

December 19, 2003

Board of Road Commissioners
Road Commission of Macomb County
117 S. Groesbeck Highway
Mt. Clemens, Michigan 48043

Dear Commissioners:

We have recently completed our audit of the Road Commission of Macomb County for the year ended September 30, 2003. In addition to our audit report, we offer the following comments and recommendations for your consideration as the policy making body of the Road Commission:

Implementation of Statement on Auditing Standards No. 99, Consideration of Fraud in a Financial Statement Audit

The auditing profession has responded to the current environment of higher risks of fraudulent activities with a new auditing standard. Effective for the Road Commission's year ended September 30, 2004, Statement on Auditing Standards No. 99 (SAS 99), Consideration of Fraud in a Financial Statement Audit, requires additional audit procedures addressing the risk of fraud in an organization. Our overall responsibility under the new standard has not changed - the auditor's responsibility is not to detect fraud, but to detect material misstatements in the financial statements caused by fraud. The new standard does, however, require us to perform new and different auditing procedures that we have not done in the past. Our consideration of the possibility of fraud will be integrated into the overall audit process.

Types of fraud include intentional misstatements or omissions in financial reporting and misappropriation of assets. SAS 99 requires auditors to address how and where the client's financial statements might be susceptible to material misstatement due to fraud and what conditions might be present to allow fraud to occur, how management could perpetrate and conceal fraud and how assets of the client could be misappropriated by management or employees.

SAS 99 requires auditors to make an inquiry of management regarding their awareness and understanding of fraud, fraud risks and steps taken to mitigate risks and to also make inquiries to others within the entity, including commissioners, non-financial administrators and non-management personnel not directly involved in the financial reporting process, regarding the existence or suspicion of fraud and the individual's views about the risks of fraud within the entity.

Please feel free to contact us to discuss any questions you may have regarding this new process. Thank you in advance for your understanding and cooperation with implementing these changes.

Retiree Health Care Funding

As you are aware, the Road Commission provides post-employment benefits for all eligible employees. The Governmental Accounting Standards Board (GASB) recently issued an



exposure draft addressing the accounting for retiree health care. As you know, the promise to provide health care to retirees is very similar to the promise to provide an annual pension check. As a result, GASB is proposing changes that would result in the Road Commission having to have a full actuarial valuation to define the liability and the liability would need to be disclosed in the financial statements. In addition, the Road Commission's funding status, or the progress it has made in accumulating assets to pay for this liability, would also be disclosed. Lastly, the Road Commission would be required to make an annual contribution equal to the amount that the actuary deems necessary to fund the liability over a 30 year period.

As you know, the Road Commission already established a separate fund to account for these benefits and has started to set aside funds for this liability. While this GASB change is still in the draft phase, it is expected that it will be adopted in which case you will need to keep this in mind for long-range planning. These changes will be effective in 2008.

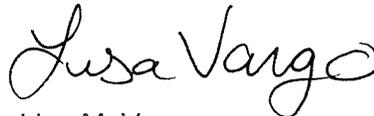
We sincerely thank the Commissioners for the opportunity to serve as auditors for the Road Commission and we strive to meet or exceed your expectations. We also express our appreciation for the courtesy and cooperation extended to us by Ms. Miller, the finance department and all personnel at the administration building during the audit. As always, we are happy to answer any questions or concerns you have regarding the annual financial report or the above comments at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC



Christina M. Kostiuk



Lisa M. Vargo

cc: Ms. Michelle Miller