



CITY of NOVI CITY COUNCIL

**Agenda Item 1
June 4, 2012**

SUBJECT: Approval of recommendation from Consultant Review Committee to award a contract for annual audit services to Plante & Moran, PLLC for a two year term and three one year renewal options and adoption of associated fees (attached hereto as Attachment B, Schedule of Professional Fees For the Audit) effective June 4, 2012.

SUBMITTING DEPARTMENT: Finance 

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION: The City of Novi issued a request for proposal (RFP) to secure the services of an independent audit firm to provide professional auditing services in accordance with generally accepted auditing standards. The State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 requires a local unit of government having a population of 4,000 or more to obtain an audit of its financial records, accounts and procedures on an annual basis.

A review team which included staff from Finance, Public Safety, Engineering and IT evaluated a total of five proposals. The results of the review process are as follows:

Firm	Staff Review Score	Proposal Rank
Plante & Moran, PLLC	1920	1
Andrews Hooper Pavlik PLC	1530	2
Rehmann Robson	950	3
Baker Tilly	845	4
Abraham & Gafney, P.C.	755	5

Based on the results of the staff team evaluations, Plante & Moran and Andrews Hooper & Pavlik P.L.C. were selected for consideration by the consultant review committee based on the firm's qualifications, municipal experience and audit approach.

The Consultant Review Committee (CRC) met two times (May 23 & May 31). At the first meeting the Committee interviewed staff from both firms. The Committee majority (minutes attached) recommended the selection of Plante & Moran, PLLC as the firm they are recommending to City Council to perform auditing services for the City of Novi. Attached please find Plante & Moran's Professional Auditing Services Technical Proposal which highlights the firms' audit approach and staff qualifications and experience.

RECOMMENDED ACTION: Approval of recommendation from Consultant Review Committee to award a contract for annual audit services to Plante & Moran, PLLC for a three year term and two one year renewal options and adoption of associated fees (attached hereto as Attachment B, Schedule of Professional Fees For the Audit) effective June 4, 2012.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				



CITY COUNCIL

CITY OF NOVI

Consultant Review Committee Meeting

Wednesday, May 23, 2012 at 5:30 p.m.

Mayor's Conference Room | Novi Civic Center | 45175 W. Ten Mile Road

The meeting was called to order at 5:32 p.m.

MEMBERS PRESENT: Council Members Casey, Staudt, Wrobel

OTHERS PRESENT: Victor Cardenas, Assistant City Manager
Kathy Smith-Roy, Finance Director
Marina Neumaier, Assistant Finance Director
Melissa Place, Administrative Assistant

APPROVAL OF AGENDA

Moved by Casey, supported by Wrobel, **CARRIED UNANIMOUSLY:** To approve the agenda as presented.

APPROVAL OF MINUTES

Moved by Casey, supported by Wrobel, **CARRIED UNANIMOUSLY:** To approve the April 9, 2012 minutes as amended.

PURPOSE OF THE MEETING

1. Professional Audit Services Interviews:

Andrews Hooper & Pavlik (AHP)

Roger Hitchcock, Independent Review Partner, Angela Gwizdala, Senior Manager, and Shannon Harrison, Staff Accountant

Mr. Victor Cardenas opened the discussion by commenting the purpose of the meeting is for Andrews Hooper & Pavlik to have an opportunity to address the Committee. Mr. Roger Hitchcock thanked the Committee for the opportunity and introduced Angela Gwizdala and Shannon Harrison. The firm was established in 1993 from Ernst and Young and has since been reshaped a number of times with various mergers and now totals about 130 people. The firm focuses on banking, insurance/financial companies, and municipalities. The initial firm proposal from a few years ago to today reflects a big discount in fees. Mr. David Staudt asked what drove AHP to reduce those fees? Mr. Hitchcock answered to keep clients. Member Laura Marie Casey asked what experience does AHP have in the municipal sector? Mr. Hitchcock explained AHP has six offices which all have different clients including Michigan Unemployment. Ms. Angela Gwizdala said they mainly work with cities, townships and schools which includes three other cities with CAFR's. Mr. Staudt asked who are those cities? Ms. Gwizdala responded Clair, Beaverton, and Gladwin. We also work with several cities on audits for year-end.

Member Wayne Wrobel asked what they think is their strongest and weakest asset. Mr. Hitchcock said the strongest is their personal relationships with clients. We make a point to get back to Novi, as well as others, as quickly as possible with the requested information. The weakest is battling the connotation of a small firm and being compared to the bigger firms in the state. Even though AHP is a smaller firm it has the tools to obtain the necessary technical answers. Larger firms have larger fees.

Mr. Staudt said based on the two years with Novi, what could AHP do better for us? Mr. Hitchcock said Novi has a really good system. Honestly, we do not know if AHP could make it smoother or more efficient. Staff does a great job.

Mr. Staudt has heard that AHP does not have as strong as technical support as Plante & Moran, as an example. He asked Ms. Smith-Roy if she has had to go out of the firm to get information. Does she have an example? Ms. Kathy Smith-Roy said she cannot think of an instance in the last few years. Mr. Hitchcock said they have worked with the firm PKF on occasion and if they do not have the wherewithal to answer a question they can rely on PKF for back-up, although that rarely, if ever, occurs. Additionally, Randy Morse is very good and is always on top of new rulings. Ms. Marina Neumaier commented we know that in 2013 GASB No. 63 will make changes for in-flow and out-flows. Will AHP provide technical classes on how to implement and/or report? Mr. Hitchcock said the firm would have to learn as well and share that information. Ms. Casey asked for an example of another client where AHP has been a teacher/coach. Ms. Gwizdala answered for smaller cities and townships. Ms. Casey said how much advance notice does AHP need for the new GASB's? Mr. Hitchcock said all require different times. He thinks No. 63 will not be as hard as No. 54.

Mr. Staudt said a discussion will be made fairly quickly. He thanked AHP and commented the City appreciates the work they have done for the past two years.

Plante & Moran (P & M)

Michelle Watterwork, Technical Specialist, Beth Bialy, Colleague Partner, Rumzei Abdallah, Audit In-Charge, Tim St. Andrew, Audit Manager, and Joe Heffernan, Audit Partner

Mr. Staudt asked the group to give a brief introduction of the firm. Mr. Joe Heffernan commented P & M was the auditor for Novi for many years prior to the last contract and wants Novi as a client again. P & M has a deep bench and is dedicating multiple people to Novi. Ms. Beth Bialy interjected that if Joe is not available than she would step in during his absence.

Each member of the team, Tim St. Andrew would oversee the audit process, Rumzei Abdallah would be the day-to-day person for the audit, Beth Bialy is the colleague partner, Joe Heffernan the engagement partner and Michelle Watterwork the primary technical specialist each explained their roles. The presentation document distributed has more details of these functions.

Ms. Casey commented GASB Nos. 63 and 65 are coming up in the next couple of years. How would P & M be pro-active in training staff for this reporting? Ms. Watterwork explained P & M provides such training for clients at a number of seminars across the area to educate employees along with how to implement. Mr. Heffernan believes Nos. 63 and 65

implementations will be fairly easy but the one involving pension will be very tough. There are about three years for agencies to get ahead of it.

Mr. Staudt asked Ms. Bialy and Mr. Heffernan why they lost the City's account and what would they do differently from a few years ago? Ms. Bialy said the impression given was perceived negatively. We felt badly. Mr. Heffernan said he was unaware, until recently, of the reasoning for Council's actions two years ago. He only knew what was listed in the minutes from the previous Consultant Review Committee where it was noted that Plante & Moran lacked the enthusiasm for renewing the contract. Mr. Staudt wanted to see more humility from P & M representatives. Now P & M is here and you are known as the biggest and the best. Mr. Heffernan appreciates the Committee being upfront and honest regarding the history between the City and P& M. He thanked the Committee for their time. Mr. Staudt stated the City Council makes the decision not this Committee or staff but a decision will be forthcoming in the near future. Also, he thanked the team for their time.

Discussion

The Committee concurred that they want to make a decision that is best for the City. Mr. Staudt would like to think about it and let Mr. Cardenas know over the following days.

Moved by Casey, supported by Wrobel, CARRIED: To engage Plante & Moran for a two year contract with three one-year renewal options.

Yeas: Casey, Wrobel Sustained: Staudt

AUDIENCE COMMENTS – None

Moved by Casey, supported Wrobel, CARRIED UNANIMOUSLY: To adjourn the meeting at 7:12 p.m.

Approved May 31, 2012



CITY COUNCIL

CITY OF NOVI

Consultant Review Committee Meeting

Thursday, May 31, 2012 at 7:00 p.m.

Mayor's Conference Room | Novi Civic Center | 45175 W. Ten Mile Road

Meeting called to order at 7 p.m.

MEMBERS PRESENT: Council Members Casey, Staudt, Wrobel

OTHERS PRESENT: Victor Cardenas, Assistant City Manager
Marina Neumaier, Assistant Finance Director
Melissa Place, Administrative Assistant

APPROVAL OF MINUTES

Moved by Wrobel, supported by Casey; **CARRIED UNANIMOUSLY:** To approve the May 23, 2012 meeting minutes as presented.

PURPOSE OF THE MEETING

1. Discussion and recommendation of firm to City Council.

Mr. Victor Cardenas commented the Committee is meeting to discuss and confirm which professional auditing firm to recommend to City Council for approval.

Mr. David Staudt explained his concerns with the relationship between Plante & Moran (P & M), and their subsidiary firm of CRESA, which is a real estate/economic development based firm. In his opinion, Novi does not receive any support from CRESA when dealing with company relocations. His understanding by speaking with area City Managers is that many, in the area, feel the same way.

It appeared to him that Finance staff preferred P & M, said Mr. Wayne Wrobel. Has the City Attorney been contacted? Cardenas said yes, and there are no objections. Mr. Staudt asked if the City wants to support a company whose subsidiary firm does not support the City of Novi as a preferred destination for relocations as it competes directly with a CRESA specific project in neighboring Northville Township? Mr. Wrobel understands his concerns but does not agree. He believes the two firms can be separate. P & M would provide our audit services only.

Ms. Laura Marie Casey said this meeting is to make sure a recommendation is forwarded to City Council for consideration at their June 4, 2012 regular meeting. She thought, during the interviews with the committee, that P & M provided a stronger presentation of their experience and services. The Committee agreed that a decision would be made this evening and be brought to the entire City Council for a determination at the upcoming June 4, 2012 meeting. Mr. Staudt confirmed there would be a final vote at the Council meeting. He stands firm in his opinion that CRESA is not a friend to Novi and will not likely change in the foreseeable future.

He cannot support P & M. He does not see anything that would cause Andrews Hooper & Pavlik to lose the work. Ms. Casey supports P & M, and is able to separate her opinion about CRESA.

Moved by Casey, supported by Wrobel; CARRIED: To recommend Plante & Moran to City Council to provide professional audit services for a two year term and three one-year renewal options.

Yeas: Casey, Wrobel Nays: Staudt

AUDIENCE COMMENTS – None

Moved by Casey, supported Wrobel; CARRIED UNANIMOUSLY: To adjourn the meeting at 7:15 p.m.

DRAFT

From: Cardenas, Victor [<mailto:vcardenas@cityofnovi.org>]
Sent: Thu 5/24/2012 4:02 PM
To: David Staudt; Staudt, Dave; Casey, Laura; Wrobel, Wayne
Cc: Schultz, Thomas; Place, Melissa
Subject: FW: Questions

Good Afternoon,

Below is a response to the questions raised by Mayor Pro Tem earlier today. Please let me know if you need anything else.

Regards,

Victor

From: Joe Heffernan [<mailto:Joe.Heffernan@plantemor.com>]
Sent: Thursday, May 24, 2012 3:53 PM
To: Cardenas, Victor
Cc: Smith-Roy, Kathy; Neumaier, Marina; Place, Melissa; Beth Bialy
Subject: RE: Questions

Victor:

I've done my best to respond to David's questions. If misunderstood any question, or did not respond completely, would you please let me know?

1. Who is CRESA and what affiliation do they have with Plante Moran?

- Plante Moran CRESA, LLC (CRESA) is an independent consulting group offering real estate, design and construction advisory services for corporate, public and not for profit organizations. CRESA is owned 50% by the employees (CRESA Partners), and 50% by Plante & Moran, PLLC. CRESA is managed by its CRESA Partners, and there is no active involvement in the management by the accounting firm (Plante & Moran, PLLC).

2. What is their primary focus?

- Act as an independent fully integrated real estate, design and construction management firm (i.e., an internal facility department for hire) for organizations who do not have such resources in-house.

3. Where are they located, their home offices?

- 26300 Northwestern Hwy – the CRESA organization has over 50 other locations across the U.S.

4. What would Plante Moran do if CRESA represented a client with interests in the City of Novi? Furthermore, what would Plante Moran do if CRESA represented a client that brought litigation against the City of Novi?

- When an organization engages CRESA to help it evaluate the benefits of acquiring or moving facilities, CRESA does not investigate whether the originating community or the various potential target communities are clients of the Plante & Moran accounting firm. Neither does the accounting firm inquire as to same. Doing so might appear to impair the objectivity of CRESA services.
- CRESA does not provide legal services nor represent clients on litigation matters; however, if it ever is asked to have involvement in a litigation matter, it would follow Plante & Moran's conflict of interest process, which involves identifying whether we are serving two (or more) clients whose interests may be in conflict, and recusing ourselves from involvement.

5. Is CRESA engaged with other governmental entities that are competing or potentially competing with Novi for Economic Development opportunities?

- CRESA exclusively represents users of space; we have never worked on behalf of a Michigan municipality for economic development. CRESA will assist corporate clients as well as municipalities to assist in evaluating various facility opportunities for their use.

I hope these answers are complete and responsive to the questions. I would be glad to follow up on any of these further.

- Joe Heffernan

Joe Heffernan | Partner | Governmental Practice/ Professional Standards

Plante Moran, 27400 Northwestern Highway, Southfield, MI 48034

Direct Dial: 248.223.3261 | Mobile: 248.318.1909 | Fax: 248.603.5675

[Plante & Moran](#) | [Twitter](#) | [Facebook](#) | [LinkedIn](#)

Celebrating 14 Years as one of FORTUNE Magazine's "100 Best Companies to Work For"

Please consider the environment before printing this email.



To: Kathy Smith-Roy, Finance Director
 From: Marina Neumaier, Assistant Finance Director
 Date: March 30, 2012
 Subject: Auditing Services Contract

On April 5, 2010, City Council approved the recommendation from the Consultant Review Committee to award a contract for annual audit services to Andrews Hooper & Pavlik P.L.C. for a two-year term beginning May 1, 2010, with a one-year renewal option. The audit fees for Andrews to complete the audit including the additional alternate services for the one-year renewal option beginning May 1, 2012 would have totaled \$84,810. Because of Novi's earned reputation in the industry of coordinating a complete, well-organized and efficient audit, producing clean financial statements and complying with Single Audit requirements as they relate to our various federal programs, it was decided to go back out to bid.

The State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 requires a local unit of government having a population of 4,000 or more to obtain an audit of its financial records, accounts and procedures on an annual basis. A total of five firms responded to Novi's request for proposals for auditing services. A review team which included staff from Finance, Public Safety, Engineering and IT evaluated each proposal with respect to the firm's qualifications, experience and audit approach. The results of the staff review of qualifications are as follows:

Evaluation Criteria	Weight	Andrews Hooper Pavlik				
		Plante & Moran PLLC	PLC	Rehmann	Baker Tilly	Abraham & Gaffney
Mandatory Elements	5	60	60	60	60	60
Expertise & Experience	50	1,050	750	650	250	300
Audit Approach	25	450	400	200	275	175
Dedication of hours to complete audit	20	360	320	40	260	220
Totals		1,920	1,530	950	845	755

The top three ranking firms were selected for consideration by the consultant review committee based on an evaluation of the firm's qualifications, experience and audit approach. An analysis of the top three firm's proposals including fees is as follows:

Firm:	Plante & Moran, PLLC	Andrews Hooper & Pavlik P.L.C.	Rehmann
Number of hours projected to complete the audit	580	600	505
Total fees including alternates by year:			
2012	\$ 75,310	\$ 72,400	\$ 56,250
2013	\$ 77,194	\$ 72,705	\$ 57,250
2014	\$ 79,209	\$ 74,010	\$ 58,250
2015 (optional)	\$ 81,101	\$ 74,615	\$ 59,250
2016 (optional)	\$ 83,128	\$ 75,920	\$ 60,250

Please see the attached Audit Fee summary for additional information for all years

Additional Information by Firm:

Plante & Moran received the highest rating overall based on their experience within the governmental industry. Plante & Moran has over 65 years of governmental experience and currently provides auditing and consulting services to over 370 governmental units within the State of Michigan. Joe Heffernan is a nationally recognized governmental accounting expert. He currently is an invited member of the AICPA's State and Local Government Expert Panel. Laurie Zyla, Senior Consultant, lists an extensive IT background, including PMP certification. In addition, Michelle Watterworth is the municipal technical resource group leader to the professional standards team for Plante & Moran's Governmental Services Group and is a key leader in the Single Audit practice and has assisted the City of Novi to ensure its compliance with the new federal ARRA (American Recovery and Reinvestment Act) regulations. Plante & Moran has indicated in their fee proposal the level II IT Audit is a required part of the financial statement audit (see attached ***SAS 109, "Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement"***) and therefore the fee for these services has been included in their base audit fee.

The next highest score was received by the firm of Andrews Hooper & Pavlik P.L.C. which was founded in 1993 by three partners in the Saginaw and Lansing offices of Earnst & Young. Andrews was retained to provide auditing services to the City of Novi for the fiscal years ending June 30, 2010 and June 30, 2011. Randy Morse is the partner responsible for the planning and technical execution of the firm and has over 20 years of auditing, accounting and financial reporting experience with Earnst & Young and AHP.

Rehmann was founded in 1941 and currently has 246 CPAs on staff. They have ten primary offices across the state and 650 full-time associates. They currently serve over 350 governmental, school district, higher education and not-for-profit entities in Michigan. Mark Kettner is the partner in charge of the firm's Governmental Industry Group as well as the Jackson office GASB team. Mark has more than twenty-nine years of accounting and auditing experience. He serves as the engagement principle for numerous counties, cities, townships & villages.

Attached are copies of each of the firm's respective proposals for your review.

AUDIT RFP
FEES SUMMARY

AUDIT FEES - ADDITIONAL INFORMATION

Audit Services

	Andrews		
	Plante & Moran *	Hooper & Pavlik	Rehmann
2012	\$ 57,560	\$ 41,000	\$ 46,900
2013	\$ 58,999	\$ 41,000	\$ 47,900
2014	\$ 60,474	\$ 42,000	\$ 48,900
2015 (optional)	\$ 61,986	\$ 42,000	\$ 49,900
2016 (optional)	\$ 63,535	\$ 43,000	\$ 50,900
Average annual increase:			
	2.0%	1.0%	1.8%

*Financial audit includes: audit of financial records, evaluation of internal controls, audit opinion of financial statements, financial statement formatting and printing. * In addition, Plante & Moran has included the cost to complete the Level II IT audit as required per SAS 109 (see attached, "Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement")*

SINGLE AUDIT

	Andrews		
	Plante & Moran	Hooper & Pavlik	Rehmann *
2012	\$ 5,000	\$ 7,900	\$ 5,000
2013	\$ 5,125	\$ 7,900	\$ 5,000
2014	\$ 5,253	\$ 7,900	\$ 5,000
2015 (optional)	\$ 5,384	\$ 8,200	\$ 5,000
2016 (optional)	\$ 5,519	\$ 8,200	\$ 5,000

*Single audit NOT required in years when federal grant expenditures are less than the minimum spending threshold of \$500,000.00. * The Rehmann quote assumes up to two major federal programs; each additional major federal program over two will be billed at \$2,500*

FINANCIAL STATEMENT PREPARATION (CAFR) - OPTIONAL

	Andrews		
	Plante & Moran	Hooper & Pavlik	Rehmann
2012	\$ 8,000	\$ 8,000	\$ -
2013	\$ 8,200	\$ 8,100	\$ -
2014	\$ 8,406	\$ 8,200	\$ -
2015 (optional)	\$ 8,616	\$ 8,300	\$ -
2016 (optional)	\$ 8,830	\$ 8,400	\$ -

Total 2012 Audit Services	\$ 70,560	\$ 56,900	\$ 51,900
Proposed Audit Hours:	580	600	505
Average Hourly Rate for Audit Services:	\$ 121.66	\$ 94.83	\$ 102.77
Total 2012 Audit Services including alternates	\$ 75,310	72,400	56,250

Total Actual fees paid to Andrews Hooper & Pavlik : 2010 - \$83,000, 2011 - \$71,030 (did not perform Level II IT Audit in 2011)

AUDIT RFP
FEES SUMMARY

ALTERNATE #1 - Level II IT Audit (NOT TO EXCEED)

	Andrews		
	Plante & Moran	Hooper & Pavlik	Rehmann
2012	\$ -	\$ 7,700	\$ 2,400
2013	\$ -	\$ 7,800	\$ 2,400
2014	\$ -	\$ 7,900	\$ 2,400
2015	\$ -	\$ 8,000	\$ 2,400
2016	\$ -	\$ 8,100	\$ 2,400

* *Plante & Moran has included the cost to complete the Level II IT audit as required per SAS 109 (see attached, Section 57 (page 15)).*

ALTERNATE #2 - TRANSACTIONAL AND SECURITY REVIEWS (NOT TO EXCEED)

	Andrews		
	Plante & Moran	Hooper & Pavlik	Rehmann
2012	\$ 1,500	\$ 2,300	\$ 600
2013	\$ 1,538	\$ 2,325	\$ 600
2014	\$ 1,576	\$ 2,350	\$ 600
2015 (optional)	\$ 1,615	\$ 2,375	\$ 600
2016 (optional)	\$ 1,656	\$ 2,400	\$ 600

ALTERNATE #3 - ADDITIONAL WORK (NOT TO EXCEED)

2012

	Andrews		
	Plante & Moran *	Hooper & Pavlik	Rehmann
a. Payroll	\$ 1,000	\$ 1,500	\$ 300
b. Vendor Payments	\$ 1,000	\$ 1,000	\$ 300
c. General Ledger	\$ -	\$ 1,000	\$ 300
d. Cash Disbursements	\$ 750	\$ 1,000	\$ 300
e. Utility Billing	\$ 500	\$ 1,000	\$ 150
	\$ 3,250	\$ 5,500	\$ 1,350

* Review of the General Ledger is required as part of the audit and is not included as an additional fee

Total Fees (including alternates for all years)

2012	\$ 75,310	\$ 72,400	\$ 56,250
2013	\$ 77,194	\$ 72,705	\$ 57,250
2014	\$ 79,209	\$ 74,010	\$ 58,250
2015 (optional)	\$ 81,101	\$ 74,615	\$ 59,250
2016 (optional)	\$ 83,128	\$ 75,920	\$ 60,250
	\$ 395,942	\$ 369,650	\$ 291,250



Presentation to the City of Novi Audit Selection Committee



May
2012

plante
moran

Benefits to the City of Novi



- ◆ First and foremost, we miss serving the City of Novi and the mutually beneficial relationship we enjoyed. We would love to be able to work with you on a regular basis.
 - ◆ We are dedicating a highly regarded audit team to the City of Novi. Your Plante Moran team has the best possible combination of industry experience, technical expertise, and client service focus.
 - ◆ Plante Moran can be responsive, nimble, and proactive as an advisor
-



City of Novi Audit Team



- ◆ Joe Heffernan (33 years) – Joe will serve as the engagement partner. Joe is well known in the governmental industry, even on a national level. He is a go-to expert for the MML, MGFOA as well as GASB and GFOA. Joe's technical expertise is unmatched. Joe works with many complex clients and he oversees our Governmental Professional Standards Department.
- ◆ Tim St. Andrew (7 years) - As the engagement manager, Tim will coordinate the audit, facilitate communication between our team and your team, help to resolve technical issues and perform a senior review of all audit work.

City of Novi Audit Team



- ◆ Rumzei Abdallah (4 years) - Rumzei will be the in-charge responsible for overseeing the day-to-day activities of the audit, answering questions during fieldwork, and performing a detail review of all audit work. Rumzei has experience supervising the audits for large, complex entities.
 - ◆ Beth Bialy (26 years) – Beth will serve as the colleague partner. Beth is our Government Group leader and also serves as a partner for 20+ audit clients. Joe and Beth will communicate on important aspects of the audit so that Beth can fill in for Joe if and when needed. As leader of our practice, she will also ensure your satisfaction with the work of our audit team.
-



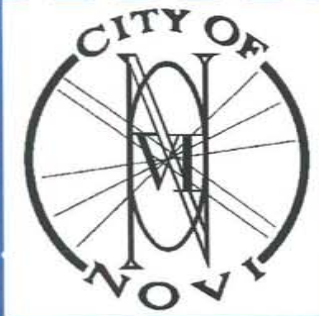
What do the auditors DO?

Most of what we do is invisible:

- ◆ We evaluate the City's internal controls (the system of checks and balances related to cash receipts, disbursements, and financial reporting)
- ◆ We test a sample of the accounting system balances and transactions; we evaluate the appropriate accounting and reporting
- ◆ The result is the independent auditor's report letter

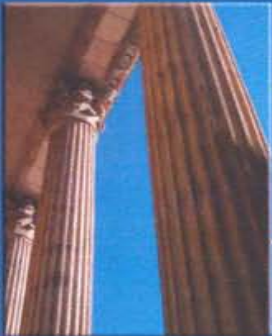


While our clients may not see what we do, we still take our responsibility seriously – our audit procedures are appropriately comprehensive



What Makes P&M Different?

- ◆ Our expertise is among the very best in the country
 - We are the only Michigan based firm that participates at the national level, on several professional committees/ activities
 - When the State of Michigan needs assistance – they call P & M
 - When the Michigan Municipal League needs expertise – they call P&M
- ◆ We're a Profession first and a Business second; this has profound ramifications

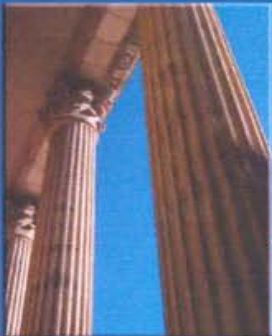


That's our Value – the best quality at a reasonable price

Experience By The Numbers



- ◆ We have access to a very deep bench of experienced governmental auditors
 - 20 partners and 200 dedicated staff serving governmental clients
 - 376 governmental clients – most of any firm in Michigan
 - 422 A-133 audits – second highest number filed nationally
 - 755 governmental reports prepared annually



Bringing value to the City of Novi

plante
moran

What Extra Value Does P&M Bring To Us?



- ◆ We're a sounding board for your Finance and City staff throughout the year
- ◆ We are involved in current events (State law changes (EVIP), Dept. of Treasury regulation changes. Emergency Manager involvement), and we let our clients know what is going on as it's happening (Eblasts, webinars, monthly Perspectives newsletter)
- ◆ Municipal seminars for your elected officials at no charge
- ◆ Our reputation means something to Standard & Poor's and Moody's
- ◆ We have in-depth expertise available if and when you need it



Sometimes the value of our contacts is our greatest asset

What Extra Value Does P&M Bring To Us?



- We have a deep bench (over 200) talented auditors
- Our colleague partner approach guarantees that you always have a partner available to you on a moments notice
- Our team is familiar with the City of Novi – Joe Heffernan and Tim St. Andrew have both been involved with the audit in the past, ensuring a smooth transition.
- Beth Bialy and Rumzei Abdallah will bring a fresh set of eyes to the audit
- Kris Ray will be available as needed
- As a firm, we commit to more partner and senior-level involvement in our engagements, which ensures any issues are identified and addressed by the most knowledgeable and experienced individuals on the team.



What Extra Value Does P&M Bring To Us?



- ◆ Federal agencies cite our work papers as “best in practice”. We offer a full range of audit, tax, and consulting services including process redesign, technology assistance, web development, internal audit, forecasts/projections and strategic planning.
- ◆ We pride ourselves on our ability to serve our clients with strong technical expertise. We ensure all of our staff – not just partners and managers - are well versed in the regulatory and financial complexities of governmental accounting.
- ◆ We also pride ourselves on excellent client service – we annually conduct independent surveys of our clients. Our goal is to exceed their expectations. Firmwide, 100% of our clients said our audit teams have deep technical expertise and understand the clients’ organization.



ORIGINAL

Fee Proposal
To Provide Professional Auditing
Services

City of Novi

For the years ending
June 30, 2012, 2013 and 2014

February 17, 2012

PLANTE & MORAN, PLLC

Joseph C. Heffernan, Partner
27400 Northwestern Hwy
Southfield, MI 48034
248.223.3261

plante
m
moran

Requested Assertions

We certify that Joseph C. Heffernan is entitled to represent Plante Moran, is empowered to submit the bid and is authorized to sign a contract with the City of Novi.

The attached schedule is our pricing that you requested on the Schedule of Professional Fees for the Audit

We acknowledge that we have read your request for proposal and all addenda.

Our hourly rates are presented on the attached Schedule of Professional Fees for the Audit, and would apply to any additional professional services you request us to perform.

We acknowledge that progress payments will be made on the basis of work completed during the course of the engagement, and that we shall not invoice for a period of less than a calendar month.

ATTACHMENT B - SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT

Fee Proposal

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Audit Services	\$ 57,560	\$ 58,999	\$ 60,474	\$ 61,986	\$ 63,535
Single Audit	5,000	5,125	5,253	5,384	5,519
Drafting the CAFR	4,000	4,100	4,203	4,308	4,415
Publishing the CAFR	4,000	4,100	4,203	4,308	4,415
TOTAL (NOT TO EXCEED)	\$ 70,560	\$ 72,324	\$ 74,132	\$ 75,985	\$ 77,885
	Hours	Hourly Rate	Total Audit Fee 6/30/2012		
Partner	45	191	\$ 8,595		
Managers	80	173	13,840		
Supervisory Staff	150	130	19,500		
IT Specialist	30	135	4,050		
Staff	225	91	20,475		
Report Processing	50	82	4,100		
GRAND TOTAL (NOT TO EXCEED)			\$ 70,560		
ALTERNATE #1 - LEVEL II INFORMATION TECHNOLOGY AUDIT					
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Level II IT Audit *	\$0	\$0	\$0	\$0	\$0
ALTERNATE #2 - TRANSACTIONAL AND SECURITY REVIEWS					
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Monthly Review Services	\$ 1,500	\$ 1,538	\$ 1,576	\$ 1,615	\$ 1,656
ALTERNATE #3 - ADDITIONAL WORK (NOT TO EXCEED)					
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
a. Payroll	\$ 1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104
b. Vendor Payments	\$ 1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104
c. General Ledger **	Free	Free	Free	Free	Free
d. Cash Disbursements	\$ 750	\$ 769	\$ 788	\$ 808	\$ 828
e. Utility Billings	\$ 500	\$ 513	\$ 525	\$ 538	\$ 552

*The Level II IT Audit is a required part of the financial statement audit; therefore the fee for these services has been included in the audit services fee shown above.

** Review of the general ledger is a required part of the audit; therefore the fee for these procedures has been included in the audit services fee shown above.

ORIGINAL

Technical Proposal to Provide Professional Services
for the Annual Financial Audit and Single Audit of

City of Novi

For the years ending
June 30, 2012, 2013 and 2014

February 17, 2012

PLANTE & MORAN, PLLC

Joseph C. Heffernan, Partner
27400 Northwestern Hwy
Southfield, MI 48034
248.223.3261

plante
moran

TABLE OF contents

Message from Managing Partner	1-2
Why Choose Plante & Moran?	3-5
Governmental Qualifications and Experience	6
Your Experienced Governmental Audit Team	7-11
Independence and Other Affirmations	12-13
Proven, Efficient and Cost Effective Audit Approach	14-15
Government Services	16
Keeping our Clients Ahead of the Curve	17-18
How Do We Rate?	19
References	20
Prior Engagements with City of Novi	21
Firm Culture and Diversity	22
Proposed Fees	23
Appendices	
Appendix A - Service Team Resumes	24-29
Appendix B - Demonstrated Industry Leadership	30-31
Appendix C - Audit Approach Elements	32-36
Appendix D - Public Sector Clients of Plante & Moran	37-41
Appendix E - Peer Review Report	42

“For many years the City of Westland has relied on Plante & Moran to efficiently audit our routine financial operations, while providing the deep expertise needed to help us meet the complex reporting requirements attached to our many state and federal programs. We also consult with them on issues like employee benefits and capital projects. I can recommend Plante & Moran to any municipality seeking multiple services. They consistently bring value to our city and its residents.”

William Wild, Mayor
City of Westland, Michigan

February 17, 2012

City of Novi
City Clerk's Office
45175 W. Ten Mile Rd.
Novi, MI 48375

Plante & Moran is privileged to submit the following proposal to serve as the independent auditors for the City of Novi for the financial statement and A-133 audits for the years ended June 30, 2012, 2013, 2014 with two possible single year extensions. The scope of our work will be in accordance with the scope of services outlined in your Request for Proposal issued January 25, 2012. Our firm has great respect and admiration for the City of Novi and we are very excited about the possibility of leveraging our combined abilities to further enhance your well-respected community. We miss serving the City of Novi and are thrilled for the opportunity to be back on your team.

We recognize our primary responsibility is to plan and perform the highest quality audit procedures, and we remain fully aware that the reputation of both your City and Plante & Moran depends upon the accuracy, integrity and quality of the independent audit process. Plante & Moran is proud to serve as the independent auditors for more governmental entities in the State of Michigan than any other independent audit firm. We believe that during our firm's 65 year history of performing governmental audits for Michigan communities, we have established well-documented results for superior audit quality and integrity. At Plante & Moran, we are aware that our hard-earned reputation as trusted independent auditors is our most valued asset. Prior to being named as Managing Partner for Plante & Moran, I was the leader of our Governmental Group. I have the utmost confidence that our governmental team will serve you well.

The economic realities of today are presenting unprecedented challenges to Michigan communities, and we are fully committed to continuing to utilize our highly specialized expertise and resources to assist the City with the transformations necessary to maximize governmental services under the current revenue conditions. While performing our independent audit procedures, we will continue to seek every opportunity to provide additional value through comments and recommendations you would expect from your most valued business partners. We ask that you please reference the "Why Choose Plante & Moran?" section of this proposal for a summary of items we are confident will bring notable value to the City of Novi.

We have been very involved in the City through the years. Some of the more recent assistance includes the following initiatives:

1. Responding to the State's inappropriate use of its Fiscal Distress Scorecard for the City of Novi
2. Assisting the City in its compliance with the new federal ARRA (American Recovery and Reinvestment Act) regulations
3. Providing training on the detailed implementation rules related to retiree health care accounting (GASB 45)
4. Met with State legislators concerning potential inequities to the City of Novi related to the statutory portion of state shared revenue

We are available to answer any questions you may have about our proposal and are available to further discuss our audit approach or ideas contained within our proposal. We would welcome the opportunity to present our audit proposal to your selection committee. The contents of this proposal present an irrevocable offer for up to 90 days. As Managing Partner, I, as well as Joseph Heffernan, am authorized to bind the firm under the proposal.

Novi is truly a premier City to both live and work and has a reputation for being one of Michigan's and the nation's exemplary communities. Plante & Moran has 34 staff members and partners living in Novi. We feel that the ideas and forward thinking which are alive in Novi fit perfectly well with our firm's approach to client service. We are confident that we can provide the highest value professional services at competitive fees and are committed to meeting your highest expectations.

Thank you again for this opportunity. If you have any questions, please feel free to contact me at Gordon.Krater@plantemoran.com or 248.223.3262.

Very truly yours,



Gordon E. Krater
Managing Partner
Plante & Moran, PLLC

"Make sure your top priority is to give clients what they need rather than what you're selling. And if we don't have what they need, then let's be the first to tell them, and let's help them get it."

Frank S. Moran
Co-Founder, Plante & Moran

why choose Plante & Moran?

What makes one professional service firm more valuable than the others? At Plante & Moran we are extremely proud of the many benefits which we believe make us unique to the public accounting world. As the governmental industry leader in Michigan, we realize the need for our firm to continually set the gold standard for accounting and advisory services to local governments - while maintaining the lowest possible cost.

The following is a brief list of some of the benefits we believe the City of Novi would experience by hiring Plante & Moran as the City's Independent Public Accounting firm. We believe the service benefits noted on the next two pages serve as testament to our sincere desire to provide Novi with the benefits of a trusted, informed and creative business advisor. We hope you agree!

A Strong Ally During Troubled Times

Plante & Moran is leveraging our 65 years of governmental experience related to providing critical ideas and leadership to help our clients adjust to the ever changing economic challenges of government finance. We firmly believe that if your audit firm is not part of your solution, they are part of the problem. We have undying commitment to bringing our clients the ideas, feedback and assistance they require to transform government to the new economic model. Please see the client feedback section of this proposal for recognition that our current clients gratefully acknowledge the true value of having Plante & Moran as a business partner and advisor.

Michigan's Leading Governmental Auditors

As the leading governmental accounting firm in Michigan, Plante & Moran provides quality auditing and consulting services to more than 370 municipalities and special purpose governmental entities, 200 school districts, 80 universities and colleges, and 560 not-for-profit organizations across the country. We are committed to leveraging all of this experience to provide a service team which possesses unprecedented experience in the areas of governmental finance, reporting and operations.

To ensure that the City of Novi receives the maximum benefit for our services, the supervisory team assembled for your engagement is comprised of some of the most experienced governmental auditors our firm has to offer. We will perform your audits in accordance with generally accepted auditing standards promulgated by the AICPA as well as Government Auditing Standards issued by the OMB. We are also independent of the City of Novi.

A Deep, Deep Bench

We are justifiably proud of the expertise of the engagement team we have assembled to serve the City of Novi. But for each of these individuals, from the engagement partner to the staff members, we have a strong bench of municipal audit experts back in the office willing to step up to the plate and help out when necessary. This was demonstrated in 2007 when your engagement partner, Joe Heffernan, took a month-long sabbatical in the month of July. Our deep bench of municipal experts back in the office was able to handle any issues that arose, without any hiccups.

why choose Plante & Moran?

Leadership Through Action and Voice

Plante & Moran has made a substantial and active commitment in organizations at the local and state levels that allow us to have a direct input into the financial and economic landscape of Michigan (Appendix B). In fact, Plante & Moran's reputation as Michigan's leading governmental auditor earned our firm - the **only public accounting firm represented** - an invitation to participate in a workgroup session for Governor Snyder to highlight the economic challenges that are facing Michigan's local governments, and to outline a roadmap of solutions for his administration to consider when setting their economic policies. The purpose of our participation is to facilitate the best interests of our clients by remaining influential in all matters of local governmental finance. In addition, Plante & Moran is the only firm to work closely with the Emergency Managers within the various communities in Michigan and to provide training for those that would like to be an Emergency Manager. This gives us unique insight into methods to streamline operations and balance budgets.

Increased Federal Revenue - Let Us Help

The identification and retention of federal grants has become a high priority action item for all communities. Meanwhile, the complexities surrounding the receipt of these highly sought after revenues are increasing daily, particularly as it pertains to ARRA. For example, did you know that U.S. Government Accountability Office staff are now on site in 16 states, including Michigan, performing monitoring on the uses of Recovery Act funds and reviewing the approaches taken by the states and localities therein to ensure accountability?

Fortunately, Plante & Moran is the **second largest single audit provider in the nation**; a fact that practically ensures that we not only have experience to guide you through the continuing compliance requirements for the grants that you currently receive, but can also offer you our expertise in obtaining new funding sources. In fact, as a client of Plante & Moran, you will receive the benefit of our extensive governmental network and receive a comprehensive listing of all grant programs in which our clients are participating.

Cost Reduction Opportunities

Plante & Moran provides some of our proprietary resources only to clients of our firm. One such resource is our internally developed "*Revenue Producing and Cost Reduction Checklist*." The ideas in this checklist have resulted in many of our clients reducing costs or generating revenues in ways not previously considered. Our team of over 200 governmental auditors and consultants frequently update this list with new ideas and best practices. We welcome an opportunity to share these ideas and practices with the City.

why choose Plante & Moran?

No-Cost Training Opportunities

At Plante & Moran, we believe that “A good idea a day late, is a wasted day.” In that vein, we recognize the fact that constricting budgets have caused a marked reduction in training opportunities. That’s why Plante & Moran continues to work diligently to keep our clients informed of meaningful events and industry developments through publications such as our Governmental Advisor and invitations to our highly regarded governmental webinar series. Our information sharing practices will enable the City’s staff to receive up-to-date information and CPE-approved training - all at no cost - in the convenience of their own office.

No Hidden Fees - Truth in Advertising

Plante & Moran has a long-standing history of billing only quoted fees. Unfortunately, a common practice in the audit industry is to submit low fee quotes in hopes of identifying “extra billings” during the course of the work. For example, some professional service firms will prepare additional bills for journal entries or audit findings. While this practice may help win the initial bid, it does not put the trusted business relationship on solid ground. Plante & Moran will never bill for any additional services not discussed and agreed upon in full prior to the start of the work. Furthermore, we encourage our clients to contact us whenever necessary for general consultations during the course of the year - all at no additional charge.

Finally - What's in a Name?

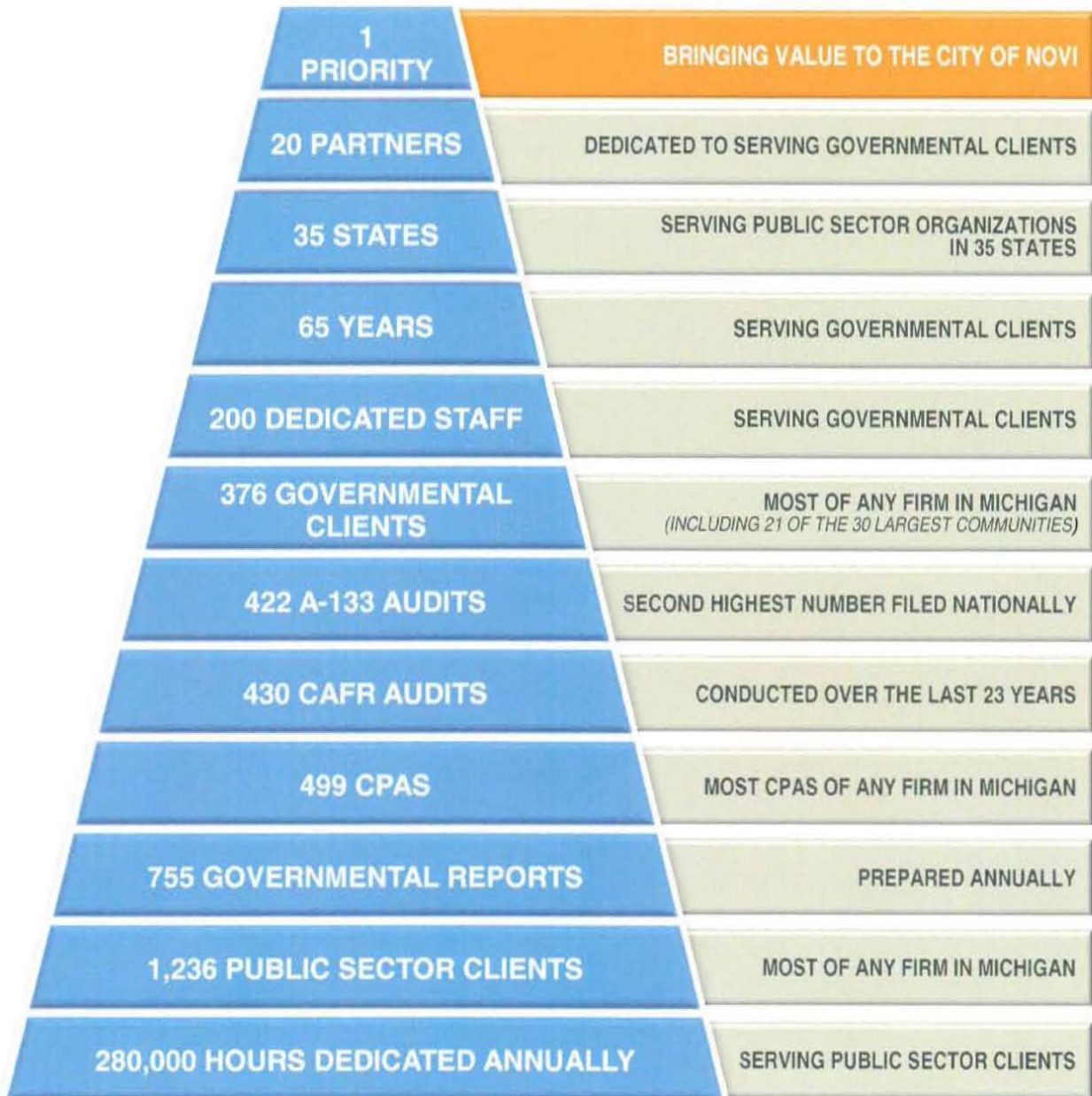
Confidence. Integrity. Quality. Plante & Moran has an immediately recognizable reputation for providing trust-worthy financial audits and sound business advice. “There is no right way to do the wrong thing” - this simple saying is the cornerstone ingredient to our firm’s audit process. Our firm has implemented rigorous quality controls to assure quality, and has substantial governmental experience, which allows us to provide observations and advice on a broad spectrum of issues.

Most recently, local and national media have focused on a fraudulent investment broker whom perpetrated significant fraud at the expense of a number of Michigan communities and taxpayers. Despite auditing more governmental entities in Michigan than any other accounting firm, our governmental client base was not negatively impacted by these trespasses because we commonly advised our clients against entering into transactions with this broker. We believe this serves as a great example of our commitment to integrity and our shared goal of keeping our clients apprised on current events in government accounting.

governmental qualifications and experience

We've served governmental organizations for over 65 years, and we fully understand the unique characteristics and challenges of governmental organizations. Of our 1,500 staff, approximately 200 are actively involved in our governmental audit practice and meet the GAO audit requirements, including governmental continuing education. Our team of CPAs and consultants specialize in the government sector – they aren't "on loan" from any of our industry groups during their slow periods.

Our Experience by the Number



your experienced governmental audit team

We have stated that the City of Novi would be an important client of our firm. Accordingly, we've selected a team of extremely experienced governmental auditors to ensure that the City receives the high degree of service you deserve. We would certainly welcome an opportunity to interview directly with your selection team. For us, getting to spend time with our clients is one of the most enjoyable aspects of being a public professional.

The experience make-up of your assigned engagement team is key to the performance of a successful audit. Our audit approach requires that our partners and managers have significant involvement in the entire audit process. Your entire audit team will draw on our collective experiences to create a more effective audit process that is focused on providing creative comments and solutions in addition to sound audit results. We also have access to a very deep bench of 200 dedicated staff serving governmental clients, including Kris Ray, who previously served as manager on the engagement. All are Certified Public Accountants licensed to practice in Michigan, and have exceeded the continuing professional education requirements during the last three years. These requirements include governmental training required by the GAO Yellow Book, as well as Michigan licensing requirements of 40 hours per year of continuing professional education. The following are brief bios for each of your supervisory audit team members. Their resumes include their relevant governmental auditing experience and can be found in Appendix A.



Joe Heffernan - Relationship Partner

Joe is a nationally recognized governmental accounting expert. He currently is an invited member of the AICPA's State and Local Government Expert Panel (a panel of national experts that publishes the Audit Guide for State and Local Units of Government). Joe has over 30 years of experience and is in charge of Professional Standards for Plante & Moran's Governmental Services Group. His responsibilities involve oversight of auditing and accounting guidance for the firm's municipal, school, higher education and single audit practices, which together total over 755 financial or single audit reports issued annually.

Joe is licensed to practice in the State of Michigan and has served as chair of the accounting standards committee for the Michigan Government Finance Officers Association since 1991 and has been an appointed member of the Michigan Committee on Governmental Accounting and Auditing since 1985. Joe has also served on the American Institute of CPA's Government Audit Quality Center Executive Committee, and the Governmental Technical Subcommittee. His activities have enabled him to develop relationships with Board Members of the Governmental Accounting Standards Board, as well as the State Department of Treasury, Local Audit and Finance Division. These contacts have proven to be impactful in helping local units of government deal with issues of accounting or State oversight.

Joe works with large governmental entities such as the Counties of Oakland, Wayne, Genesee and Livingston; the Cities of Rochester Hills, East Lansing, Madison Heights, Wixom, and Detroit, and the Townships of Waterford, West Bloomfield, Plymouth, Mundy, Mount Morris, and the Road Commission for Oakland County.



Beth Bialy - Colleague Partner

Beth Bialy is the firm leader of Plante & Moran's Governmental Group. Beth has 26 years of experience with the firm and specializes in local government auditing and consulting. Beth is licensed to practice in the State of Michigan and served as a member of the Michigan State Board of Accountancy, which issues licenses for CPAs, for 8 years and is the immediate past chair of the Board. Beth is also a member of the American Institute of Certified Public Accountants.

She works with large government entities such as Wayne County, Cities of Auburn Hills, Berkley, Southgate, Lincoln Park, Wyandotte, Riverview, Monroe, Gibraltar, Woodhaven, Townships of Huron and Brownstown, Downriver Community Conference, Downriver Mutual Aid, Pontiac Retirement Systems, Detroit Retirement Systems, Michigan Association of Public Employees Retirement Systems, Detroit Metropolitan Airport Authority as well as other government entities.

your experienced governmental audit team

She has extensive experience in long-range planning and has developed a specialization in legacy costs, including pension and retiree health care. Beth also has ongoing involvement in fact witness testimony for union negotiations, utility rate studies, administrative cost allocation plans, host and franchise fee reviews and arbitrage calculations.



Tim St. Andrew - Audit Manager

Tim is an Associate at Plante & Moran and currently has 7 years of experience. Tim is licensed to practice in the State of Michigan and specializes in local government auditing and consulting. Some of Tim's clients include: Oakland County, Oakland County Zoological Authority, Macomb County Zoological Authority, Village of Beverly Hills, and the Cities of Dearborn, Eastpointe, Brighton, Southgate, and Rockwood. Recent experience beyond job organization and management and training and supervision of staff includes GASB 54 implementation assistance, preparation of long-range financial plans for municipalities, assistance with annual budgets, performance of compliance audits of federally funded programs and assistance with design and review of internal control systems. Tim is a member of the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants.



Rumzei Abdallah - Audit In-charge

Rumzei is licensed to practice in the State of Michigan and works as part of the firm's governmental attestation and consulting practice, primarily serving local governmental units. Some of Rumzei's recent clients include: Wayne County, the Village of Beverly Hills, and the Cities of Rochester Hills, Dearborn, Dearborn Heights, Taylor, and Brighton. Recent experience beyond job organization and training and supervision of staff includes preparation of long-range financial plans for municipalities, assistance with annual budgets, and performance of compliance audits of federally funded programs. Rumzei is a member of the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants.



Michelle Watterworth - Technical Specialist

Michelle Watterworth specializes in government auditing and consulting, having served governmental organizations for over 16 years. Michelle's auditing experience includes multiple governmental pension systems, such as for the City of Pontiac, City of Flint, City of Taylor, City of Detroit, and City of Auburn Hills. Michelle is the municipal technical resource group leader for the professional standards team for Plante & Moran's Governmental Services Group. Michelle is also key leader in our Single Audit practice, having responsibility for quality control and implementation of new standards. She also serves as one of our internal technical resources in this area. Michelle's past experience includes various governmental audit engagements, pension systems, as mentioned above, compliance audits of various federally funded programs, plus the following consulting assignments: water and sewer rate studies, five-year financial forecasts, budgeting assistance and assistance with internal controls.

your experienced governmental audit team



Laurie Zyla - Senior Consultant

Laurie has eight years of experience in the information technology industry. She has significant experience with the full lifecycle of design and implementation of shared web services environments for a major global telecommunications organization. At Plante & Moran, Laurie serves her government clients on a host of technology planning, selection, and implementation issues, and works on their operational and organizational impact. She has participated in recent systems and technology planning projects for City of Flagstaff, AZ; City of Miramar, FL; City of Carrollton, TX; City of Mesa, AZ; Town of Hempstead, NY; Gwinnett County, GA; and City of Des Moines, IA. Ms. Zyla's educational background includes a BS in computer science from the University of Michigan, and an MBA in international business from Brandeis University. As part of her MBA, Laurie completed an international exchange program at the Copenhagen Business School in Denmark. She is a member of the Project Management Institute (PMI) with a Project Management Professional (PMP) certification.

your experienced governmental audit team

This engagement will be served primarily by staff from our Southfield office. No part-time or contract staff will be employed for the City of Novi audit. Our partners (relationship and colleague) will be highly involved with planning, review of workpapers in the field and end-of-audit meetings and presentations. During the duration of fieldwork, they will not be on site full-time each day, but will be there on a periodic and regular basis. Audit managers will be involved on a semi-full time basis (typically every other day). Our staff will be in the field on a full-time basis.

THE PLANTE & MORAN SERVICE PLEDGE:

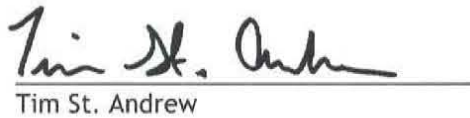
Frank Moran, one of our Firm's founding partners, was infamous for his many philosophical quotes and unique approach to our profession. Regarding professional responsibility, Frank would frequently affirm, "The mark of a true professional is a firm/person who always places the best interest of their clients ahead of their own". At Plante & Moran we attempt to embody those words in everything we do.

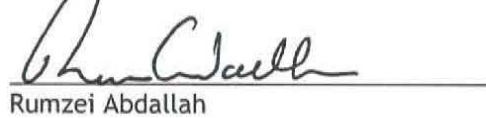
"As City of Novi's team of audit professionals, we pledge to always place the best interest of the City of Novi and residents ahead of our own. We will continually strive to exceed your expectations for audit professionals and to become a highly valued component of the City's advisory team."

We make this pledge on February 17, 2012:

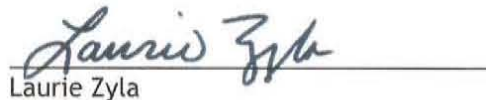

Joe Heffernan


Beth Bialy


Tim St. Andrew


Rumzei Abdallah


Michelle Watterworth


Laurie Zyla

your experienced governmental audit team

Date	Course / Activity	Format	General	A & A	Ethics	Heffernan	Bialy	Watterworth	St. Andrew	Abdallah
1/5/2010	Government Audit Efficiency Training	Live	0	3.5	0		x	x	x	x
1/21/2010	A&A 999 ITGC Training for Professional Standards Team	Live	0	3	0	x		x		
1/26/2010	MTA Auditor Institute	Live	0	9	0	x				
2/11/2010	A&A 999 Single Audit ARRA Training	Live	0	2	0		x			
2/11/2010	A&A 999 Single Audit ARRA Training (MUNI)	Live	0	1.5	0		x			
2/26/2010	A&A 999 Single Audit ARRA Training	Teaching	0	12.5	0			x		
3/26/2010	MGFOA Spring Seminar	Live	0	5.5	0	x				
4/29/2010	A&A 011 Assurance Webinar - Compliance Audits	Live	0	2	0	x		x		
5/4/2010	A&A 011 Assurance Webinar - Compliance Audits (ANAR office)	Live	0	2	0		x			
5/6/2010	IND 010 Governmental & K12 Industry Update	Live	1.5	7	0		x			
5/6/2010	IND 010 Governmental & K12 Industry Update	Live	0	7	0	x		x	x	x
5/20/2010	A&A 999 GASB 34 Bootcamp	Live	0	8	0			x		x
6/11/2010	A&A 999 A-133 Bootcamp	Live	0	8	0			x		x
6/16/2010	Understanding Independence - SOUT (06/22/10)	Live	0	0	2			x		x
6/22/2010	Understanding Independence - SOUT (06/22/10)	Live	0	0	2		x			
6/29/2010	IND 010 Municipal Client Training	Live	2	2	0		x		x	
7/22/2010	A&A 200 Level 2 Assurance Training	Live	0	20.5	0	x				
7/29/2010	A&A 011 SFAS 167 Webinar Replay	Live	0	2.5	0					x
9/20/2010	MGFOA 61st Annual Training Institute	Teaching	0	6	0	x				
9/22/2010	MGFOA 61st Annual Training Institute	Live	0	2.5	0	x				
9/28/2010	2010 AICPA National Governmental Accounting & Auditing Update	Live	0	13.5	0			x		
9/29/2010	F&M Government in Transition webinar	Live	1	0	0		x			
10/6/2010	A&A 011 Assurance Webinar - Analytical Review Procedures	Live	0	1	0	x		x	x	
11/11/2010	A&A 200 Level 2 Assurance Training	Teaching	0	12	0			x		
11/16/2010	A&A 900 MATS 2 - Audit Efficiency Training	Live	0	2	0		x			
11/18/2010	A&A 300 Level 3 Assurance Training	Live	0	16.5	0					x
12/9/2010	A&A 900 MATS 2 - Audit Efficiency Training	Live	0	2	0	x		x	x	x
12/22/2010	A&A 950 2010 Year End Update - REPLAY (SOUT)	Live	0	0	3	x		x		x
1/7/2011	A&A 011 Assurance Year End Update - REPLAY (SOUT)	Live	0	3	0		x			
1/20/2011	"Business Ethics" - AGA - Association of Government Accountants	Live	0	0	1					x
1/25/2011	MTA Auditor Institute	Live	0	5.5	0	x				
1/26/2011	A&A 950 2010 Peer Review Findings (Ann Arbor)	Live	0	2	0				x	
1/29/2011	A&A 950 2010 Peer Review Findings (Southfield)	Live	0	2	0			x		
1/29/2011	A&A 950 2010 Peer Review Findings (Columbus)	Live	0	2	0		x			
1/29/2010	A&A 950 2010 Peer Review Findings (CINCI)	Live	0	2	0					
3/25/2011	MGFOA Spring Seminar - GASB Update	Teaching	0	4.5		x				
3/25/2011	MGFOA Spring 2011 Seminar	Live	0	4.5	0			x		
4/14/2011	IND 011 GASB 54 Overview	Teaching	0	6	0			x		
4/18/2011	Best Practices in Local Government	Live	6	0	0		x			
4/28/2011	Best Practices in Local government - speaking session	Live	0	3	0		x			
5/5/2011	IND 011 Municipal/K-12 Annual Spring Session (2011)	Live	0	8.5	0		x		x	x
5/5/2011	IND 011 Municipal/K-12 Annual Spring Session (2011)	Live	0	7.5	0			x		
5/5/2011	IND 011 Municipal/K-12 Annual Spring Session (2011)	Teaching	0	2	0			x		
5/19/2011	MACPA Governmental A&A Update	Teaching	0	3.5	0	x				
5/25/2011	A&A 950 Peer Review and Liability Insurance Update at Partner Meeting	Live	0	0.5	0		x			
5/25/2011	A&A 950 Peer Review Update at Partner Meeting	Live	0	1	0	x	x			
5/25/2011	A&A 950 Peer Review Update at Partner Meeting	Live	0	0.5	0	x				
5/26/2011	A&A 950 Partner Meeting Breakout Sessions	Live	2.5	0	0		x			
6/7/2011	IND 011 A-133 Bootcamp	Live	0	6.5	0			x	x	
6/13/2011	IND 011 Governmental Financial Reporting - GASB 34	Live	0	8	0				x	
6/14/2011	IND 011 Spring 2011 PMGAP Training	Teaching	0	3	0	x				
6/15/2011	Equity Revisited: Practical Guidance Fund Balance & Net Assets	Live	0	2	0					
6/21/2011	IND 011 Governmental Client Training	Live	0	3.5	0	x			x	
6/23/2011	Understanding Independence	Live	0	0	4				x	
6/28/2011	GAST training	Live	0	3	0		x			
6/29/2011	Understanding Independence	Live	0	0	4					
7/20/2011	A&A 200 Level 2 Assurance Training	Teaching	0	12	0			x		
7/21/2011	IND 011 K12 Standards Review Training	Live	0	6	0	x		x		
7/26/2011	A&A 999 ITGC Training for Auditors	Live	0	6	0				x	
7/27/2011	A & A 500 Assurance Partner / Manager Workshop	Live	0	8	0	x		x		
8/9/2011	A & A 500 Assurance Partner / Manager Workshop	Live	0	8	0		x			
8/10/2011	Governmental Industry PSD Training	Teaching	0	8	0	x		x		
8/11/2011	A & A 500 Assurance Partner / Manager Workshop	Live	0	8	0				x	
9/7/2011	GASB - Pension Proposals, An In Depth Look	Live	0	3	0			x		
10/20/2011	IND 011 REC University: Level 201	Live	0	1.5	0				x	
11/3/2011	Service Industry Technical Roadshow	Live	0	5	0					x
11/9/2011	A&A Level 2 Assurance Training	Teaching	3	0	0		x			
11/14/2011	IND 011 Real Estate & Construction Webinar: Common Technical Accounting & Auditing Issues - Variable Interest Entities & Fair Values	Live	0	3.5	0				x	
12/15/2011	A&A ITGC Update Webinar for Assurance Staff	Live	0	1	0			x		
12/15/2011	A&A 011 Assurance Year End Update	Live	0	2	0			x	x	x
12/21/2011	A&A Planning, Budgeting Time and Job Management - Quality & Documentation Approach	Live	0	2	0			x		
1/9/2012	A&A Planning, Budgeting Time and Job Management - Quality & Documentation Approach	Live	0	2	0					x
1/10/2012	Supervisory Workshop: Practical Skills for Inclusion & Diversity	Live	10	0	0		x			
1/21/2012	Employment Law - What every Supervisor Needs to Know about Legal Risk Avoidance	Live	2	0	0		x			
1/24/2012	MTA Auditor Institute	Live	0	6	1.5	x				

PLANTE & MORAN

independence and other affirmations

INDEPENDENCE

We affirm that Plante & Moran is independent of the City of Novi and the component units of the City, as defined in the independence standards of generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA). Additionally, the firm also meets the independence standards of Government Auditing Standards, as issued by the Comptroller General of the United States. We have not engaged in any activities in the last 5 years that would constitute a conflict of interest or impair our independence relative to performing the proposed audit (see the listing of prior engagements with City of Novi included in the proposal). If we are hired as auditors, we will give the City of Novi written notice of any professional relationships entered into during the term of the engagement.

LICENSE TO PRACTICE IN MICHIGAN

Plante & Moran is licensed to practice as a certified public accounting firm in the state of Michigan. We have nearly 500 CPAs at the firm. All assigned key professional staff are properly licensed to practice in Michigan.

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION

We affirm that Plante & Moran is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. We also affirm that Plante & Moran shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended, or ineligible under the provisions specified in the Request for Proposal.

PLANTE & MORAN FIRM PROFILE

Plante & Moran offers some unique advantages to consider, beginning with size. With more than 1,500 staff members with 240 partners and 18 offices throughout the Great Lakes Region, we provide our clients with access to the resources, experience, and depth of technical expertise of larger firms, coupled with the responsive, personal service and attention of smaller, local firms.

COMPLIANCE WITH EXTERNAL QUALITY CONTROL REVIEW:

Plante & Moran, PLLC regularly conducts internal reviews of our audits using members of our Professional Standards team. In addition, we participate in the Peer Review Program of the Private Companies Practice Section, and the SEC Section of the American Institute of Certified Public Accountants. This is a program whose objectives are to improve the quality of services provided by CPA firms through the establishment of practice requirements and to establish and maintain an effective system of self-regulation of member firms by means of mandatory peer reviews, required maintenance of appropriate quality controls, and the imposition of sanctions for failure to meet membership requirements. As a result of our external peer reviews, we have received an unqualified report (See Appendix E). The most recent quality control review included a review of several specific government engagements.

PLANTE & MORAN
independence and other affirmations

PLANTE & MORAN, PLLC HAS NO RECORD OF SUBSTANDARD AUDIT WORK.

There has never been any disciplinary action taken, nor is any pending, against our firm from either Federal or State regulatory bodies or professional organizations. We affirm that we will follow the American Institute of Certified Public Accountants' "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits." Many of our clients receive direct federal funding, resulting in program audits or single audits that are required to be desk-reviewed by the federal cognizant/oversight agency. None of these desk reviews (approximately 180 per year) have resulted in any findings of substandard or deficient auditing. Further, we have had five field reviews of our municipal single audits during the past three years, none of which have resulted in any findings of substandard or deficient auditing.

CONFLICTS OF INTEREST

We are unaware of any conflicts of interest between the City of Novi and Plante & Moran, PLLC.

proven, efficient and effective audit approach

What makes Plante & Moran's audit process so successful?

- **Proprietary Audit Approach** - The days where a “one size fits all audit” are over. Our audit approach utilizes our proprietary audit programs which tailor audit procedures to address the specific and unique risk of each of our clients. Our programs and approach are constantly reviewed and updated to address an ever changing environment.
- **Emphasis on Upfront Communication** - We recognize that your financial staff's time is both valuable and limited. We work with our clients prior to the start of the audit to ensure that only necessary workpapers are prepared. Frankly, nothing is more bothersome to us than to witness unnecessary audit preparation. Furthermore, we strive to work jointly with our clients to identify and resolve any potential issues early.
- **Paperless Audit** - We have a fully implemented paperless audit environment. In addition to being eco-friendly, our electronic approach eliminates much of the non-value added audit time from the process, thus permitting more time to focus on higher level analytics and procedures. We utilize a secure file exchange and secure web intranet to share audit documentation with our clients.
- **Colleague Partner** - As part of our client service strategy, we use a process called “Colleague Partnering”. At no additional cost to our clients, Plante & Moran assigns a second partner to each audit engagement. The responsibility of the Colleague Partner is to stay current in every aspect of the client relationship. Our objective is to provide our clients with immediate access to advice from partners who are knowledgeable about your County and your current business issues.
- **A-133 Audit Specialist** - In addition to our experienced governmental audit team, many of whom have extensive A-133 audit experience, we also assign an A-133 Audit Specialist to each Federal Program Audit. These individuals are highly trained in the area of A-133 compliance, an area we consider to be rapidly growing in complexity and exposure.
- **Extensive Review Process** - A rigorous review is performed on all workpapers and financial statements by members of the audit team (partner, manager and in-charge) and an additional review is performed by members of Plante & Moran's professional standards team who specialize in the municipal industry. This means that your statements will have 4 levels of review, assuring a high quality audit. This process has assisted in Plante & Moran audit clients receiving over 400 Certificates of Achievement for Excellence in Financial Report (CAFR).
- **No Negative Surprises** - Our philosophy is that there should be no negative audit surprises. We communicate with the accounting staff, management and the audit committee throughout the engagement. If any potential management letter items or adjustments arise, discussions throughout the engagement enable the organization and the audit team to fully understand the issue and recommendation. We also provide management with a draft of the management letter, prior to issuance. Prior to finalizing our fieldwork, we will meet with the management team to review draft copies of the management letter. We have found this is not only more efficient, but it also avoids any prolonged delays due to issues that are easily resolved face-to-face.
- **Experience Equals Efficiency** - Having a governmental audit team which is deep in knowledge and experience may be the single most important factor for performing an efficient audit. Your Plante & Moran audit team is comprised of some of the most experienced governmental auditors in the State of Michigan - we guarantee you will experience the difference.

PLANTE & MORAN
audit approach overview

The following graph illustrates a brief summary of Plante & Moran’s audit process:

PLANNING & RISK ASSESSMENT	PRELIMINARY PROCEDURES	YEAR-END PROCEDURES	DELIVER AUDIT REPORT & ASSESS PERFORMANCE
<p>Co-develop expectations</p> <p>Gather data</p> <p>Identify risks and critical issues</p> <p>Meet with the Audit Committee</p> <p>Perform preliminary analytical procedures</p> <p>Coordinate work with your staff – set goals and milestones</p> <p>Assess IT controls and data extraction capabilities</p>	<p>Testing of accounting system and internal controls</p> <p>Interim testing of selected transaction cycles</p> <p>Design and tailor audit work programs and determine sample sizes based on P&M developed sampling tools</p> <p>Detailed audit plan and list of client prepared schedules provided</p>	<p>Financial statement balance testing completed (Testing includes substantive testing and analytical procedures developed specifically for Oakland County)</p> <p>Workpaper reviews conducted in the field</p> <p>Financial statement drafts reviewed</p> <p>Final adjustments completed, if any</p> <p>Draft reports and letters delivered</p>	<p>Communicate results with management verbally and in draft format</p> <p>Deliver audit reports, including SAS 115, 114, and management letter comments</p> <p>Assess performance against expectations via client satisfaction survey</p> <p>Present audit report in a public meeting</p>
<p>Partner Hours = 5 Manager Hours = 10 Supervisor Hours = 10 Staff Hours = 5</p>	<p>Partner Hours = 5 Manager Hours = 10 Supervisor Hours = 20 Staff Hours = 50</p>	<p>Partner Hours = 25 Manager Hours = 50 Supervisor Hours = 100 Staff Hours = 200</p>	<p>Partner Hours = 5 Manager Hours = 10 Supervisor Hours = 10 Staff Hours = 5</p>

* For additional information related to our audit approach, refer to Appendix C.

Services tailored to your needs

A FULL SPECTRUM OF CAPABILITIES

We have developed a full menu of services in response to the needs of our governmental clients. Our experienced, independent consultants can complement the expertise and capabilities of your in-house team.



FINANCIAL

- Audit, review, & compilation
- A-133 single audit
- Accounting outsourcing & financial services
- Five-year financial projections
- Utility rate studies
- Fiscal sustainability reviews
- Forensic & investigative services



HUMAN CAPITAL

- Employee benefits consulting
- Personnel assessment
- Organizational development



OPERATIONS & PROCESS

- Operations & process improvement
- Collaboration, shared services & regionalization
- Organizational analysis
- Public safety analysis
- Project feasibility analysis
- Facility analysis & rationalization



TECHNOLOGY

- Assessment, selection, planning & implementation
- ERP consulting
- Security assurance
- Communications & networking
- Strategic planning
- Outsourcing selection
- Contract negotiations



TRANSACTIONS

- Corporate real estate (lease, buy, build, monetize, disposition of assets & sale/leaseback)



FINANCIAL ADVISORY SERVICES

- Institutional investment

RESOURCES AND THOUGHT LEADERSHIP

Critical mass and knowledge to keep you ahead of the curve

WEBINARS, PUBLICATIONS, AND ONLINE CONTENT

Plante & Moran invests in an ongoing commitment to research and thought leadership to ensure that the firm’s professionals and our clients understand the forces driving leading trends and impacting profitability. We deliver this thought leadership via webinars and podcasts, and through online and printed publications.

Our monthly e-newsletter, **Government Perspectives**, provides clients with updates on finance, technology, and operations issues, and includes ideas for maximizing limited resources. We continuously monitor the status of proposed legislation, and offer input on behalf of our clients. We distribute timely **Government Alerts** to not only bring you the technical aspects of recent legislation and initiatives, but also to analyze what it means to you and your community.



WE ARE YOUR GASB RESOURCE AUTHORITY



Governmental Accounting Standards Board Pronouncements - There are several new GASB's that will need to be implemented in the next couple of years. Our firm is at the forefront of offering input into GASB's pronouncement process. We regularly comment on GASB exposure drafts and offer input to ensure that the impact on our client's is handled as practically as possible. Whenever a new significant GASB pronouncement is on the horizon, we are extremely pro-active in providing tools and training for our clients.

TOOLS & BEST PRACTICES

We strive to arm our clients with tools and best practices for tackling tough issues. Examples include:

- Case Studies
- White Papers & Articles
- Revenue Producing/Cost Reduction Checklist

WEBINARS AND SEMINARS

As part of our commitment to keep clients well-informed, we host several webinars and seminars each year. Many sessions qualify for CPE credit.

Previously recorded webinars are also available for review:

- Government in Transition: Solutions & Support for Leaders
- Ideas to Balance the Budget
- ARRA Impact On Your Single Audit (Circular A-133)
- Managing your IT Budget
- Recommended Benefit Strategies During Uncertain Times of Healthcare Reform
- Credit Card Data Security Requirements for Local Governments

Feedback we've received from clients indicate that they value our training sessions:

"Thank you for hosting these webinars - a great service to your clients and the industries you serve."

"Gave participants some ideas that are outside the box. Information was presented in a concise format."

"Reliability of information - I don't have to be concerned about the accuracy - it's coming from PM."

GIVING BACK TO GOVERNMENT (PLEASE SEE APPENDIX B FOR MORE DETAILS)

We're dedicated to giving back to government by providing timely education to a wide variety of government professionals. **Our auditors don't just attend conferences, they lead the class.**

Plante & Moran governmental experts are frequently called upon to facilitate training sessions for:

- Municipal, County and State Executives
- Board and Council Members
- Other CPAs

We are the only CPA firm that was formally invited to provide input for Michigan Governor Snyder's governmental transition task force.

We are the only firm that has worked directly with Michigan's various appointed Emergency Managers to address fiscal challenges facing specific governments.

It is a privilege to serve as educators, and participate in work groups and committees as our participation allows us an advance view of upcoming changes that will impact our clients, and the opportunity to help protect our clients' interests regarding challenges and long- and short-term solutions.

CLIENT SATISFACTION

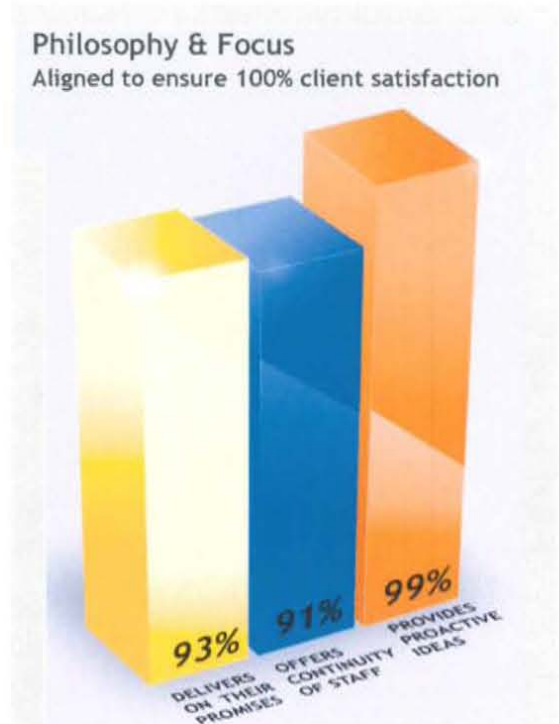
how do we rate?

As a client of Plante & Moran your input and suggestions are important to us. Client feedback provides valuable input and allows us to ensure we continue to maintain the same high level of service our clients have come to expect.

We use an independently administered client satisfaction survey process to ensure we measure our performance against our clients' expectations. Clients receive periodic surveys from us and we have a spot on our website to provide feedback.

RESULTS

Plante & Moran understands my industry	100%
Plante & Moran delivers proactive ideas	97%
My engagement team members have technical expertise in their disciplines	100%
My engagement team understands my organization	100%
My engagement team is proactive to my needs	99%



CLIENT COMMENTS FROM OUR SURVEY

When asked *“What is the primary differentiator that you feel sets Plante & Moran apart from other firms and influences your decision to work with them?”*, here’s how our clients responded:

- *“Professional firm, cost effective”*
- *“Reputation of excellence & integrity”*
- *“Availability of other resources provided by Plante and Moran to assist me in doing my job”*
- *“Their willingness to assist and keeping us up to date about trends and new requirements that directly affect us”*
- *“I have been working with Plante & Moran since 1987, and the previous auditors did not perform an audit as detailed as we get from your firm. They work with us all year; they’re always there when we need advice”*

“Plante & Moran staff members are excellent to work with. They take their jobs very seriously and are professional, efficient, super cooperative, and very friendly. They do everything well”

Larry Green, Supervisor
Charter Township of Mount Morris

WHAT DO YOUR PEERS HAVE TO SAY?

references

We believe Plante & Moran is uniquely qualified to serve the City of Novi based on our comprehensive understanding of governmental finance, our methods of operation, and our experience in auditing and providing consulting services to more than 370 municipalities and special purpose governmental entities, 200 school districts, 80 universities and colleges, and 560 not-for-profit organizations across the country . In addition, to complement our auditing services, we offer a wide range of pertinent governmental services that have been used and considered to be beneficial by many large communities.

The following is a sampling of governmental entities we serve, along with their contact information. We invite you to contact these references and get a third-party perspective of our client service and ability to deliver on our promises. Please see Appendix D for a full list of our governmental clients.

Client	Hours	Type of Service	Client Since	Engagement Partner	Contact Person	Phone
City of Detroit	5,000+	Audit Readiness Accounting Services and Consulting	2008	Joe Heffernan Michael Swartz	Mr. Thomas Lijana Group Executive, Finance Director	313.224.6563
Oakland County	2,000+	Financial Statement Audit and Single Audit	2004	Les Pulver Joe Heffernan	Mr. Tim Soave Manager - Fiscal Services	248.858.0807
City of Southfield	1,300	Financial Statement Audit and Single Audit	2006	Les Pulver	Mr. James Scharret City Administrator	248.796.5270
City of Rochester Hills	800	Financial Statement Audit and Single Audit	1999	Joe Heffernan	Mr. Keith Sawdon Finance Director	248.841.2535
City of Farmington Hills	600	Financial Statement Audit and Single Audit	1970's	Douglas Bohrer Manager - William Brickey	Mr. Steve Brock City Manager	248.871.2500

prior engagements with City of Novi

The following is a listing all known significant engagements with City of Novi in past 5 years.

Year	Project Hours	Type of Service	Engagement Partner	Office	City of Novi Contact Person	Phone
2006 - 2009	600 Per Year	Financial Statement and A-133 Audits	Joe Heffernan	Southfield, MI	Kathy Smith-Roy	248 347-0470
2009	60	Segregation of Duties Analysis for Information Technology dept.	Raj Patel, with Sarah Pavelek	Southfield, MI	Rob Petty	248 735-5605
2007	80	Shared services inventory	Adam Rujan	Southfield, MI	Kathy Smith-Roy	248 347-0470
2007	15	Payroll tax advisory services (cell phones and travel reimbursements)	Debbie Burton	Southfield, MI	Pam Antil	n/a

firm culture & diversity

UNIQUE AWARD-WINNING CULTURE

Plante & Moran has nurtured our unique culture since 1924. Despite significant growth over the past 20 years, we've worked diligently to preserve and enhance our unique culture and values. This focus has resulted in our recognition as an exceptional employer by a number of national organizations. **We've been named to FORTUNE Magazine's "100 Best Companies to Work For" list for the past fourteen years.** No other accounting or consulting firm has been on this list as long as Plante & Moran.

What this means to our clients:

Our staff members enjoy their careers and want to serve you. We have the lowest staff turnover rate of any major accounting firm in the United States. Low turnover means better staff continuity than other firms, which in turn ensures that our teams are:

- Organized and prepared
- Not engaged in on-the-job learning
- Familiar with your accounting procedures and personnel

DIVERSE PERSPECTIVES: THE POWER OF INCLUSION

Plante & Moran strives for diversity and inclusion in recruiting, retention, staff development, and client service. We respect the power of having a variety of viewpoints, and that belief is continuously fostered through our diversity initiatives, which were formalized through the creation of a diversity council in 2003.

Our many initiatives include diversity awareness training for staff and supervisors; sponsoring and presenting at minority-focused events in conjunction with universities and professional organizations; and working with the National Association of Black Accountants (NABA) and the Association of Latino Professionals in Finance and Accounting (ALPFA) for minority recruitment and professional outreach.

We colleague with minority business partners to assist clients on audit and consulting engagements.



What this means to our clients:

We strongly believe that a culture of inclusion:

- Contributes to our ability to serve clients because it makes us better prepared to listen, understand, and serve your needs.
- Enhances opportunities for our staff
- Allows our firm to attract and retain the best talent.

PLANTE & MORAN
proposed fees

OUR PHILOSOPHY ON FEES

We strongly believe that the firm you select should be the firm best qualified to serve your needs, based on its technical expertise as financial and compliance auditors, its operating method, and the experience and competence of its personnel. In the long run, these factors will result in your obtaining the best service and value at the lowest cost - which is our firm's objective.

We know that price is a key concern in any financial decision and have sharpened our pencils to ensure that the City of Novi will receive the lowest possible fee for the completion of a thorough, accurate and trust-worthy financial audit.

As our firm served as auditors for the City of Novi in the recent past, we have an appreciation for the amount of time and level of staff needed to guarantee a quality, thorough audit.

WE ENCOURAGE YOU TO CALL

In addition, routine contact through the year is an expected part of the process. For example, phone calls involving general consultations on matters such as new reporting pronouncements or federal funding compliance are included with our audit fee. If for some reason a consultation request requires more detailed research and analysis to provide appropriate counsel, the fees for such services would be discussed before proceeding.

IN SUMMARY

As listed in your request for proposal (RFP), we will:

- Perform the audit of the City of Novi's financial statement under all applicable auditing standards for the years ended June 30, 2012, 2013 and 2014 with options for 2015 and 2016.
- Deliver all applicable reports, letters, forms, and communications.
- Adhere to all other requests made by the City as listed in the RFP, including issuing the Comprehensive Annual Financial Report to the State by October 31 each year.

PLANTE & MORAN
appendix a - team resumes



Joseph C. Heffernan, CPA, Governmental Group Professional Standards

Experience

Joe Heffernan is the partner in charge of professional standards for Plante & Moran's public sector. In addition, he coordinates the ongoing audit and consulting engagements for several cities, townships, villages, counties and state agencies.

Joe is a thought leader in the governmental industry, as demonstrated by the following recent activities:

- Editor of the Governmental Accounting Standards Board's "An Analyst's Guide to Government Financial Statements."
- Editor of the Governmental Accounting Standards Board's Implementation Guide on GASB 44, Statistical Section
- Editor of the Michigan Senate Fiscal Agency's Issue Paper "An Assessment of Michigan's Local Government Fiscal Indicator System" by Dr. Eric Scorsone
- Author of responses to the Governmental Accounting Standards Board on all significant exposure drafts; recent proposal include accounting for retirement benefits, reporting deferred outflows, and fund balance/ fund type reporting.
- Worked through the MCGAA and/ or MGFOA to update State guidance for local units, including recently the State Uniform Reporting Format; cost allocation principles for the State Chart of Accounts; and the State's list of allowable expenditures for local units.

Recent Professional Responsibilities

- Invited member of the AICPA's State and Local Government Expert Panel
- Chair, Michigan Government Finance Officers Association Accounting Standards Committee (1991 to present)
- Invited Member of the Michigan Committee on Governmental Accounting and Auditing (the group that advises the State Local Audit and Finance Division in their accounting and auditing oversight of local units of government in Michigan; 1985 to present)
- Invited Member of the Executive Committee of the AICPA's Government Audit Quality Center (2003 to 2007)

Joe is a frequent speaker for various government associations. Recent speaking engagements include:

- Michigan Local Government Managers Association, Revenue Sources
- Michigan Government Finance Officers Association, GASB Update
- Michigan Association of CPAs, GASB 53, Derivatives
- Michigan Township Association, Moderator of the Auditor Institute
- Michigan Emergency Financial Manager Training, Assets and Proprietary Operations

Education

- University of Michigan, Bachelor of Business Administration (with high distinction), 1979
- Joe is currently licensed to practice in Michigan

Contact Information

248.223.3261
27400 Northwestern Highway
Southfield, Michigan 48034
joe.heffernan@plantemoran.com

PLANTE & MORAN
appendix a - team resumes



Beth Bialy, CPA, Colleague Partner

Experience

Beth Bialy is the firm leader of Plante & Moran's Governmental Group. Beth has 26 years of experience with the firm and specializes in local government auditing and consulting. Beth coordinates the ongoing audit engagements for many cities and townships in Michigan. Beth also serves as a technical standards reviewer. Beth's specific audit experience includes the following clients: Cities of Southgate, Lincoln Park, Northville, Auburn Hills, Gibraltar, Riverview, Monroe, Wyandotte, Berkley, Townships of Huron and Brownstown, as well as the Detroit Retirement Systems, Pontiac Retirement Systems, Monroe County Road Commission, Downriver Community Conference, Downriver Mutual Aid, Southeast Michigan Community Alliance, Wayne County and Wayne County Airport Authority.

Beth's recent experience includes several governmental audit engagements, plus consulting assignments, including:

- Retirement System Audits
- Retiree Health Care accounting
- Labor negotiation fact witness services
- Cable television franchise fee reviews
- 5 year financial projections
- Water and sewer rate studies
- Detachment and annexation studies
- Brownfield Act accounting
- Act 198 reporting

Education - Wayne State University, Bachelor of Business Administration

Professional Affiliations

- Immediate Past Chair - Michigan State Board of Accountancy
- American Institute of Certified Public Accountants
- Michigan Association of Certified Public Accountants-Member Advisory Forum
- Wayne County Treasurers Association
- Michigan Government Finance Officers Association - Retiree Health Care Committee
- Michigan Association of Public Employees Retirement Systems

Professional Activities

- Instructor - Plante & Moran Continuing Professional Education Programs

Contact Information

248.223.3377
27400 Northwestern Highway
Southfield, Michigan 48034
beth.bialy@plantemoran.com

appendix a - team resumes



Tim St. Andrew, CPA, Engagement Manager

Experience

Tim has seven years of experience with the firm's governmental attestation and consulting practice, primarily serving local governmental units. Tim's recent audit and consulting clients include: Oakland County, the Cities of Brighton, Dearborn, Eastpointe, Southgate, and Rockwood, Village of Beverly Hills, Oakland County Zoological Authority, and the Macomb County Zoological Authority.

Tim's recent experience includes several governmental audit engagements, plus consulting assignments including:

- Retirement System Audit
- Retiree Health Care accounting
- GASB 45 implementation assistance
- GASB 54 implementation assistance
- 5 year financial projections
- Assistance with annual budgets
- Compliance audits of federally funded programs
- Assistance with design and review of internal control systems

Education/CPA Licensure

- University of Michigan - Dearborn, Bachelor of Business Administration
- University of Michigan - Dearborn, Master of Business Administration - Finance
- Tim is currently licensed to practice in Michigan

Professional Affiliations

- American Institute of Certified Public Accountants
- Michigan Association of Certified Public Accountants

Contact Information

248.223.3537
27400 Northwestern Highway
Southfield, MI 48034
timothy.standrew@plantemoran.com

appendix a - team resumes



Rumzei Abdallah, CPA, Engagement In-charge

Experience

Rumzei is a member of the audit staff at Plante & Moran. For the past 4 years he has focused primarily on audit and consulting projects with governmental entities including; counties, cities and special purpose entities. Some of Rumzei's recent clients include: Wayne County, the Cities of Rochester Hills, Dearborn, Brighton, Dearborn Heights, and Taylor and the Village of Beverly Hills.

Rumzei's recent experience includes several governmental audit engagements, plus consulting assignments including:

- Financial forecasts
- Financial statement audits
- Federal Grant Audits

Education/CPA Licensure

- University of Michigan - Dearborn, Bachelor of Business Administration
- University of Michigan - Dearborn, Master of Science in Accounting
- Rumzei is currently licensed to practice in Michigan

Professional Affiliations & Activities

- American Institute of Certified Public Accountants
- Michigan Association of Certified Public Accountants

Contact Information

248.223.3274
27400 Northwestern Highway
Southfield, MI 48034
rumzei.abdallah@plantemoran.com

appendix a - team resumes



Michelle Watterworth, CPA, Technical Specialist

Experience

Michelle Watterworth specializes in government auditing and consulting, having served governmental organizations for over 16 years. Michelle's auditing experience includes multiple governmental pension systems, such as for the City of Pontiac, City of Flint, City of Taylor, City of Detroit, and City of Auburn Hills.

Michelle is the municipal technical resource group leader for the professional standards team for Plante & Moran's Governmental Services Group. In addition, she coordinates various ongoing audit and consulting engagements.

Michelle is also key leader in our Single Audit practice, having responsibility for quality control and implementation of new standards. She also serves as one of our internal technical resources in this area.

Michelle's past experience includes various governmental audit engagements, pension systems, as mentioned above, compliance audits of various federally funded programs,, plus the following consulting assignments: water and sewer rate studies, five-year financial forecasts, budgeting assistance and assistance with internal controls.

Michelle has been the past speaker at seminars sponsored by the Michigan Government Finance Officers Association, Michigan Townships Association, Oakland County Treasurers Association, and Northern Michigan Public Service Academy. Additionally, Michelle has the responsibility of leading our continuing professional development programs for our governmental staff.

Education

- University of Michigan, Bachelor of Business Administration, Summa Cum Laude, 1991

Professional Affiliations and Activities

- American Institute of Certified Public Accountants - member
- Michigan Association of Certified Public Accountants - member
- Oakland County Treasurers Association, past member
- Member, Leadership Oakland XIII
- Current and past treasurer of various not-for-profit organizations

Contact Information

248.223.3520
 27400 Northwestern Highway
 Southfield, MI 48034
 michelle.watterworth@plantemoran.com

appendix a - team resumes



Laurie Zyla, Senior Consultant, Technology Consulting & Solutions

Experience

ERP Needs Assessment and Selection - Experience in performing a variety of services related to the conducting of ERP needs assessment and selection projects for municipal clients. Activities have included conducting of interviews, facilitation of cross-functional sessions, proposal analysis, vendor demonstration participation, and statement of work development.

Technology Planning - Experience with technology planning and assessment projects. Assists government clients with short- and long-range technology planning; budgeting; project management; system selection; and vendor and staff management. Projects included needs assessments, requirements definition, vendor selection, and contract negotiation. Also assists clients with strategic planning, including assessing and managing the impact of technology implementation on client operations.

Technology Support - Experience supporting an e-Business infrastructure, including server configuration and maintenance, customer support, data security, system monitoring, and project management. Assists in providing ongoing network management and administration services to government clients.

Government Programs - Experience working with government and community groups to support initiatives like economic development, coalition development, collaborative solutions, and e-government. Assists clients with organization development, constituent research, community-based solutions, and establishing government partnerships.

Prior Organizational Affiliations

Motorola, Inc.

Systems Engineer, Global e-Business Internet Strategies - Maintained both hardware and software components of corporate e-Business environment; designed project infrastructure/architecture; facilitated system monitoring and backups; and managed the full lifecycle of new website projects

Education

- Brandeis University - Master of Business Administration
- University of Michigan - Bachelor of Science, Computer Science

Professional Affiliations and Certifications:

- Project Management Institute (PMI)
- Project Management Professional (PMP)

Contact Information

248.223.3337
27400 Northwestern Highway
Southfield, MI 48034
Laurie.zyla@plantemoran.com

appendix b - demonstrated industry leadership

Plante & Moran is recognized as a leader in governmental accounting and consulting, and we believe that our involvement with professional organizations is a key component of maintaining and growing our technical expertise. Our involvement with these organizations helps us stay on top of emerging issues, which allows us to provide you, as a valued client, with the highest quality service you deserve and expect.

Our active participation in these organizations means that our team members are often asked to conduct training sessions at conferences and seminars, and have been asked to author numerous articles, presentations and studies. Our reputation in the industry and ability to maintain our status as a leader in the field is evidence of the commitment and dedication that the City of Novi will receive.

ORGANIZATION	PLANTE & MORAN PARTICIPATION
American Institute of CPAs (AICPA)	
Past Chair of AICPA; Current Board member	A partner served as the Chair of the AICPA in 2008, and a partner currently serves on the Council.
Government Audit Quality Center (GAQC)	Founding member of the Quality Center, served on the initial Executive Committee; a partner currently serves on the Executive Committee
State & Local Government Expert Panel	A partner serves on the AICPA Government Expert Panel, which writes state and local government audit guide, and responds to GASB exposure drafts
Governmental Accounting Standards Board (GASB)	
Due Process System	Actively respond to significant proposals for new governmental accounting rules
Implementation Guides	One of our partners has assisted an editor to GASB Implementation Guides
Federal Single Audit Roundtable	Participate in semiannual single audit roundtable to discuss current single audit issues with members from GAO, OMB and various federal agencies. We are invited to participate because we perform the second highest number of single audits of any firm in the country.
Michigan Association of Counties (MAC)	We have facilitated seminars on current topics of interest for the Annual Legislative and Summer Conference sessions.
Michigan Association of CPAs (MACPA)	We regularly present training to other CPA firms (including our competitors) on governmental accounting, auditing and reporting. We currently have two partners on the “MACPA Involvement in Michigan Turnaround Task Force” which assists the governor in implementing financial best practices for state and local governments.
Michigan Committee on Governmental Accounting and Auditing (MCGAA)	A partner serves on this board, which advises the State Treasury Department on auditing and accounting requirements for municipalities in the State of Michigan. As a result, he spends a considerable of time working with representatives of the Treasury Department's Local Audit and Finance Division

appendix b - demonstrated industry leadership

ORGANIZATION	PLANTE & MORAN PARTICIPATION
Michigan Government Finance Officers Association (MGFOA)	
Board of Directors	A partner is a past member of the board of directors
Legislative Committee	We participate on the committee that monitors new legislation affecting governmental units
Accounting Standards Committee	We participate on the committee that analyzes and responds to all GASB exposure drafts; it also assists the State of Michigan in guidance provided to local units
Technology Committee	We chair the committee that provides guidance on technology improvements relevant to governmental units
Professional Development Committee	We chair the committee that administers all professional training for the MGFOA. We create and present much of the materials, including the popular "Back to Basics" program
Inter-Governmental Collaboration Committee	We participate on the committee that serves as a leader within the State on inter-governmental collaboration issues, raising awareness of inter-governmental collaboration throughout the State.
Michigan Municipal League (MML)	
Report on the Interaction of Headlee Amendment and Proposal A.	Our firm was hired by the MML to analyze the interaction between the Headlee Amendment and Proposal A. We authored a report describing the plight of the Michigan Municipal Finance Model, that was then widely shared by the MML.
Advanced Weekender Program	We conduct an annual workshop at the Advanced Weekender Program on the topic of inter-governmental collaboration in Michigan. This weekend seminar is intended for the seasoned elected official in Michigan, addressing complex and relevant topics.
Michigan Local Government Management Association (MLGMA)	
Professional Development Committee	We are the only non-local government member to serve on the Professional Development Committee. We provide perspective and guidance on issues facing current local government managers throughout the State.
Annual Winter Institute Planning Committee	We are the only non-local government member to serve on the Annual Winter Institute Planning Committee. We provide perspective and guidance on topics of interest for local government managers throughout the State.
Annual Education Conference(s)	We regularly facilitate seminars for the MLGMA, including presentation on current topics of interest for the Annual Winter Institute and Summer Workshop sessions.
Michigan State Board of Accountancy	Our government practice leader is the Immediate Past Chair, and another governmental partner is a current board member.
Michigan Townships Association (MTA)	We regularly speak on current topics at the Annual Education Conference and we facilitate other seminars, including the annual Auditor Institute, throughout the year.

appendix c-audit approach elements

Plante & Moran's proprietary audit approach will incorporate the following steps for the City of Novi audit, as well as the audit of the federal programs, if applicable:

PLANNING & RISK ASSESSMENT PROCEDURES

We believe appropriately assessing risk is essential to performing an effective and efficient audit. On a recurring basis, our risk assessment for City of Novi's engagement will be primarily accomplished in a meeting before the audit in which we will accomplish the following:

- Meet with individuals involved in the City of Novi's accounting function and management to assist in identify areas of risk
- Review City of Novi's general ledger, subsidiary ledgers, and supporting detail and analysis
- Meet with management to discuss our audit plan
- Review and discuss actions taken to address prior management letter recommendations
- Determine if there are any unique laws or regulations that City of Novi is subject to, other than those public acts and other state requirements that all governmental units are subject to and that we would be very familiar with

With the information gathered in this process, we'll gain an understanding of the account balances and related elements of City of Novi's financial statements. Based on that understanding, we will assess the risk of material misstatements in each element of the financial statements. This assessment will drive our review of internal controls and systems, and the design of our tests of year-end balances.

Our goal is to plan and conduct examinations that are focused on areas with a risk of material misstatement, taking into account the systems, policies, and procedures that will mitigate that risk and reduce the amount of work we must perform. In addition, we'll work with your staff to identify and resolve any audit, accounting, and reporting issues well in advance of year-end.

appendix c-audit approach elements

PRELIMINARY PROCEDURES

As part of our risk assessment process, senior audit specialists will review and assess the adequacy of City of Novi's accounting procedures and internal control structure for those transaction cycles involving account balances we conclude are material to the City of Novi's financial statements. The systems and procedures documentation needed to support these assessments will be gathered from City of Novi and generated using specialized tools and forms that will help streamline the audit process. Once this information has been reviewed, our audit procedures will then include tests of transactions for all significant transaction cycles. The purpose of these tests is to allow us to place appropriate reliance on internal controls in order to streamline year-end testing procedures. These tests will have sample sizes large enough to allow us to understand the key controls and accounting procedures.

In addition, an information technology audit consultant will perform a review of the information technology general control environment of operations for the City and tests certain operations in more detail. This person is a specialist in governmental systems and control. The review will include and evaluate new user access, segregation of duties over IT functions and end-users, access changes, computer operations, information security, and third-party services. The objective of the review is to verify the following: transaction information in the IT system is appropriately created, modified, or manipulated, the IT system is capturing and recording transaction information accurately, transaction information is accumulated accurately for financial reporting, and journal entries are appropriately created, modified, or manipulated.

These reviews will provide additional support to our assessment of risk, the integrity of the information provided by these systems, and will factor into the design of our tests of year-end balances. Also, these assessments will allow us to determine the extent we can utilize technology-based tools and specialized audit software in the performance of our work.

During the planning phase, we will use analytical procedures to help assess and reduce the risk associated with each audit segment, through ratio and fluctuation analysis. This will be done by comparing three years of trend history to current year results. In certain low-risk areas, we may conclude to rely on these 'Phase One Analytics' for our substantive work. In this case, we will develop further expectations for the current year balance from other audit sections and through conversations with management, and compare the actual results to this expectation. Any resulting difference that is not within an allowable range will be tested through substantive tests of transactions.

The audit approach for the City of Novi will be specifically tailored at this time to the organization. In general, our audit approach will be the result of our assessments of risk, our determinations of materiality, and our ability to rely on accounting procedures and internal controls. Based on these factors, we will determine the extent and nature of the audit tests to be performed. The tests will consist primarily of verification of year-end balance examination of client-prepared analyses, third-party confirmations, and analytical review procedures.

appendix c-audit approach elements

YEAR END PROCEDURES

All audit work is performed and documented using our proprietary audit software. Our auditors also have access to several technology-based tools, including Excel, Word, and IDEA audit software, as well as a number of other proprietary analytical tools. The extent to which these and other tools are used depends on the needs of the engagement and the results of our systems review. We'll use these tools to enhance the quality of our work, improve efficiency, and reduce the amount of work that the City of Novi's staff must do. Our experience has been that technology-based tools and software are generally most effective in the extraction and analysis of data, particularly in high-transaction activity areas.

We will substantively test balance sheet and revenue and expenditure accounts by evaluating the accounting process through a sample of individual transactions. Sample sizes will be determined based on our firm's internally developed statistical models. These models provide for different levels of assurance to be obtained based on multiple input factors such as population size, multiple strata, period of greatest risk, strength of the internal control environment, and size of individual transactions. Sample selection methodology will for the most part be based on a judgmental selection of items which are of particular interest. Sample sizes for the A-133 will be based on the new sampling guidance included in the 2009 *Government Auditing Standards* and Circular A-133 Audits - Audit Guide.

We will perform other procedures to test various assertions. These tests include confirmation of balances, examining documents and records supporting a transaction or balance, tracing a transaction from a source document to the accounting records, recalculation, reconciliation, etc.

Our substantive analytical procedures include ratio analysis and fluctuation analysis, which incorporate audited inputs. We develop expectations based on the conversations with the City of Novi staff, budgeted amounts, prior year trends, and through our knowledge of the industry. We compare current year results to our expectation to determine if other substantive testing needs to be performed. If variances between our expectation and actual results fall outside of our statistically determined tolerable range, other substantive procedures for the account balance will be performed. We utilize this type of analytical analysis extensively in our review of the income and expenditures of various funds.

The various members of the audit team (manager, partner, and professional standards) complete their reviews of all work papers. This includes review stage analytical procedures. At that point in time, we will also make draft versions of the report available to your management for review and comment.

Prior to finalizing our work, we'll meet with the management team to review draft copies of the SAS 115 and 114 letters. Our goal and intent is that all wording and presentation issues will be resolved before this meeting. We've found that this is not only more efficient, but it also avoids any prolonged delays due to issues that are easily resolved face-to-face.

appendix c-audit approach elements

DELIVER AUDIT REPORT AND ASSESS PERFORMANCE

At the completion of our engagement, we will issue the final versions of the deliverable documents in both hard copy and electronic format. At this time, at no-charge based upon your request, we will present the results of the audit through a graphical presentation, along with the appropriate letters that focus on higher-level issues, as well as the information required by our professional guidelines.

Plante & Moran sets itself apart from other accounting firms by the service that we provide. Our attention to detail and attentiveness to our clients' needs are items that we hold in high regard. In order to make sure that we have met your expectations, we will meet with you after field work has been completed to assess where improvements can be made in the next year of the contract. You deserve the highest level of service and this is one of the things that we do to ensure we are exceeding your needs.

While it would not be economical to list all of the procedures here that our audit process entails, we hope that the above gives you a general idea of what you can expect from Plante & Moran's testing methodology.

We do not anticipate any potential audit problems that will require special assistance from the City of Novi.

appendix c-audit approach elements

KNOWLEDGE AND EXPERIENCE IN FEDERAL AND STATE GRANTS, OMB CIRCULAR A-133, AND ARRA FUNDING

Plante & Moran is a recognized leader in the federal and state compliance auditing arena and currently performs over 400 such engagements annually—the second most in the nation. This expertise is even more important today with the focus on ARRA funding and the unique and complex reporting and monitoring rules that accompany these federal dollars. Our staff is trained in, and has significant experience performing, federal audits in accordance with OMB Circular A-133. This expertise means the City of Novi will have ready access to knowledgeable staff who can provide quick answers and perform procedures whenever needed.

As you know, the federal government is funneling billions of dollars to public entities. Along with these dollars come unprecedented oversight and accountability efforts that will impact all recipients of these stimulus dollars regardless of the amount received.

Due to the importance that both the President and Congress are placing on these funds, they are subject to considerable scrutiny at all levels. Organizations' activities, as it relates to this federal funding, will be placed under a microscope.

GAO staff are now on site in 16 states, including Michigan, performing monitoring on the uses of Recovery Act funds and reviewing the approaches taken by the states and localities therein to ensure accountability. GAO is publishing bimonthly reports of these monitoring activities, which, to date, has mostly encompassed schools and the State itself, but will surely extend to local units of government as they continue to ramp up their use of the stimulus funds.

The Federal Audit Clearinghouse (FAC) is required by OMB implementing guidance to make available to the general public all single audit reports filed with the FAC for fiscal years ending June 30, 2009 or later. This means that any findings reported in your single audit will be made publically available.

As you can see, receiving ARRA funds can significantly change the playing field. With the expertise we have gained through performing the second most A-133 audits in the nation, we are well equipped to help you with single audit issues.

appendix d - public sector clients of Plante & Moran

Our client roster includes over 370 governmental entities, 200 public school districts, 80 colleges and universities, and 560 not-for-profit entities across the country. Below is a sample of the public sector clients we serve in Michigan. **Communities who have received a Certificate of Achievement for Excellence in Financial Reporting (CAFR) reporting are marked with an *.**

CITIES, TOWNSHIPS, AND VILLAGES

Oakland County

City of Auburn Hills
 City of Berkley
 Village of Beverly Hills
 City of Birmingham *
 City of Bloomfield Hills
 City of Farmington
 City of Farmington Hills *
 City of Hazel Park
 Township of Highland
 City of Huntington Woods
 Township of Independence
 City of Lathrup Village
 City of Madison Heights *
 Township of Milford
 Village of Milford
 City of Rochester Hills *
 City of Southfield
 City of South Lyon
 Township of Waterford
 Township of West Bloomfield
 City of Wixom *

Genesee County

City of Burton
 City of Clio
 City of Davison
 Davison Township
 Fenton Township
 City of Flint*
 Flint Township
 Flushing Township
 Township of Grand Blanc *
 City of Mt. Morris
 Township of Mt. Morris
 City of Swartz Creek
 Thetford Township
 Vienna Township

Macomb County

City of Center Line
 Chesterfield Township
 Township of Clinton
 City of Eastpointe
 City of Grosse Pointe *
 City of Grosse Pointe Woods *
 Township of Lake
 Township of Macomb
 City of Mt. Clemens
 City of Richmond
 City of Roseville
 Township of Shelby
 City of St. Clair Shores *
 City of Sterling Heights *
 Township of Washington

Washtenaw County

City of Chelsea
 Salem Township
 City of Saline
 Township of Scio
 Township of Sylvan

Wayne County

City of Belleville
 Township of Brownstown
 Township of Canton *
 City of Dearborn *
 City of Dearborn Heights
 City of Detroit
 City of Garden City
 City of Gibraltar
 Township of Grosse Pointe
 City of Grosse Pointe Farms
 City of Hamtramck
 City of Harper Woods
 City of Highland Park
 Township of Huron
 City of Lincoln Park
 City of Livonia
 City of Melvindale
 City of Northville
 Township of Northville
 Township of Plymouth
 Township of Redford
 City of Riverview
 City of Rockwood
 City of Romulus
 City of Southgate
 City of Taylor
 City of Trenton
 Township of Van Buren
 City of Westland
 City of Wyandotte

appendix d - Michigan Governmental Clients of Plante & Moran

CITIES, TOWNSHIPS, AND VILLAGES

Other

Township of Bedford

Township of Benton

City of Benton Harbor

Village of Berrien Springs

City of Brighton

City of Buchanan

Village of Cassopolis

City of Charlotte

Township of Clay

City of Coloma

Township of Coloma

City of East Lansing *

Village of Eau Claire

Township of Emmett

Township of Hamburg

City of Harbor Beach

Township of Keeler

Township of Marshall

Township of Meridian

City of Monroe

Township of Pokagon

City of Port Huron *

Tyrone Township

appendix d - Michigan Governmental Clients of Plante & Moran

COUNTIES AND OTHER GOVERNMENTAL UNITS

Counties

Genesee County *
Livingston County
Oakland County *
Wayne County *

Libraries

Auburn Hills Library
Baldwin Public Library
Brandon Public Library
Canton Public Library
Clio-Vienna Library
Farmington Community Library
Flint Public Library
Grosse Pointe Public Library
Hazel Park Memorial Library
Kalamazoo Public Library
Northville District Library
Redford District Library
Saline District Library
Shiawassee District Library
West Bloomfield Library
Willard Library

County Road Commissions and Other Related Entities

Berrien County Road Commission
Kalamazoo County Road Commission
Oakland County Road Commission
Macomb County Road Commission
Monroe County Road Commission
Washtenaw County Road Commission
Michigan County Road Commission Self-Insurance Pool *
County Road Association of Michigan
County Road Association Self-Insurance Fund (CRASIF)

State of Michigan

Michigan Bureau of Lottery
Michigan Municipal League
Michigan State Housing Development Authority
State Bar of Michigan
State of Michigan 401(k) Plan

Courts

16th District Court
17th District Court
18th District Court
19th District Court *
20th District Court
21st District Court
23rd District Court
25th District Court
26th District Court
27-1 District Court
27-2 District Court
28th District Court
32A District Court
34th District Court
35th District Court
39th District Court
40th District Court
41A District Court
41B District Court
42nd District Court
47th District Court
48th District Court
51st District Court

appendix d - Michigan Governmental Clients of Plante & Moran

OTHER GOVERNMENTAL UNITS

Aerotropolis Development Corporation	Michigan Association of Public Employees Retirement Systems (MAPERS)
Alpena Power	Michigan Public Power Agency
Battle Creek Unlimited, Inc.	Midland City and County Joint Building Authority
Benton Harbor-St. Joseph Joint Sewage Disposal Board	Nankin Transit Commission
Buchanan Dial-A-Ride	Northville Community Recreation Commission
Capital Regional Airport Authority	Oakland County *
Central Wayne County Sanitation Authority	Oakland County Local Development Company
Chelsea Area Construction Authority	Oakland County Zoological Authority
Conference-Western Wayne	Older Person's Commission (Rochester Hills)
Davison Downtown Development Authority	Pontiac Retirement Systems
Davison Local Development Finance Authority	Resource Recovery and Recycling Authority of Southwest Oakland County
Davison Richfield Area Fire Authority	Rochester-Avon Recreation Authority
Davison Richfield Senior Citizens Authority	Saline Area Fire Department
Detroit Retirement Systems	Southeast Macomb Sanitary District
Downriver Community Conference	Southeast Michigan Council of Governments (SEMCOG)
Downriver Mutual Aid	Southeast Oakland County Resource Recovery Authority (SOCRRA)
Downriver (Algonac) Recreation Commission	Southeastern Oakland County Water Authority (SOCWA)
East Lansing-Meridian Water and Sewer Authority	South Huron Valley Utility Authority
Elderly Housing Corporation of Westland	South Macomb Disposal Authority
City Council of Flint	Southwest Oakland Cable Commission
Flint DDA	SW Barry County Sewer & Water Authority
Genesee County *	Suburban Mobility Authority for Regional Transportation (SMART)
Genesee County Drain Commission	City of Warren Retirement System
Genesee County Health Department	Washington & Bruce Township Parks & Recreation
Genesee County 911 Consortium	Washington & Bruce Township Star Transportation
Genesee County Self Insurance Pool Trust	Wayne County *
Genesee Metropolitan Planning Commission	Wayne County Airport Authority *
Grand Blanc District Library Commission	Wayne County Land Bank Corporation
Grand Traverse Fire Department	West Bloomfield Parks and Recreation Commission
Grosse Pointes-Clinton Refuse Disposal Authority	Western Townships Utilities Authority
Hartford Fire Board	Western Wayne County Narcotics Unit
Henry McMorran Memorial Auditorium Authority	Wyandotte Municipal Service Commission
Livingston County	
Livingston, Jackson and Washtenaw Counties	
Mackinac Bridge Authority	
Macomb County Zoological Authority	

appendix d - Michigan Governmental Clients of Plante & Moran

DISTRICT COURT CLIENTS OF PLANTE & MORAN

- District Court Funds of District No. 35
Townships of Canton, Northville, Plymouth
and Cities of Northville and Plymouth,
Michigan
- District Court Funds of District No. 41B
Charter Township of Clinton, Michigan
- District Court Funds of District No. 20
City of Dearborn Heights, Michigan
- District Court Funds of District No. 47
City of Farmington, Michigan
- District Court Funds of District No. 21
City of Garden City, Michigan
- District Court Funds of District No. 32A
City of Harper Woods, Michigan
- District Court Funds of District No. 16
City of Livonia, Michigan
- District Court Funds of District No. 17
Charter Township of Redford, Michigan
- District Court Funds of District No. 25
City of Lincoln Park, Michigan
- District Court Funds of District No. 19
City of Dearborn, Michigan
- District Court Funds of District No. 26
City of River Rouge, Michigan
- District Court Funds of District No. 34
City of Romulus, Michigan
- District Court Funds of District No. 27,
Division No. 2
City of Riverview, Michigan
- District Court Funds of District No. 39
City of Roseville, Michigan
- District Court Funds of District No. 40
City of St. Clair Shores, Michigan
- District Court Funds of District No. 28
City of Southgate, Michigan
- District Court Funds of District No. 41A
City of Sterling Heights, Michigan
- District Court Funds of District No. 23
City of Taylor, Michigan
- District Court Funds of District No. 18
City of Westland, Michigan
- District Court Funds of District No. 27
Division No. 1
City of Wyandotte, Michigan
- District Court Funds of District No. 48
Cities of Bloomfield Hills and Birmingham
Townships of West Bloomfield and
Bloomfield, Michigan
- District Court Funds of District No. 51
Township of Waterford, Michigan



System Review Report

To the Partners of Plante & Moran, PLLC
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the Firm) applicable to non-SEC issuers in effect for the year ended June 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of Plante & Moran, PLLC in effect for the year June 30, 2010, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

Clifton Gunderson LLP

November 19, 2010

3003 North Central Avenue, Suite 500
Phoenix, Arizona 85012
tel: 602.266.2248
fax: 602.266.2907
www.cliftoncpa.com



CONTRACT FOR PROFESSIONAL AUDITING SERVICES

THIS CONTRACT FOR PROFESSIONAL SERVICES ("Contract"), made and entered into this 4th day of June, 2012, by and between the City of Novi, a Michigan municipal corporation, whose address is 45175 W. Ten Mile Road, Novi, Michigan 48375 (hereinafter called the "City" and Plante & Moran PLLC whose address is 27400 Northwestern Hwy, Southfield, Michigan 48034 (hereinafter called the "Auditor").

RECITALS:

A. The City issued a Request for Proposal for Auditing Services on or around January 13, 2012.

B. Auditor submitted its Proposal to Provide Auditing Services to the City in response to the City's request.

C. Following a competitive interview process, Auditor was selected to perform the duties of Auditor; and

D. The City and Auditor have determined that it is appropriate to agree on a multi-year term for the provision of such services, for the years ended June 30, 2012 and June 30, 2013 with options to renew for June 30, 2014, June 30, 2015 and June 30, 2016.

NOW, THEREFORE, in consideration of the foregoing, the City and Auditor agree as follows:

1. Services to be Provided by Auditor.

- a. **Review financial statements.** Auditor shall audit the City's financial statements for the fiscal years ending June 30, 2012 and June 30, 2013, with options to renew for June 30, 2014, June 30, 2015 and June 30, 2016, for the purpose of expressing an opinion on the fairness with which those statements present the City's financial position. For purposes of this Agreement, "financial statements" shall include the City's comprehensive annual financial report as well as that of the Economic Development Corporation (EDC) of the City of Novi, Michigan.

Such audits shall be performed in accordance with the AICPA's generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards (1988), and the provisions of the Federal Single Audit Act of 1984, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments (when applicable). The Auditor shall also review the City's financial report for compliance with Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program requirements.

- b. **Provide written opinion and reports.** As a part of the audit, the Auditor shall give its written opinion on the fairness of the presentation in the City's basic financial statements of the governmental activities and the business-type activities, the results of operations, and cash flows of each major fund, and the aggregate remaining fund information, including any discretely presented component units of the City of Novi in conformance with generally accepted accounting principles. A compliance audit in order to meet the requirements of the Single Audit Act shall be performed if deemed necessary at the sole option of the City. At the conclusion of said audit, a letter of comments and recommendations shall be submitted to the City. The letter shall include a summary of the audit findings and recommendations for changes in accounting procedures and methods of internal control.

The Auditor shall be responsible for all editing and printing of the following reports:

Number of Copies	
Comprehensive Annual Financial Report	50
Economic Development Corporation Financial Report	50
Single Audit Report	50
Letter of Comments and Recommendations (City)	50
Audit Presentation (graphs, etc.)	20

All working papers and reports must be retained, at the Auditor's expense, for a minimum of three (3) years, unless the Auditor is notified in writing by the City of the need to extend the retention period. The Auditor will be required to make working papers available, upon request by the City. In addition, the Auditor shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

- c. **City to supply financial information.** The City shall provide Auditor with access to its financial statements and footnotes, which it may formulate from its June 30 general ledger and other relevant materials necessary for Auditor to perform the services described herein. The City may also submit additional financial and statistical information not subject to examination by the Auditor for inclusion in the comprehensive annual financial report.

2. Payment for services.

The City shall pay the Auditor for services rendered under this Contract in accordance with the Schedule of Professional Fees For the Audit Proposal attached hereto as Exhibit 1. Such payments shall be made on a monthly

basis upon receipt of an itemized invoice from the Auditor. Such itemized billings shall be submitted and shall be paid only upon satisfactory completion of the work itemized in the billing. Auditor will obtain written approval from the City prior to proceeding with any services or work that is not stated in Exhibit 1; otherwise the City will not be billed for such extra/additional services or work.

3. **Auditor representations.**

Auditor represents and warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Auditor, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee of the Auditor, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City shall have the right to annul this Agreement without liability.

4. **Insurance.**

The Auditor shall procure and maintain during the term of the Contract the insurance coverage's outlined below. All coverage's shall be with insurance companies licensed and admitted to do business in the State of Michigan. All coverage's shall be with insurance carriers acceptable to the City of Novi.

- a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of **\$100,000** (One Hundred Thousand Dollars) each accident.
- b. **Commercial General Liability Insurance** – The Auditor shall procure and maintain during the life of this Contract, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than **\$1,000,000** (One Million Dollars) per occurrence combined single limit.
- c. **Automobile Liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance to comply with the provisions of the Michigan No Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of **\$1,000,000** (One Million Dollars) each person and **\$1,000,000** (One Million Dollars) each occurrence and minimum property damage limits of **\$1,000,000** (One Million Dollars) each occurrence.
- d. **Professional Liability** coverage in the amount of not less than **\$1,000,000** (One Million Dollars) on a per claim/aggregate.

The City of Novi shall be named as an Additional Insured. Certificates of Insurance evidencing such coverage shall be submitted to the Purchasing

Department, City of Novi, 45175 West Ten Mile Road, Novi, Michigan 48375-3024 prior to commencement of performance under this Contract and at least fifteen (15) days prior to the expiration dates of expiring policies.

The provisions requiring the Auditor to carry said insurance shall not be construed in any manner as waiving or restricting the liability of the Auditor under this Contract.

5. **Indemnity.**

The Auditor agrees to save harmless and defend the City against and from any or all liability, loss, or damages, including without limitations, fees and expenses of attorneys, expert witnesses and other consultants ("Damages"), that the City may suffer as a result of claims, demands, costs, or judgments against it to the extent such Damages arise from, out of or in consequence of the negligent performance of Auditor in connection with the audit services contemplated in this Agreement, excepting only such liability, loss or damage as shall have been occasioned by the sole negligence of the City of Novi, its officers, agents, or employees.

6. **Nondiscrimination.**

The Auditor shall not discriminate against any employee, or applicant for employment because of race, color, sex, age, or handicap, religion, ancestry, marital status, national origin, place of birth, or sexual preference. The Auditor further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453), and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this Contract.

7. **Staffing.**

In its Proposal, the Auditor identified the principal supervisory and management staff, including engagement partners, managers and other supervisors and specialists who would be assigned to the City's work. Such engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Novi. However, in either case, the City of Novi retains the right to approve or reject replacements. Consultants and firm specialists named in the Auditor's proposal may only be changed with the express prior written permission of the City of Novi, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the Auditor provided that replacements have substantially the same or better qualifications or experience.

8. **No assignment.**

The Auditor shall not assign any interest under this Contract and shall not transfer any interest in the same without prior written consent of the City. No reports, information, or data given to or prepared by the Auditor under the Contract shall be made available to any individual or organization by the Auditor without the prior written approval of the City.

9. **Compliance with laws.**

The Auditor shall, in the performance of this Agreement, comply with and give all stipulations and representations required by all applicable federal, state and local laws, ordinances and regulations, and shall require such compliance, stipulations and representations by all other persons with whom it shall enter into any Contract pertaining to the work hereunder.

10. **Incorporated documents.**

In addition to the terms and conditions stated herein, the Auditor's "Proposal to provide Auditing Services," dated February 17, 2012 is incorporated herein to the extent not inconsistent with this Contract.

11. **Term.**

This Contract shall apply for the fiscal years ending June 30, 2012 and June 30, 2013 with options to renew for June 30, 2014, June 30, 2015 and June 30, 2016 at the sole option of the City. Such options shall be deemed to have been exercised unless the City notifies the Auditor, in writing, prior to the fiscal years ending June 30, 2014, June 30, 2015 and June 30, 2016 that it does not want to exercise the option. If the City does so advise the Auditor, there shall be no further obligation between the parties except as specifically set forth herein.

12. **Termination.**

The City shall have the right to terminate this Contract with or without cause on thirty **(30)** days written notice. In the event of termination, the Auditor shall receive just and equitable compensation for any satisfactory work completed to the date termination takes effect and the City shall be entitled to retain and use all audits, reports and recommendations prepared by the Auditor until such date.

13. **Disputes.**

This Contract shall be governed by and construed in accordance with the laws of the State of Michigan that are applicable to Contracts made and to be performed in that state. Should any court action be commenced at any time involving or concerning this Contract, it is hereby agreed that jurisdiction and venue shall be in the State of Michigan Circuit Court in Oakland County.

In the event of any litigation arising out of this Contract, the prevailing party shall be entitled to recover attorneys' fees and costs from the other party.

14. Debarment, Suspension, Ineligibility and Voluntary Exclusion.

The Auditor shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this Contract.

IN WITNESS WHEREOF, the City and the Auditor have executed this Contract in Oakland County, Michigan, as of the date first listed above.

WITNESS:

WITNESS:

1066266

City of Novi ("City"):

By: _____
Robert J. Gatt, Its Mayor

By: _____
Maryanne Cornelius, Its Clerk

_____ **("Auditor"):**

By: _____
Name, title