

To the Board of Trustees
Marin Community College District
Novato, California

This letter is intended to inform the Board of Trustees of Marin Community College District (the "District") about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Trustees.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

The Auditor's Responsibility Under Generally Accepted Auditing Standards

Our audit of the financial statements of Marin Community College District for the year ended June 30, 2006 was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller of the United States, the provisions of the Single Audit Act, OMB Circular A-133 and OMB's Compliance Supplement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

In accordance with *Governmental Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the District's internal control or compliance with laws and regulations.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. The Board of Trustees may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments

There were no audit adjustments made to the CCFS-311 Financial Reports presented to us during our audit.

Potential Adjustments

We accumulated two potential adjustments, which were discussed with management and were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Therefore, the potential adjustments were not made to the financial statements. The potential adjustments are summarized on the attached schedule.

Accounting Policies and Alternative Treatments

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District adopted the following new accounting policies as of and for the year ended June 30, 2006:

- Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*
- Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting – The Statistical Section.*
- Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation.*
- Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits.*

Management of the District does not expect the adoption of these standards to have a significant impact on its financial position or results of operation.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited financial statements of the District.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

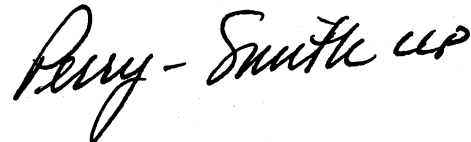
Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

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We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Marin Community College District.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than the specified parties.



Sacramento, California
November 3, 2006

MARIN COMMUNITY COLLEGE DISTRICT
SUMMARIZED SCHEDULE OF POTENTIAL ADJUSTMENTS
JUNE 30, 2006

<u>Description</u>	<u>Effect – Increase (Decrease)</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expenses</u>
To increase interest income on deposits in the Capital Projects Fund	\$ 29,555		\$ 29,555	
To increase prepaid expenses relating to capital expenditures in the Measure C Construction Fund	<u>144,350</u>			<u>\$ (144,350)</u>
Total Effect	<u>\$ 173,905</u>	<u>\$ -</u>	<u>\$ (29,555)</u>	<u>\$ (144,350)</u>