



RAMIE E. PHILLIPS, JR., PC, CPA

1130 TIENKEN COURT, SUITE 100
ROCHESTER HILLS, MICHIGAN 48306

Phone: 248.656.1131

Fax: 248.656.1496

E-mail: rphillips@ramiephillipscca.com

October 10, 2017

Ms. Kristen Myers, Trail Manager
Paint Creek Trailways Commission
4393 Collins Road
Rochester, MI 48306

Re: Audit Proposal

Dear Ms. Myers:

Thank you for the opportunity to submit my proposal to conduct the Audits of the books and records of the Paint Creek Trailways Commission.

Most of the information about my firm can be found at my website, www.ramiephillipscca.com.

I have been involved in governmental auditing for approximately 30 years. I have maintained the required educational requirements to be a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center. As a part of this my firm undergoes quality reviews of my firm's controls every three years. I have successfully passed all of my reviews.

I have attached a list of references for you.

All audit reports completed by me will be submitted in an acceptable manner to the State of Michigan Treasury Department.

If you have any additional questions regarding my firm or this proposal, please feel free to contact me.

Sincerely,

PAINT CREEK TRAILWAYS COMMISSION
REQUEST FOR PROPOSALS FOR ANNUAL AUDITING SERVICES
Submitted October 10, 2017

The following information is in support of your applicant data form:

References:

City of Grosse Pointe Park (years 6/30/2011 – present)
Dale Krajniak, City Manager (313) 822-4266

North Oakland Transportation Authority (years 13/31/2007 – present)
Lynn Gustafson, Director (248) 693-7100

Grosse Pointes-Clinton Refuse Disposal Authority (years 6/30/2014 – present)
Lynn Gustafson, Director (248) 895-6906

City of Warren Employees' Retirement System (years 12/31/1998 – present)
Christine Cassani, Chairperson (586) 751-6833

City of Warren Employees' VEBA (years 12/31/1998 – present)
Christine Cassani, Chairperson (586) 751-6833

Schedules Prepared by Client:

Normal accounting documents:

- General Ledger
- Trial Balance
- Summary of Licenses

Personnel Assigned to Audit:

Ramie Phillips

Due to the size of this audit, I would perform the audit myself. I have been in practice and involved in governmental audits for over 30 years. I am a member of the Michigan Association of CPA's and the American Institute of CPA's. I am also a member of the AICPA Governmental Audit Quality Control Section.

Audit Timing:

I would be able to start the audit 30 days after your year end of December 31 provided the books and records are ready for audit or I would start the audit within a week of closing the books.

The audit work should span approximately 4 weeks from start to finish.

Fee Structure:

My fee for a one year, 2017 audit would be \$3,600.

My fees for a five year contract would be:

2017	\$ 3,400
2018	3,500
2019	3,600
2020	3,700
2021	3,800

Applicant Data

Please provide the following information, completing each item fully and explaining or expanding as necessary.

Name of Firm: RAMIE E PHILLIPS JR PC CPA

Address: 1130 TIENKEN CT, ROCHESTER HILLS, MI 48306

Contact Person & Title: RAMIE PHILLIPS OWNER

Telephone Number: (248) 656-1131

FAX Number: (248) 656-1496

Email: RPHILLIPS@RAMIEPHILLIPSCPA.COM

Legal Status of Firm:

Corporation

Partnership

Individual

Year Firm was Formed: 1982

Conflict of Interest.

Does any member of the Paint Creek Trailways Commission or an immediate family member of any of them have a direct or indirect interest in the awarding of a contract pursuant to this proposal?

Yes

No

If yes, please explain:

Please list at least five (5) municipalities your firm, or the people who will be working of the Commission's behalf for which they have done work. Please include the name of the community, the year/years of service and a contact person in that community.

ATTACHED

Applicant Data, Continued

Please list the audit schedules you expect Commission personnel to prepare and have ready for the start of the audit. Indicate the fee you would charge if your personnel have to prepare any or all of these schedules.

ATTACHED

Please list the names of the people in your firm who will be working on this project if you are awarded the contract, their responsibilities, and their time with your firm. Please include a resume' for each of these people in an appendix to your proposal.

ATTACHED

Please indicate for following:

Number of days from notification of award when you would begin work 30

Number of weeks from start to completion of the audit 4

Fee and/or hourly rate to be charged for your services (attach Fee schedule if applicable) \$ ATTACHED



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October 10, 2017

Paint Creek Trailways Commission
4393 Collins Road
Rochester, MI 48306

I am pleased to confirm my understanding of the services I am to provide Paint Creek Trailways Commission for the year ended December 31, 2017. I will audit the financial statements of the governmental activities, each major fund, and the related notes to the financial statements, which collectively comprise the basic financial statements of Paint Creek Trailways Commission as of and for the year ended December 31, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Paint Creek Trailways Commission's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to Paint Creek Trailways Commission's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule

Audit Objective

The objective of my audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures I consider necessary to enable me to express such opinions. I cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for me to modify my opinions or add emphasis-of-matter or other-matter paragraphs. If my opinions on the financial statements are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed opinions, I may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services I provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that I may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon. Your responsibilities include acknowledging to me in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period; and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services I provide, oversee the service by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to evaluate the adequacy and results of the services and accept responsibility for them.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of Paint Creek Trailways Commission's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.

Other Services

I will also prepare the financial statements of Paint Creek Trailways Commission in conformity with U.S. generally accepted accounting principles based on information provided by you. I will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. I, in my sole professional judgement, reserve the right to refuse to perform any procedure or take action that could be considered as assuming management responsibilities.

Engagement Administration, Fees, and Other

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

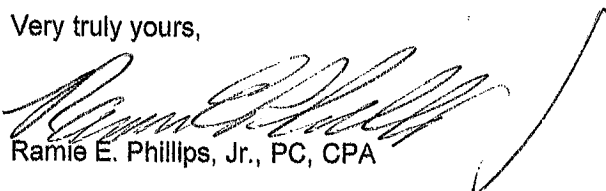
I expect to begin my audit on approximately March 1st of the succeeding year and to issue my reports no later than March 31. Ramie Phillips is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses will not exceed \$3,600 for 2017. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

If the Commission chooses to approve this contract for a five year period the fee for each year would be as follows:

2017	\$3,400
2018	3,500
2019	3,600
2020	3,700
2021	3,800

I appreciate the opportunity to be of service to Paint Creek Trailways Commission and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,


Ramie E. Phillips, Jr., PC, CPA

RESPONSE:

This letter correctly sets forth the understanding of Paint Creek Trailways Commission.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____