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October 31, 2007

Mayor Bryan K. Barnett
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, MI 48309-3033

Dear Mayor Barnett:

We continue to be complimented by your selection of our firm to assist you. We are sending this letter and the accompanying Professional Services Agreement, which is hereby incorporated as part of this engagement letter, to confirm our understanding of the nature and limitations of the services we will provide and the terms of our engagement with City of Rochester Hills ("the City") to provide these services.

Scope of Services

We will audit the City's basic financial statements and federal programs, the Rochester Hills-Oakland-Rochester Older Persons' Commission basic financial statements, and the Rochester-Avon Recreation Authority basic financial statements as of and for the year ended December 31, 2007.

If you require any additional services, including accounting, consulting, or tax assistance, those services will be detailed in a separate engagement letter.

Timing of Services

We expect to begin fieldwork for this engagement at your offices on March 3, 2008. We anticipate that our on-site audit work will end on approximately March 21, 2008 and that our report will be issued by April 30, 2008.

Fees and Payment Terms

Our fee for this engagement will be based on the actual time that Plante & Moran staff expend at our standard hourly rates, which subject to the terms and conditions of the accompanying Professional Services Agreement, will not exceed \$76,044 for the City's financial statements and federal programs, \$8,527 for the Older Persons' Commission, and \$1,893 for the Rochester-Avon Recreation Authority. Invoices for other services and out-of-pocket costs will be rendered as services are provided and are due when received.

If you are in agreement with our understanding of this engagement, as set forth in this engagement letter and the accompanying Professional Services Agreement, please sign the enclosed copy of this letter and return it to us with the accompanying Professional Services Agreement.

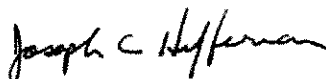


Mayor Bryan K. Barnett
City of Rochester Hills

October 24, 2007
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Thank you for the opportunity to serve you.

Very truly yours,
PLANTE & MORAN, PLLC



Joseph C. Heffernan

Agreed and Accepted

We accept this engagement letter and the accompanying Professional Services Agreement, which set forth the entire agreement between City of Rochester Hills and Plante & Moran, PLLC with respect to the services specified in the Scope of Services section of this engagement letter.

City of Rochester Hills

Mayor Bryan K. Barnett

Date

Title

Professional Services Agreement – Audit Services
Addendum to Plante & Moran, PLLC Engagement Letter Dated October 31, 2007

1. **Financial Statements** – The financial statements of City of Rochester Hills being audited by Plante & Moran, PLLC (referred to herein as “P&M,” “we,” “our,” or “us”) are to be presented in accordance with accounting principles generally accepted in the United States of America (GAAP). City of Rochester Hills (also referred to herein as “the City,” “you,” or “your”) management is responsible for the presentation of these financial statements, including compliance with the requirements of accounting principles generally accepted in the United States of America and the completeness and accuracy of the information presented and disclosed therein, as well as for the capability and integrity of the City’s personnel responsible for the City’s underlying accounting and financial records.
2. **Objective of Audit of Financial Statements** – The objective of our audit is the expression of an opinion on the City’s financial statements specified in the accompanying engagement letter. We offer no guarantee, express or implied, that our opinion will be unqualified or that we will be able to form an opinion about these financial statements in the event that the City’s internal controls or accounting and financial records prove to be unreliable or otherwise not auditable. If our opinion is to be other than unqualified, we will discuss the reasons with the City’s management in advance of the issuance of our report. If, for any reason, we are prevented from completing our audit or are unable to form an opinion on these financial statements, we may terminate our engagement and decline to issue our report.
3. **Audit Procedures** – Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include examination, on a test basis, of evidence supporting the amounts and disclosures in the City’s financial statements specified in this engagement letter. An audit in accordance with these standards involves judgment about the number of transactions to be tested and the overall approach to testing in each area. As a result, and because our audit will be designed to provide reasonable rather than absolute assurance that these financial statements are free from material misstatements, errors or fraud may exist and not be detected by our audit. In addition, our audit is not designed to detect errors or fraud that are immaterial to these financial statements. In recognition of these limitations, the City acknowledges that our audit cannot guarantee that all instances of error or fraud will be identified.
4. **Government Auditing Standards** – Our audit of the City’s financial statements will be conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Under those *Government Auditing Standards*, we will make some assessments of the City’s compliance with laws, regulations, and contract provisions. While those assessments will not be sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we will communicate all noncompliance conditions that come to our attention.

Our audit of the City’s federal awards will be made in accordance with generally accepted auditing standards, standards for financial statement audits contained in *Government Auditing Standards*, Single Audit Act Amendments of 1996 (P.L. 104-156), and the provisions of Office of Management and Budget’s (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Management is responsible for corrective action on audit findings, including preparation of a schedule of prior audit findings and corrective action plans, if necessary.
5. **Auditor Communications** – We are obligated to communicate certain matters related to our audit to those responsible for governance of the City, including instances of error or fraud and significant deficiencies in internal control that we identify during our audit. We will communicate these matters to members of the City’s governing board, and you acknowledge and agree that communication in this manner is sufficient for the City’s purposes. In certain situations, *Government Auditing Standards* requires disclosure of illegal acts to applicable government agencies. If illegal acts are detected during our audit, we will make required disclosures regarding these acts to applicable government agencies.
6. **Accounting and Financial Records** – The City agrees that it is responsible for providing us with accounting and financial records that are closed, complete, accurate, and in conformity with the requirements of GAAP, for providing schedules and analyses of accounts that we request, and for making all the City financial records and related information available to us for purposes of our audit. Where we have provided estimates of the timing of our work and completion of our engagement and issuance of our report, those estimates are dependent on the City providing us with all such accounting and financial records, schedules, and analyses on the date our work commences. We will assess the condition of the City’s accounting and financial records, schedules, and analyses of accounts prior to commencing our work. In the event that such records, schedules, and analyses are not closed, complete, accurate, or in conformity with GAAP, we may reschedule our work, including the dates on which we expect to complete our on-site procedures and issue our report.

In any circumstance where our work is rescheduled, we offer no guarantee, express or implied, that we will be able to meet any previously established deadlines related to the completion of our work or issuance of our report.

Professional Services Agreement – Audit Services

Because rescheduling our work imposes additional costs on us, in any circumstance where we have provided estimated fees, those estimated fees may be adjusted for the additional time we incur as a result of rescheduling our work. These additional fees will be determined based on the actual additional time that P&M staff expend because of the delay. The City acknowledges and agrees that payment for all such adjustments will be made in accordance with the payment terms provided in this agreement.

In any circumstance where we have provided estimated fees, fixed fees, or not-to-exceed fees, those estimated, fixed, or not-to-exceed fees do not include accounting assistance; corrections to the City's accounting and financial records; or implementation of generally accepted accounting principles. If such services are provided in the course of our work on this engagement, additional fees for those services will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and included as an adjustment to our invoices related to this engagement. You acknowledge and agree that payment for all such adjustments will be made in accordance with the payment terms provided in this agreement.

- 7. Internal Controls** – The City is responsible for establishing and maintaining sound internal controls, including controls established for the purpose of preventing or detecting errors in financial reporting, preventing fraud or misappropriation of assets, and identifying and complying with applicable laws and regulations, including those applicable to federal awards, and with the provisions of contracts and grant agreements. As part of our audit, we will obtain an understanding of the City's internal controls sufficient to plan our audit procedures. Our audit will not be designed to provide assurance on the design or operating effectiveness of the City's internal controls or to identify all conditions that represent significant deficiencies in those internal controls. We will communicate all significant deficiencies in internal controls, instances of fraud, or misappropriation of assets that come to our attention.
- 8. Audit Adjustments** – We will recommend any adjustments to the City's accounting records that we believe are appropriate. The City's management is responsible for adjusting the City's accounting records and financial statements to correct material misstatements and for affirming to us in writing that the effects of any unrecorded adjustments identified during our audit are immaterial, both individually and in the aggregate, to the City's financial statements specified in this agreement.
- 9. Management Representations** – The City is responsible for the financial statements and federal awards being audited and the implicit and explicit representations and assertions regarding the recognition, measurement, presentation, and disclosure of information therein. During the course of our audit, we will request information and explanations from the City's management regarding accounting and financial matters, including information regarding internal controls, operations, future plans, and the nature and purpose of specific transactions. We will also require that management make certain representations to us in writing as a precondition to issuance of our report. Our audit procedures will be significantly affected by the representations and assertions we receive from management and, accordingly, false representations could cause material error or fraud to go undetected by our procedures. In view of this, you acknowledge and agree that we will not be responsible for any misstatements of the City's financial statements being audited that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the City's management and, as a condition of our engagement, you agree to indemnify and hold P&M and its partners, affiliates, and employees harmless from any and all claims, including associated attorneys' fees and costs, based on our failure to detect material misstatements in the City's financial statements resulting in whole or in part from false or misleading representations made to us by any member of the City's management.
- 10. Assistance** – As a condition of our engagement, the City's personnel will provide us, in a timely and orderly manner, with assistance and information we request during the course of our audit, including retrieval of records and preparation of schedules, analyses of accounts, and confirmations. A written request for information to be provided will be submitted under separate cover and supplemented by additional written and verbal requests as necessary during the course of our audit. In addition, you will provide us with all information in your possession that has a material impact on any material transaction and that information will be complete, truthful, and accurate.
- 11. Use of Report** – If our report on the financial statements being audited is to be published in any manner or if you intend to make reference to P&M in a publication of any type, you agree to submit proofs of the publication to us for review prior to such publication and cooperate with us in our performance of any additional audit procedures we deem necessary in the circumstances, the nature and extent of which will be at our sole discretion. You acknowledge and agree that additional fees for such work will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and that payment for all such additional fees will be made in accordance with the payment terms provided in this agreement.
- 12. Securities Offerings** – Our audit does not contemplate, and does not include, any services in connection with any offering of securities, whether registered or exempt from registration.

Professional Services Agreement – Audit Services

In the event you elect to incorporate or make reference to our report in connection with any offering of debt or equity securities and request our consent to such incorporation or reference, you acknowledge and agree that we will perform additional procedures, the nature and extent of which will be at our sole discretion, that additional fees for such work will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and that payment for all such additional fees will be made in accordance with the payment terms provided in this agreement.

13. Tax Return Preparation – This engagement does not include preparation of any tax returns or filings. If you require tax services, including tax consulting or preparation of tax returns, those services will be detailed in a separate engagement letter.

14. Confidentiality, Ownership, and Retention of Workpapers – During the course of this engagement, P&M and P&M staff may have access to proprietary information of the City, including, but not limited to, information regarding trade secrets, business methods, plans, or projects. We acknowledge that such information, regardless of its form, is confidential and proprietary to the City, and we will not use such information for any purpose other than our audit or disclose such information to any other person or entity without the prior written consent of the City.

In some circumstances, we may use third-party service providers to assist us with our audit services. In order to enable these service providers to assist us in this capacity, we must disclose information to these service providers that is relevant to the services they provide. Disclosure of such information shall not constitute a breach of the provisions of this agreement.

Professional standards require that we create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of P&M. We will maintain the confidentiality of all such workpapers as long as they remain in our possession.

Both the City and P&M acknowledge, however, that we may be required to make our workpapers available to regulatory authorities or by court order or subpoena. Further, in compliance with *Government Auditing Standards*, our working papers will be made available to federal award program representatives at our offices during normal business hours during our audit and for a period of three years after the issuance of our report. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this agreement. In the event that a request for any confidential information or workpapers covered by this agreement is made by regulatory authorities or pursuant to a court order or subpoena, we agree to inform the City in a timely manner of such request and to cooperate with the City should you attempt, at your cost, to limit such access. This provision will survive the termination of this agreement.

Both the City and P&M acknowledge that upon completion of our audit we are required to send an electronic copy of the City's financial report, our official letter of comments and recommendations, and our auditing procedures report directly to the State of Michigan pursuant to Michigan Department of Treasury Regulations. You authorize and direct us to provide such information and our disclosure of such information shall not constitute a breach of the provisions of this agreement.

We reserve the right to destroy, and it is understood that we will destroy, workpapers created in the course of this engagement in accordance with our record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. P&M has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.

Upon the City's written request, we may, at our sole discretion, allow others to view any workpapers remaining in our possession if there is a specific business purpose for such a review. We will evaluate each written request independently. You acknowledge and agree that we will have no obligation to provide such access or to provide copies of our workpapers, without regard to whether access had been granted with respect to any prior requests.

15. Fee Estimates – In any circumstance where we have provided estimated fees, fixed fees, or not-to-exceed fees, these estimated, fixed, or not-to-exceed fees are based on information provided by the City regarding the nature and condition of its accounting, financial, and tax records; the nature and character of transactions reflected in those records; and the design and operating effectiveness of its internal controls. In the event that the actual work required for this engagement varies from our estimates due to undisclosed or unforeseen facts regarding these matters, our estimated fees will be adjusted for the additional time we incur as a result. Any additional fees will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and included as an adjustment to our invoices related to this engagement. You acknowledge and agree that payment for all such adjustments will be made in accordance with the payment terms provided in this agreement.

16. Payment Terms – Our invoices for audit services are due on the agreed-upon dates. Other invoices are due upon receipt. In the event any of our invoices are not paid in accordance with the terms of this agreement, we may elect, at our sole discretion, to suspend work until we receive payment in full for all amounts due or terminate this engagement.

Professional Services Agreement – Audit Services

In the event that work is suspended, for nonpayment or other reasons, and subsequently resumed, we offer no guarantee, express or implied, that we will be able to meet any previously established deadlines related to the completion of our audit work or issuance of our audit report upon resumption of our work.

- 17. Termination of Engagement** – After the date of our report on the financial statements, we have no obligation to make any further or continuing inquiry or perform any other auditing procedures with respect to the audited financial statements covered by our report, unless new information that may affect the report comes to our attention. If we become aware of information that relates to these financial statements but was not known to us at the date of our report, and that is of such a nature and from such a source that we would have investigated it had it come to our attention during the course of our audit, we will, as soon as practicable, undertake to determine whether the information is reliable and whether the facts existed at the date of our report. In this connection, we will discuss the matter with you and request cooperation in whatever investigation and modification of the financial statement that may be necessary. Additional fees for such work will be determined based on the actual time that P&M staff expend at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and you acknowledge and agree that payment for all such additional fees will be made in accordance with the payment terms provided in this agreement.

This agreement may be terminated by either party upon written notice. Upon notification of termination, our services will cease and our engagement will be deemed to have been completed. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination of this engagement.

- 18. Governing Law** – This agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

End of Agreement – Audit Services



October 29, 2004

To the Partners of
Plante & Moran, PLLC
and the Center for Public Company Audit Firms 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, 2004. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Plante & Moran, PLLC in effect for the year ended June 30, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

Clifton Gunderson LLP

Attachment to the Peer Review Report of Plante & Moran, PLLC
Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objective of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, they are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.

Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Plante & Moran, PLLC, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review of the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards, an audit performed under FDICIA and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.

October 29, 2004

To the Partners of
Plante & Moran, PLLC
and the Center for Public Company Audit Firms 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, 2004, and have issued our report thereon dated October 29, 2004. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

Monitoring

Comment – The firm’s quality control policies and procedures require annual inspection procedures. However, they do not require all aspects of the element of quality control over personnel management to be inspected. As a result, we noted certain instances where professionals did not meet the firm’s required continuing professional education requirements and documentation of firm required hiring practices was incomplete. Our review also revealed that certain inspections were not performed in a timely manner. As a result, the firm could not implement corrective actions prior to beginning subsequent engagements. Lastly, our review revealed that findings on engagements inspected were not summarized so they could be bridged to the firmwide summary inspection report. Engagement partners did consider and respond to findings on their individual engagements.

Recommendation – The firm should redesign their inspection program to review all elements of quality control, perform their inspection procedures in a timely manner so that corrective actions can be implemented before engagements are performed in the subsequent year and document the bridging of findings on individual engagements inspected to their firmwide summary inspection report.

Engagement Performance

Comment - The firm’s policies and procedures require documentation of procedures performed in key areas of an audit engagement. However, our review disclosed several instances where the firm’s working papers included incomplete documentation when performing analytical review and allowance for loan loss procedures, using the work of a specialist, overcoming the presumption to confirm accounts receivable and considering risk assessments in determining sample sizes. Through discussion with engagement

personnel, we were able to satisfy ourselves that the procedures were performed but not adequately documented.

Recommendation - The firm should remind all professionals of the matters to be considered when documenting procedures performed in the above areas and conduct training sessions highlighting the documentation matters noted during the review. In addition, the firm should monitor the adequacy of audit documentation through increased emphasis by the reviewers of audit engagements in the above areas.

Clifton Henderson LLP