the sum of Seven Hundred Ten Dollars (\$710.00)

to them in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, do presents grant, bargain, sell, remise, release, alien and confirm unto the said party of the second part, and their heirs and assigns, FOREVER, All those certain piece or parcels of land situate and being in the Townships of Indianfields County of Tuscola and State of Michigan, and described as follows, to-wit:

Commencing at a point 38.30 rods north and 10.88 rods east of the quarter post common to sections two and three in Town Twelve North of Range Nine East, running thence east twelve rods, thence south 53° 15' East, thirty one rods, thence west 21.56 rods, thence north six rods, thence west 8.80 rods, thence north 7° 0' west 6.80 rods, thence north 40° 0' west four rods, thence north 48° 0' west four rods, to place of beginning being part of Northwest quarter of section 2, Town 12 N., R. 9 E., and said to contain 1.81 acres more or less. Also commencing at a point 40 rods north and 57 rods east of the quarter post common to sections two and three in Town Twelve North of Range Nine East, running east four rods, thence in an easterly direction along the north right of way of Detroit, Bay City and Western Railroad eighty four rods to west line of property owned by Mont Wagon, thence north on west line of Mont Wagon property 37.44 rods, thence north twenty rods, thence south 41° 30' west 33.84 rods to a point two rods north of D. B. C. & W. R. R. right of way, thence westerly parallel to said D. B. C. & W. R. R. right of way and two rods from same to place of beginning being part of Northwest quarter of section two in Town Twelve North of Range Nine East and said to contain 5.30 acres more or less.

Together with all and singular, The hereditaments and appurtenances thereunto belonging or in anywise appertaining; To Have and to Hold the said premises, as herein described, with the appurtenances, unto the said party of the second part and to their heirs and assigns, FOREVER. And the said Township Board of Indianfields Township

party of the first part, in this deed their successors, heirs, executors, and administrators, do covenant, grant, bargain and agree to and with the said party of the second part, their heirs and assigns, that at the time of the executing and delivery of these presents they are well seized of the above granted premises IN FULL SIMPLE; that they are free from all incumbrances whatever;

and that they will, and their successors, heirs, executors, and administrators shall Warrant and Defend the same against all lawful claims whatsoever.

In Witness Whereof, The said party of the first part has hereunto set their hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of

John Fournier
Mary G. Hill

U.S.I.R.
\$1.00
4-13-21
W.H.B. reg

Walter Whitlock Supervisor
J. McQuinn Clerk
William Johnson Justice
Robert Brown Justice of Peace
Subscribed Township, Tuscola Co., Mich

STATE OF MICHIGAN, ss. On this 11th day of April in the year one thousand nine hundred and Twenty one

before me, a Notary Public, in and for said County, personally appeared John McQuinn, Walter Whitlock, Robert Brown, William Johnson, comprising the Township Board of Indianfields Township, Tuscola County, Michigan to the known to be the same person described in and who executed the within instrument, who severally and jointly free act and deed as such Township Board

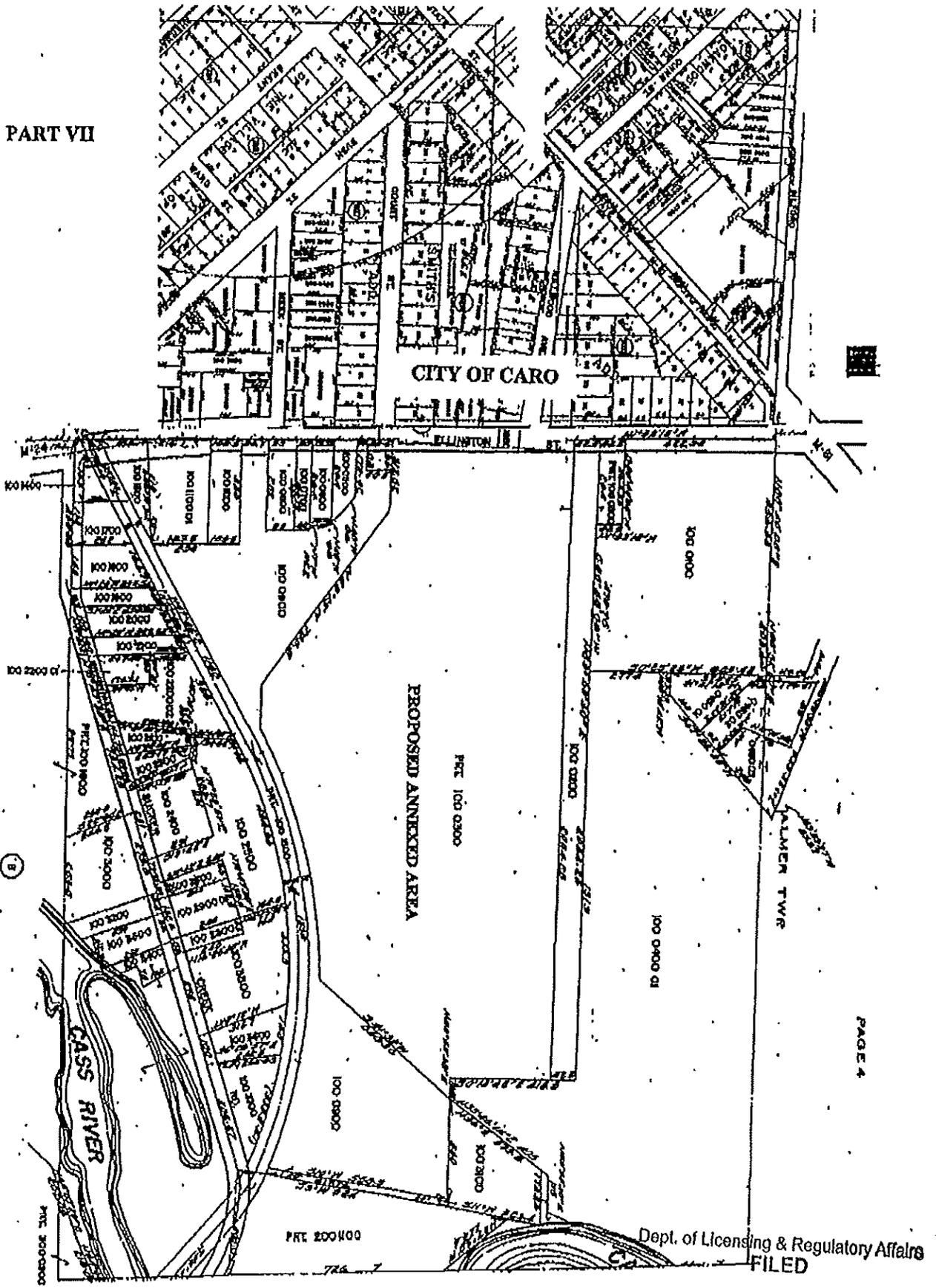
My commission expires Dec 1 1924

Mary G. Hill
Notary Public, County, Michigan.

EXHIBIT B

Part VII Map to Indianfields Township Annexation Petition

PART VII



PAGE 4

Dept. of Licensing & Regulatory Affairs
FILED

MAY 10 2013 13 AP 0 1

STATE BOUNDARY COMMISSION

EXHIBIT C

Statement of Budgetary Operations for Year Ending March 31, 2013 – Indianfields Township

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes:				
Current property tax	\$ 144,100	\$ 144,100	\$ 244,616	\$ 100,516
Tax collection fees	14,000	14,000	-	(14,000)
Trailer fees	900	900	718	(182)
Total Taxes	<u>159,000</u>	<u>159,000</u>	<u>245,334</u>	<u>86,334</u>
Intergovernmental Revenue:				
State shared revenue	186,000	186,000	193,227	7,227
State shared revenue - metro	14,000	14,000	7,399	(6,601)
Total Intergovernmental Revenues	<u>200,000</u>	<u>200,000</u>	<u>200,626</u>	<u>626</u>
Charges For Services				
Land division fees	500	500	1,770	1,270
Cemetery	40,000	40,000	85,253	45,253
State fire protection	-	-	2,523	2,523
Total Charges for Services	<u>40,500</u>	<u>40,500</u>	<u>89,546</u>	<u>49,046</u>
Interest and Rents				
Rental income	900	900	1,000	100
Interest income	2,550	2,550	1,681	(869)
Total Interest and Rents	<u>3,450</u>	<u>3,450</u>	<u>2,681</u>	<u>(769)</u>
Miscellaneous Revenues:				
Other	36,400	36,400	44,196	7,796
TOTAL REVENUES	<u><u>\$ 439,350</u></u>	<u><u>\$ 439,350</u></u>	<u><u>\$ 582,383</u></u>	<u><u>\$ 143,033</u></u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):				
Public works:				
Sanitation:				
Contracted services	\$ 129,700	\$ 129,700	\$ 121,487	\$ 8,213
Street Lighting	3,200	3,200	3,201	(1)
Highways and Streets	134,612	134,612	133,378	1,234
Zoning Board	3,800	3,800	4,497	(697)
Total Public Works	<u>271,312</u>	<u>271,312</u>	<u>262,563</u>	<u>8,749</u>
Cemetery:				
Salaries & wages	50,000	87,590	50,763	36,827
Taxes - F.I.C.A.	4,000	4,000	949	3,051
Operating supplies	6,000	10,572	5,303	5,269
Telephone	2,000	3,641	1,413	2,228
Utilities	6,000	11,275	5,843	5,432
Contracted services	3,000	5,113	2,701	2,412
Miscellaneous	925	1,404	171	1,233
Capital outlay	2,500	4,906	1,547	3,359
Repairs & maintenance	5,500	8,286	4,032	4,254
Total Cemetery	<u>79,925</u>	<u>136,787</u>	<u>72,722</u>	<u>64,065</u>
Recreation and Cultural:				
Township Hall:				
Equipment	1,000	1,000	1,000	-
Telephone	3,500	3,500	3,456	44
Printing & publishing	500	500	331	169
Repairs & supplies	2,000	2,000	1,867	133
Supplies	1,500	1,500	1,398	102
Postage	4,000	4,000	3,759	241
Total Township Hall	<u>12,500</u>	<u>12,500</u>	<u>11,811</u>	<u>689</u>

(Continued)

EXHIBIT D

Schedule of Revenue & Expenditures for Year Ending March 31, 2013 – Almer Township

CHARTER TOWNSHIP OF ALMER, TUSCOLA COUNTY
CEMETERY FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Grave - openings	\$ 2,500	\$ 1,975	\$ (525)
Sales - cemetery lots	3,000	3,200	200
Interest	-	3	3
Miscellaneous	500	300	(200)
TOTAL REVENUE	<u>6,000</u>	<u>5,478</u>	<u>(522)</u>
EXPENDITURES:			
Grave - Openings	2,700	1,350	1,350
Contracted services	20,000	21,200	(1,200)
Repairs & maintenance	3,100	1,118	1,982
Utilities	200	142	58
Miscellaneous	-	-	-
TOTAL EXPENDITURES	<u>26,000</u>	<u>23,810</u>	<u>2,190</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(20,000)</u>	<u>(18,332)</u>	<u>1,668</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	20,000	18,000	(2,000)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	<u>-</u>	<u>(332)</u>	<u>(332)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,643</u>	<u>3,643</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,643</u>	<u>\$ 3,311</u>	<u>\$ (332)</u>

EXHIBIT E

Letter of Allen Jones, Chairperson of the Caro Village to City Citizens Committee Submitted to SBC at Public Hearing on December 4, 2013

My name is Allen Jones, a resident of Caro for over 40 years, and for several years I was the chairperson of the Caro Village to City citizens committee. We promoted the separation of the village from the townships of Indianfields and Almer. We were successful in that and the City Charter was completed on August 9, 2009. I also served as the vice-chairman of the Charter Writing Committee. As you can see, I have an intimate knowledge of the history of the process.

Part IV of the Indianfields Township application for annexation says "The annexation is requested so that the public cemetery may be located in the City of Caro and so that the City of Caro may thereafter own, operate and control that cemetery as provided by MC L 117.14"

I am confused as to why the township now feels it is in the best interest of another governmental entity to assume their obligation. During the Cityhood campaign the township residents accused our committee of "land grabbing". Our committee submitted a boundary proposal to the Boundary Commission, which included only the current village "footprint". The Boundary Commissions made some changes to either "straighten out" some boundaries (i.e., Gilford road north side, Mertz road west side and Van Geisen, south side) or eliminate "islands". The Cityhood committee did all we could do to not be accused of land grabbing.

At that time the township made no efforts to include the Indianfields Township Cemetery in the new city at the time of the boundary determination. In fact, the Township board used the ownership of the cemetery as a tactic to discourage village residents from voting for Cityhood. They came out very early saying the burial cost for City residents was going to be significantly higher than Township residents. This was a transparent attempt to dissuade Caro residents from approving cityhood. Currently the rates for non-township residents (i.e. City residents) is a minimum of 3 times higher than pre-Cityhood and rates for certain infant services are as much as 5 times higher. Almer Township is a similar situation relative to the relationship with the City of Caro. However they have chosen to maintain the same rate available for City residents as for their township residents. If Indianfields has wanted to promote a cooperative agreement, and one that would make them competitive with Almer Township rates, they would offer the same rate to city residents as to township residents.

My understanding is that there were several meetings to discuss the disposition of jointly owned assets. It is my understanding that in none of those meetings or subsequent meetings did the township volunteer the Indianfields Township Cemetery for annexation.

My personal feeling, which I gained by personally conducting a study of Township Cemeteries around the State of Michigan, found it was in fact one of the highest cost operating cemeteries in the state on a per capita basis. What was discovered is that they had excessive personnel cost, equipment cost and did not have a perpetual care

fund capable of allowing the cemetery to operate without significant cash infusion from the general fund and no cash was being deposited into the township general fund which cemeteries tend to generate. Several things, all public knowledge, came to light in the last few years. First, the head sexton of the cemetery was fired and criminal charges were filed against him. His wife, also an employee with the township is now no longer with the employed by the township. They may have made some cost reductions in their cemetery operations, but ridding themselves of this cemetery is by no stretch of the imagination a good-will gesture by the Indianfields Township towards the City but rather their effort to saddle another governmental agency with the albatross they have created.

After reading the Questionnaire for Annexation completed by the township clerk, I'm even more confused than before. It appears that the township is primarily interested in receiving city services. It is my understanding that Indianfields Township, apparently has not needed City services in the recent past, because they have not been using City water, which is available to them, nor have they accessed sewer services, which is available by agreement, nor have they requested to contract plowing services from the City. I'm confused why it is such a "critical" issue now and has not been in the past.

I have no vested interested, either personal or business, in this issue except to take exception with the efforts of one governmental agency trying to renege on their signed dispersion of assets agreement and try to dump their problem on another agency and saying it is in the City's best interest. We (the city) separated from the Township so we could govern without their interference. I strongly oppose the township's attempt to locate the cemetery in the City of Caro. The services they seek are available without annexation. If Caro needs a cemetery, it should be the Caro residents who make that decision.

EXHIBIT F

*Warranty Deed from Indianfields Township to Fullmer Investment Company
dated May 22, 2013*

RECEIVED IN TUSCOLA COUNTY
Jun 14 2013 10:45:46A

53 2013 968085



Recorded Jun 14, 2013 11:01A
Tuscola County John Bishop
(Register of Deeds)
Receipt # 342325 Fee: 17.00

June 14 2013 13
This is to certify that there are no tax liens or other liens on this property and that the taxes are paid for FIVE YEARS previous to the date of the instrument. This certification does not include taxes, if any are in the process of collection by City, Village or Township Treasurers. EXCEPTION: This certification being subject to any financial interest owned by the State of Michigan.
Patricia Donohue-Ray

L-1283 P-258 (2)

MICHIGAN REAL ESTATE TRANSFER TAX
DEPT of TAXATION : 172.00
County : 22.00
Tax #: 31934 State : 150.00

WARRANTY DEED

The Grantor, Indianfields Township, a Michigan Municipal corporation, whose address is 111 Joy Street, Caro, MI 48723,

CONVEYS AND WARRANTS TO: Fullmer Investment Company, LLC, a domestic limited liability company, whose address is 466 Ellington Street, Caro, MI 48723

The following described premises situated in the Township of Indianfields, County of Tuscola, and State of Michigan, described as:

A parcel of land in the Fractional Northwest 1/4 of Fractional Section 2, T.12 N.-R.9 E., Indianfields Township, Tuscola County, Michigan, described as follows: Beginning at a point on the West line of said Section which is 522.98 feet, S.00°-00'-00"W., of the Northwest corner of said Section; thence S.89°-15'-43"E., 264.00 feet; thence S.00°-00'-00"E., parallel with said West Section line, 82.50 feet; thence N.89°-15'-43"W., 264.00 feet to said West Section line; thence N.00°-00'-00"E., on said West Section line, 82.50 feet to the point of beginning, containing 0.50 acre of land and subject to highway use of the West 33.00 feet thereof.

For the full consideration of \$20,000.00.

The Grantor grants to the Grantee the right to make no divisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

DATED this 22 day of May, 2013.

SIGNED BY:

Township of Indianfields,
a Michigan municipal corporation,

Ray Rendon
By: Ray Rendon, Supervisor

13-
4-9 Rendon

150.00 33.00

Taylor, Butterfield, Riseman, Howell, Churchill, Jarvis & Stutz P.C. ♦ 407 Clay Street, Lapeer, Michigan 48446 ♦ (810) 664-5921

Taylor, Butterfield, Riseman, Howell, Churchill, Jarvis & Stutz P.C. ♦ 407 Clay Street, Lapeer, Michigan 48446 ♦ (810) 664-5921

Acknowledged before me in the County of Tuscola, State of Michigan on the 22 day of May, 2013 by Ray Rendon, Supervisor of the Township of Indianfields, on behalf of the Township of Indianfields.

Deanna Marshall
Deanna Marshall
Notary Public
Tuscola County, Michigan
Acting in Tuscola County
My Commission Expires: 07/19/2016

Township of Indianfields,
a Michigan municipal corporation

William Campbell
By: William Campbell, Township Clerk

Acknowledged before me in the County of Tuscola, State of Michigan on the 22 day of May, 2013 by William Campbell, Clerk of the Township of Indianfields, on behalf of the Township of Indianfields.

Deanna Marshall
Deanna Marshall
Notary Public
Tuscola County, Michigan
Acting in Tuscola County
My Commission Expires: 07/19/2016

Drafted by and when recorded return to:
BRIAN M. GARNER (P71798)
Attorney at Law
407 Clay Street
Lapeer, Michigan 48446
(810) 664-5921

Recording fee: \$17.00
Certification: \$1.00
Transfer tax: \$172.00
Property Tax Id: 013-002-100-0300-00
Send subsequent tax bills to: Grantees

EXHIBIT G

Documentation and correspondence between Indianfields Township and City of Caro regarding assets & liability allocation relating to Indianfields Township Cemetery

Division of Assets Proposal-Indianfields Township

- Residential Cemetery Rates for 20 years
- Transfer of all Sewer funds.
- Transfer of two Voting machines.
- Same access and fees as residents for Indianfields Park for 20 years
- Vacating of use agreement for Township Hall.
- 28.6% of General fund balance as of 2008 Audit. = $\$306,075 \times 28.6\% = \$87,537$

Division of Assets Proposal-Almer Township

- Residential Cemetery Rates for 20 years
- Transfer of all Sewer funds.
- Transfer of one Voting machine. made available by fewer Precincts
- Same access and fees as residents for Darbee Farm Park for 20 years
- Free (or resident rate) use of Luder Road dump for 10 years.
- 13.9% of General fund balance as of 2008 Audit.= $\$170,898 \times 13.9\% = \$23,754$

Caro/Almer Township Division of Assets

Caro Response to Proposal dated September 23, 2009

- Residents of the City would be granted the right to purchase lots and be buried in the Almer Township Cemetery at the same rates charged to residents of Almer Township for a period of 10 years from the date of incorporation.
- The township will transfer all sewers funds in excess of obligated sewer bond payments, currently held by the Township, over to the City, and the City agrees to honor prior agreements as to sewer capacity usage by Township residents.
- The Township will transfer one currently certified Voting machine to the City.
- City residents would be granted the same access and rates as Township residents for Darbee Farm Park for 20 years from the date of incorporation.
- City residents would be granted the same access and rates as Township residents for use of the Luder Road Dump as residents of the Township for a period of three (3) from the date of incorporation.
- Almer Township will transfer an amount of \$17,000 from the Township's General fund to the City of Caro, with 50% (\$8500) paid by January 15, 2010 and 50% (\$8500) paid by May 15, 2010.

October 12, 2009

Points of Discussion

- Cemetery
 - Citizens have been paying for the cemetery for years
 - Especially older citizens own plots or have spouses buried there.
 - With higher rates, more will choose cremation which will decrease revenue.
- Sewer Funds
 - The sewer funds were paid by using township residents specifically for the sewer fund.
 - The fund should not be used to benefit all township residents only those that currently have sewer services. (Obviously, the City would put it in the Sewer fund, to be only used for sewer costs.)
 - It may help defray or reduce sewer rate increases
- Voting Machines
 - The voting machines were paid for by the state (we think) for the benefit of all voters.
 - With fewer voters in the township, you should need fewer machines.
- Park Access
 - The residents helped support establishing the township park, though there are no different fees now, they should continue to have the same access as current residents do for a period of time.
 - The Village of Caro has not charged differently for village vs township residents, even though township residents have NEVER paid for our park costs.
- Luder Road Dump- Almer
 - Almer Township Residents have paid for the use of the dump twice, recently via township taxes and village taxes.
 - The village/city provides periodic assistance to move around material at the dump.
 - It has become less of a financial burden on the township with the contractor taking the cement.
- Township Hall- Indianfields
 - The hall may not be able to be used for meetings and elections in the future anyway.
 - It would no longer be central to the Indianfields township residents,
 - The building is becoming structurally obsolete.
 - There is no clear plan in the old agreement as to what happens when the building must be torn down or rebuilt.
- General Fund
 - City residents are legally entitled to 57.1 % and 27.9% respectively of the township's TOTAL assets.
 - There is no good way to divide hard assets that makes sense. Cash is the easiest to divide.
 - We do not jeopardize the on going operations of the township governments by seeking the total amount.
 - The percentages are based upon the percentage of taxable value that the village is of each township, DIVIDED IN HALF to show we need to fairly represent our citizens w/o irreparably harming the township

INDIANFIELDS TOWNSHIP COUNTER-PROPOSAL

DIVISION OF ASSETS CARO/INDIANFIELDS

The Indianfields Township Board has given consideration to the proposal submitted by the Village of Caro for a possible division of assets in the event that City incorporation is given final approval. Our counter-proposal as to the six items suggested by Caro is as follows:

1. Residents of the City would be granted the right to purchase lots in the Indianfields Township Cemetery at the same rate charged to residents of Indianfields Township for a period of twenty (20) years from the date of incorporation, provided that a contract is entered into with the City by which the City would contribute its pro-rata share to the operating costs of the Cemetery. A contract similar to the current fire contract should serve as a model for such an agreement. *Caro*
2. The Township would transfer all sewer funds currently held by the Township over to the City provided that an agreement is entered into for the City to assume all sewer bonded indebtedness and to use any excess funds solely for the maintenance and repair of sewer lines serving the properties from which the sewer funds were obtained. ~~The existing sewer operating agreement would be terminated.~~ *No \$\$\$*
3. ⁰⁰The Township would transfer ownership of two (2) of its voting machines to the City.
4. ^cCity residents would be granted the same access and rates as Township residents for the Township Park for a period of twenty (20) years from the date of incorporation.
5. The Township would retain use of the municipal building, as previously granted by the City in the 1977 deed, until such time as an alternative office building is obtained by the Township. *3 yr*
6. ⁶⁰The Township would transfer to the City of Caro Twenty-Eight and Six Tenths (28.6%) percent of the Township's General Fund Balance which exists on the date of incorporation. *60*

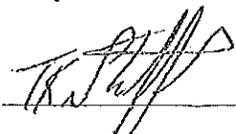
This Counter-Proposal is being presented as a package. If we cannot come to terms on the entire package, the Township proposal would change as to individual items.

October 1, 2009

Division of Assets Proposal-Indianfields Township
Proposed 10/22/2009 in response to Indianfields Township Counter Proposal Dated
10/1/2009 and received 10/20/2009.

- Residents of the City would be granted the right to purchase lots and be buried in the Indianfields Township Cemetery at the same rates charged to residents of Indianfields Township for a period of 10 years from the date of incorporation.
- The Indianfields Township will transfer all sewer funds *in excess of obligated sewer bond payments*, currently held by the Township, over to the City sewer fund, and the City agrees utilize those funds for the sewer system and to honor the current terms of the sewer agreement with Indianfields Township.
 - Note: assuming Indianfields Township Sewer debt by the City would require significant legal and administrative costs that would deplete funds that could be used toward system operation and maintenance.
 - Note: continuing the sewer agreement provides the Township users assurance of equal sewer rates and allows for additional "taps" should current or new developments in the Township require sewer service.
- Indianfields Township will transfer two (2) currently certified Voting machines to the City.
- City residents will be granted the same access and rates as Township residents for Indianfields Township Park for 20 years from the date of incorporation.
- Indianfields Township will retain usage of the municipal building for a period of two (2) years from the date of incorporation of the City, at which time, unless otherwise negotiated with the City, the Township will vacate the building and it will be turned over to the City.
- Indianfields Township will transfer an amount of \$87,000 (approximately 28.4% of the General Fund Balance as of the 2008 Audit) from the Township's General fund to the City of Caro, with 33% (\$29,000) paid by January 15, 2010 and 33% (\$29,000) paid by May 15, 2010 and 33% (\$29,000) paid by September 15, 2010.

Please Respond by 11/25/2009

Delivered by  Received by 
Date 11-4-09

To: Caro City Council
From: Tom Striffler & Dick Pouliot
CC: Rey Rendon
Date: April 5, 2010
Re: Negotiations with Indianfields Township

On March 22, 2010 we met with Indianfields Township representatives Rey Rendon, Janine Ewald and Gary Howell (Attorney) and delivered the City's letter of response (see attachment A).

They indicated that Indianfields Township was in a severe financial condition. We pointed out that even though Caro citizens were entitled to approximately 57% of all of Indianfields Township assets, per MCL117.14, we had tried to propose items that would provide value to the Caro citizens that would not require significant outlay of cash. They stated that they would share with us their up to date financial condition referencing their last audit. We would have this information by April 15 so it could be included in our April 19th council packet for your review.

We also asked about changes in cemetery rates for non residents that we had heard about. They stated that they had shared "proposed" rates with the funeral directors but had not finalized any changes.

On Thursday, April 1, 2010, the attached communication (attachment B) was left on Clerk Karen Snider's desk. We presume that this was intended to be their information that was promised. It states "The following is the monetary assets and liabilities of Indianfields Township on the date of incorporation of the City of Caro (November 2009). Assets: \$63,867.39 Liabilities: \$269,773.

There was no documentation that references their last audit of March 31, 2009. In the audit document under Management's Discussion and Analysis (page iii) it states that "assets exceeded liabilities by \$1,633,110 at the close of the most recent fiscal year." And further states that "The remaining balance of unrestricted net assets \$737,142 may be used to meet the governments ongoing obligations to citizens and creditors." Page 20 of the audit in NOTE 5-CASH AND INVESTMENTS shows total cash and equivalents of \$782,450 including General Fund Deposits of \$391,688 (attachment C).

It is our recommendation that we ask Indianfields Township to provide to us their approved original 2009-2010 budget, their ending adjusted 2009-2010 budget (unaudited) and their newly approved 2010-2011 budget. (Note: We may also need to see the final audited 2009-2010 information).

We also recommend that we request to see Indianfields Township Board minutes that show discussion and approval of Township Cemetery rates. A funeral director provided to me the attached new Indianfields township cemetery rates that are in effect as of April 1. (attachment D)

MANAGER
DONALD E. BEAVERS
CLERK/TREASURER
KAREN J. SNIDER
ATTORNEY
GARY CREWS

Attachment A

CITY OF CARO

317 SOUTH STATE STREET
CARO, MICHIGAN 48723
PHONE: 989-673-2226
FAX: 989-673-7310
WEB PAGE: carocity.net

MAYOR:
TOM STRIFFLER
COUNCIL:
RICHARD POULIOT
(PRO TEM)
JOE GREENE
MICHAEL HENRY
CHARLOTTE KISH
AMANDA LANGMAID
RICK LIPAN

March 19, 2010

Dear Indianfields Township Board

Representatives of our respective boards last met January 20, 2010 to discuss Division of Assets between the City of Caro and Indianfields Township. At that meeting Caro representatives asked for additional information concerning several of the points of your "second counter-proposal." To date we have received only partial actuarial information and just received sewer ordinance information from your attorney on March 8th.

Our response to your "2nd counter offer" at this point is as follows:

1. The City is not interested in contracting for cemetery services. Cemetery services are considered enterprise funds and should be self sustaining funds much like the City's water and sewer funds. Our residents may choose various locations for their cemetery services and we do not feel that we should use our taxpayers' money to supplement one particular cemetery. However, many of our taxpayers have paid taxes to Indianfields Township for many years to establish and maintain your cemetery and logically have an ownership stake in family plots or plans of securing them in the Township cemetery. Therefore we are simply asking that they have the right to continue to use the cemetery services for a period of time at the same rate as township residents to accommodate those residents.
2. Sewer Fund
 - a. The city is not interested in assuming all sewer bonded indebtedness of the township in order to execute this agreement. The benefit of the bond proceeds continues to be shared with township users. Indianfields Township has on hand, in your sewer fund, enough money to repay your part of the bonded debt through closure in 2013. The legal cost to renegotiate this change of use of funds with bond holders is an unnecessary expense for ALL the users of the system.
 - b. The remaining funds that are in your sewer funds would be transferred to the sewer fund that is restricted to be used exclusively for repair and replacement for sewer operations.
 - c. If we can streamline the process for collecting delinquent sewer bills through a legally enforceable ordinance (reference Mayfield township ordinance we received Monday March 8) the city will consider altering our current sewer agreement with Indianfields Township to allow simpler administration.

March 19, 2010
Indianfields Township Board
Page Two

3. We already have received 2 voting machines from Indianfields Township, so this is no longer a point of discussion, but if Indianfields has excessive voter booths (since you will only have one precinct Vs. three in the past, the City could use your extra booths.
4. Caro has not charged any rates for use of city parks and do not currently plan to. While no one knows what cost pressures we all will face in the future, the current City Council wishes to keep parks open for the public at large without distinction of residency. We understand that Indianfields Township has charged reservation fees for pavilions and such, and since many of our residents helped establish and fund the park, we are asking that for a specified period, they be assured that they can use the facilities they helped fund at the same fee structure as current Indianfields residents are offered.
5. We are willing to discuss the term of continued use of the municipal building but expect that we can reach a firm date for vacating. An open ended agreement does not serve as a valid negotiating point.
6. While you have raised the issue of dividing all assets and liabilities of the Township, it should be noted that the requested transfer from the fund balance of the General Fund in our earlier proposal is far below the over 57 % of ALL assets that the Caro city taxpayers are entitled to according to MCL 117.14. In addition, since pension liabilities are not fixed and are subject to many variables, they may not be considered under MCL 117.14.

In an effort to finalize this agreement, we are available for discussion and our offer of October 22 remains open until April 15, 2010 at which time the City of Caro will reconsider its alternatives to reach a fair settlement in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas K. Striffler", with a long horizontal line extending to the right from the end of the signature.

Thomas K. Striffler, Mayor

Attachment B

Date: April 1, 2010

To: City of Caro Finance Committee
Tom Striffler – City Manager
Dick Pouliot – City Council Member

From: Division of Assets and Liabilities Committee
Ray Rendon - Township Supervisor
Janine Ewald - Township Trustee

Subject: Requested Financial Information on Assets and Liabilities of Indianfields Township

The following is the monetary assets and liabilities of Indianfields Township on the date of incorporation of the City of Caro (November 2009).

Assets: \$63,867.39

Liabilities: \$269,773.00

INDIANFIELDS TOWNSHIP
GENERAL FUND
TREASURERS REPORT
Date: November 2009

GF-11-09

BEG. BAL.		\$52,817.89
DEPOSITS		
T.C. INT.	\$310.08	
ACCT INT.	\$20.14	
Fire Calls	\$510.00	
WORK ORDERS	\$3,900.00	
State Rev. Share	\$32,198.00	
ZONING	\$70.00	
SUBTOTAL DEPOSITS	<u>\$37,008.22</u>	
LESS DISBURSEMENTS		
12032 through 12094		\$25,958.72
rETURNED cHECK NSF		
LESS MERS		
ENDING BALANCE 6/30/09		- <u>\$63,867.39</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE 8 - PENSION PLAN (Continued):

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.

The entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in the December 31, 2007 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

GASB 25 Information (as of 12/31/2008)

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$147,792
Terminated employees (vested former members) not yet receiving benefits	46,860
Non-vested terminated employees (pending refunds of accumulated member contributions)	-
Current Employees-	
Accumulated employee contributions including allocated investment income	-
Employer financed	89,795
Total Actuarial Accrued Liability	<u>\$284,447</u>
Net Assets Available for Benefits at Actuarial Value (Market Value is \$38,358)	<u>53,374</u>
Unfunded (Overfunded) Actuarial Accrued Liability	- \$231,073

AIRPORT
+ 38,700
- 269,773.00

GASB 27 Information (as of 12/31/2008)

Fiscal Year Beginning	April 1, 2010
Annual Required Contribution (ARC)	\$18,384*
Amortization Factor Used – Underfunded Liabilities (30 years)	0.055889

Based on valuation payroll. 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, 2010) 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.

I
F
E

N
P
U
V
S
2

Township of Indianfields
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2009

*Attachment
 C
 Select Sheets 3/31/09
 Ind. Twsp Audit*

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 30 of this report.

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 \$1,633,110 at the close of the most recent fiscal year.

A portion of the Township's net assets \$513,692 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 - 3/31/09

	Governmental Activities 3/31/2009	Business-Type Activities 3/31/2009	Total 3/31/2009
Current and other assets	\$ 962,804	\$ 412,807	\$ 1,375,411
Capital assets	577,952	-	577,952
Total assets	\$ 1,540,556	\$ 412,807	\$ 1,953,363
Current liabilities	\$ 184,835	\$ 77,538	\$ 272,373
Noncurrent portion of long-term debt	-	47,880	47,880
Total liabilities	184,835	125,418	320,253
Net assets:			
Invested in capital assets	577,952	(64,260)	513,692
Restricted for a specific purpose	382,276	-	382,276
Unrestricted	385,493	361,649	737,142
Total net assets	1,345,721	287,389	1,633,110
Total liabilities and net assets	\$ 1,640,556	\$ 412,807	\$ 1,953,363

An additional portion of the Township's net assets \$382,276 represents resources that are subject to permanent restrictions on how they may be used. The remaining balance of unrestricted net assets \$737,142 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 \$63,571 during the current fiscal year.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE 6 - CASH AND INVESTMENTS (Continued):

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2009 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>RESTRICTED ASSETS</u>
General Fund:		
Deposits	\$ 391,688	
Other Funds:		
Perpetual Care Fund		\$ 380,684
Capitel Projects Fund	89,892	
Sewer Fund	171,939	132,671
Cemetery Fund	99,751	
Subtotal	<u>753,270</u>	<u>613,365</u>
Current Tax Collection Fund	29,180	-
TOTAL	<u><u>\$ 782,450</u></u>	<u><u>\$ 513,365</u></u>

NOTE 6 - DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances for temporary cash flow purposes at March 31, 2009 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Governmental Fund Types:		
General Fund	\$ 92,097	\$ 102,151
Cemetery Fund	100,569	
Enterprise Fund:		
Sewer fund	382	
Trust and agency:		
Current Tax Collection Fund		92,479
Perpetual Care Fund	52,151	50,569
TOTAL	<u><u>\$ 245,199</u></u>	<u><u>\$ 245,199</u></u>

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 2.6222 mills on a taxable value of \$143,050,383.

A Hochman FD

Indianfields Township

111 Joy St.

Caro MI 48723

Dear Funeral Home Operator

Date: 3/1/10

As you are aware, the Village of Caro has recently become a City. As a result, City residents are no longer required to pay any taxes to the Township in which they reside. A portion of the taxes previously paid by City residents were used to annually fund the operation of the two cemeteries under the control of Indianfields Township. The cemetery operation consumed approximately 20% of the entire Township budget in past years. However, with the reduction in revenues from City residents and limited reductions in cemetery operating costs, the Township is faced with the problem of how to adequately fund the operation of its cemeteries.

The Township has requested that the City consider a mutual operating agreement for the operation of the cemetery whereby the City would help fund the cemetery operation on behalf of their residents. The Township has a similar agreement with the City where the Township purchases fire service from the City. The Township has suggested that we use the same type of contract and formula to establish an agreement for the cemetery operation. To date, we have been unable to reach an agreement.

In the event that no agreement can be reached, the Township needs to be prepared to address the issue of funding the cemetery operation. We have consulted our auditors and they have assessed our operating costs and analyzed our fee structure. To maintain current costs to township residents, the non-resident rates will need to be significantly increased.

Revenues from City residents to the Township will cease effective 4/1/10 which is the beginning of our next fiscal year. In the event that no operating agreement can be reached between the City and the Township for cemetery services, new rates will have to go into effect on that date. Attached is the proposed rate schedule which has been adopted by the Indianfields Township Board contingent upon an agreement with City of Caro. If no agreement is reached, City residents will be considered non-residents of the Township and will be charged the higher rates for services. Only Township residents outside the City limits will be charged the resident rates. The Board is in the process of developing clearer definitions to establish who will be considered resident and who will be considered non-resident. When additional information is available or an agreement is reached, you will be notified by the Township.

**INDIANFIELDS TOWNSHIP CEMETERIES
NEW FEE SCHEDULE**

This schedule includes fees for the Ellington Street, Walk Road (Wahjamega), and Sacred Heart Cemeteries

SERVICE TYPE	SERVICE FEES - NEW RATE		
	M-F Before 3:00 p.m.	Weekends, Holidays & After 3 p.m.	
	Twp Resident	Non-Twp Res.	Twp Resident Non Twp Res.
Interment:			
Opening/Closing - Adult (March 16 thru Nov. 14)	\$400.00	\$1200.00	\$500.00
Summer Rate (Nov. 15 thru March 15)	\$550.00	\$1650.00	\$650.00
Winter Rate			\$1500.00
Opening/Closing - Infant/Cremains/Babyland*			\$1850.00
Summer Rate (March 16 thru Nov. 14)	\$100.00	\$300.00	\$150.00
Winter Rate (Nov. 15 thru March 15)	\$150.00	\$450.00	\$200.00
Grave Concrete Top Removal - Full Size	\$150.00	\$150.00	\$150.00
Grave Concrete Top Removal - Infant/Cremains	\$50.00	\$50.00	\$50.00
Committal Building used for full funeral	\$200.00	\$600.00	\$200.00
Disinterment:			
Opening/Closing - Adult (March 16 thru Nov. 14)	\$400.00	\$1200.00	\$500.00
Summer Rate (Nov. 15 thru March 15)	\$550.00	\$1650.00	\$650.00
Winter Rate			\$1500.00
Opening/Closing - Infant/Cremains/Babyland			\$1950.00
Summer Rate (March 16 thru Nov. 14)	\$100.00	\$150.00	\$150.00
Winter Rate (Nov. 15 thru March 15)	\$150.00	\$200.00	\$200.00
Purchase of Spaces:			
Full Space	\$450.00 per space (includes foundation)	Non-Resident \$2250.00 per space (includes foundation)	\$450.00
Babyland Space:	\$50.00	\$250.00	\$600.00
Sacred Heart (must purchase from church. See church for specifics of member/non-member)			
Maintenance:			
Removal of curbing and seed lot (6 spaces)	\$175.00	\$525.00	\$500.00
Black dirt and seed only	\$200.00	\$600.00	\$600.00
Replace concretet top - full lot	\$500.00	\$1500.00	\$1500.00
Spray lot for weeds	\$40.00	\$120.00	\$120.00
Foundations/Government Markers (Those not included in lot purchase)	\$75.00	\$225.00	\$225.00
Standard sizes only			
Corner Markers	\$30.00		\$30.00

Adopted 2/15/10
Effective 3/01/10

**INDIANFIELDS TOWNSHIP CEMETERY
NEW MAUSOLEUM FEE SCHEDULE**

This schedule includes fees for the Ellington Street Mausoleum

CRYPTNICHE LOCATION	NEW RATES	
	Twp Resident	NonTwp Res.
Columbarium Niche	\$275.00	\$825.00
Single Crypt – Row A (Bottom)	\$1,900.00	\$5,700.00
Single Crypt – Row B	\$2,000.00	\$6,000.00
Single Crypt – Row C	\$1,800.00	\$5,400.00
Single Crypt – Row D	\$1,700.00	\$5,100.00
Single Crypt – Row E	\$1,600.00	\$4,800.00
Single Crypt – Row F (Top)	\$1,500.00	\$4,500.00
True Companion Crypts	2x Single Rate	2x Single Rate

Adopted 2/15/10
Effective 3/01/10

LAW OFFICES

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

407 CLAY STREET, LAPEER, MICHIGAN 48446 ◻ (810) 664-5921 ◻ FAX (810) 664-0904

Carl M. Riseman
Gary W. Howell
David J. Churchill
Steven D. Jarvis
Lara R. Stultz
Brian M. Garner

Robert L. Taylor (1909-1992)
Thomas K. Butterfield (1942-2006)
Emory W. Clark (Of Counsel)

September 10, 2010

Mr. Gary J. Crews
Caro City Attorney
Ransford & Crews, P.C.
303 N. State Street
P.O. Box 269
Caro, Michigan 48723

Re: Indianfields/Caro Division of Assets

Dear Mr. Crews:

As you know, the incorporation of the City of Caro necessitated the negotiation of a division of assets between the City and the Townships of Almer and Indianfields. We were successful in working out an Asset Division Agreement between Almer Township and the City quite some time ago. However, the Indianfields agreement remains elusive.

There were a series of meetings between the City and Indianfields during the latter part of 2009 and the early part of 2010 in an attempt to work out an amicable agreement between the municipalities. During the time of those meetings, several proposals and counter proposals were exchanged between the City and the Township. However, there has been no contact for the last several months.

The Township's last document from the City was a copy of a memorandum to the Caro City Council by Tom Striffler and Dick Pouliot. In that memo, there was an indication that certain information would be requested from the Township. These were primarily audits and budgets. All of those documents as well as supporting documentation were provided to the City quite some time ago. It has now been over four months without any additional communication.

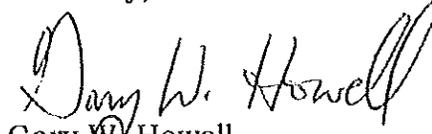
Page 2

On May 3rd I provided you with a copy of a detailed opinion letter which I had prepared for the Indianfields Township Board (copy enclosed). As you can see, my opinion attempted to deal in specific detail with each of the assets and liabilities of the Township. I believe that the opinion letter fairly lays out our position on each of the asset and liability items.

We would appreciate it if you would bring this matter to the attention of the City Council and let us know if there is any interest on the part of the City in resolving these matters by negotiation. An amicable negotiated division of assets would be the preference of the Township. The only alternative provided by the statute would be a Circuit Court action to determine the division of each of the assets. Any such court action would simply add to the expense of resolving this matter.

Thank you for your prompt attention to this matter. We look forward to receiving a response from the City.

Sincerely,


Gary W. Howell
Township Attorney

GWH/eag

Enclosure

CC: Indianfields Township Board

LAW OFFICES

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

407 CLAY STREET, LAPEER, MICHIGAN 48446 □ (810) 664-5921 □ FAX (810) 664-0904

Carl M. Riseman
Gary W. Howell
David J. Churchill
Steven D. Jarvis
Lara R. Stutz
Brian M. Garner

Robert L. Taylor (1909-1992)
Thomas K. Butterfield (1942-2006)
Emory W. Clark (Of Counsel)

May 3, 2010

COPY

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

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.

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

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).

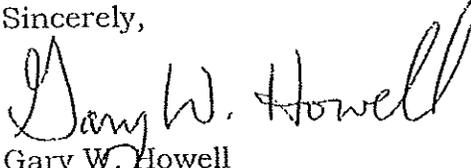
Township Liabilities. The Michigan Supreme Court has made it clear that township liabilities must be divided with the city. The Court has stated that a "[c]ity becomes liable for contribution for indebtedness existing at date of annexation of territory detached from township" or in our case the date 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
Page 4

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

MANAGER
BRENT D. MORGAN
CLERK/TREASURER
KAREN J. SNIDER
ATTORNEY
GARY CREWS

CITY OF CARO

317 SOUTH STATE STREET
CARO, MICHIGAN 48723
PHONE: 989-673-2226
FAX: 989-673-7310
WEB PAGE: carocity.net

MAYOR:
TOM STRIFFLER
COUNCIL:
RICHARD POULIOT
(PRO TEM)
JOE GREENE
MICHAEL HENRY
CHARLOTTE KISH
AMANDA LANGMAID
RICK LIPAN

October 4, 2010

Indianfields Township Board of Trustees
111 Joy Street
Caro, MI 48723

As representatives of the Caro City Council, authorized to negotiate division of assets with Indianfields Township, we are prepared to meet with your whole board or representatives, in order to bring closure to this process. Now that the Township's 2010 fiscal year audit is completed and a matter of record with the State of Michigan, it is time to attempt to finalize discussions.

At our meeting with your representatives (and attorney) on March 22, we were told that we would be provided information showing significant change in the townships financial condition since the previous audit. The information that we received April 1, only stated "Assets: \$63,867.39, Liabilities: \$269,773." It had attached what appeared to be a general fund report from November 2009 and page 22 from the March 2009 audit with a hand written "airport +38,700" and a "-269,773". This was not adequate documentation for continuing discussion.

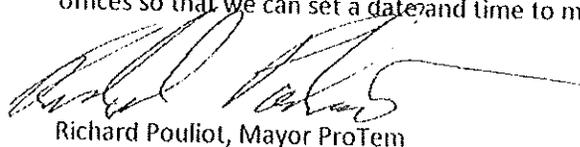
On April 19, 2010 we submitted a Freedom of Information request to your Township Clerk for a variety of information (see enclosed letter). We thank you for your prompt response of information the same day, however, the information still did not provide adequate clarification of the Township's financial condition. This included a "Standard Budget Report" dated April 2, 2010 that showed YTD General Fund Tax revenue of \$106,934 vs. a budgeted revenue of \$263,000 and when compared to an audited 2009 amount of \$382,682 this information was not meaningful. Since Caro City taxpayers had paid township taxes through February 2010, it did not seem that tax revenue should have dropped this much.

Upon reviewing the recently filed audit, it shows that actual Indianfields Township General Fund tax revenue was \$383,342 for the year ending March 31, 2010 and the Indianfields Township General Fund Balance improved from \$294,784 to \$377,583 for the year.

Now that the Fiscal Year information is complete and filed, we are again willing to resume negotiations on the division of assets with Indianfields Township and reach a satisfactory settlement as we were able to do with Almer Township. Our letter dated March 19 and corresponding discussion to our letter of October 22, 2009 remain our basis for negotiation. We ask that you schedule to meet to complete these negotiations before October 18, when we will ask for authorization from the City Council to turn this matter over to legal counsel.

The City Attorney has received a copy of the Township Attorney's opinion letter to you relative to issues discussed and his recent letter to the City Attorney that was dated September 10. He has forwarded these communications to us, but since we have not engaged the City Attorney directly in this negotiation, it would be appreciated if you would address any future correspondence directly to the City Council.

We stand ready to resume discussions as soon as possible. You may contact either of us directly or through our City offices so that we can set a date and time to meet.



Richard Pouliot, Mayor ProTem



Thomas Striffler, Mayor

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

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

DOCKET NO. 13-AP-1

PROOF OF SERVICE

William K. Fahey (P27745)
Fahey, Schultz, Burzych Rhodes PLC
4151 Okemos Road
Okemos, MI 48864
(517)381-3150
Attorneys for Indianfields Township

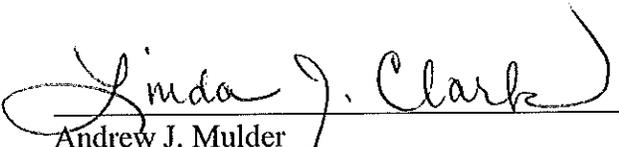
Andrew J. Mulder (P26280)
Cunningham Dalman, P.C.
Attorneys at Law
321 Settlers Road
Holland, MI 49423
(616) 392-1821
Attorneys for City of Caro

To: State Boundary Commission

On the date below I sent, by first class mail, a copy of the **City of Caro Summary and Submittal of Additional Documentation** to: **William K. Fahey, Fahey, Schultz, Burzych Rhodes, PLC, 4151 Okemos Road, Okemos, MI 48864.**

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

Dated: January 2, 2014



Andrew J. Mulder
Assistant to Andrew J. Mulder
Cunningham Dalman, P.C.
321 Settlers Road
Holland, MI 49423