

**FOOTHILL-DE ANZA  
COMMUNITY COLLEGE DISTRICT**

**PROPOSAL FOR INDEPENDENT AUDIT  
AND RELATED SERVICES**

**FOR THE YEARS ENDING  
JUNE 30, 2011 THROUGH 2015**

Matson and Isom  
3013 Ceres Avenue, Chico, CA 95973  
Contact: Bryce E. Gibbs, CPA, Audit Partner  
(530) 891-6474 (Phone) (530) 893-6689 (Fax)  
Date Submitted: January 4, 2011

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matson and isom

*Founded in 1962 by  
Robert M. Matson and  
W. Howard Isom*

**Chico**

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Chico, CA 95973  
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**Redding**

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108 Seventh Street  
Colusa, CA 95932  
Phone (530) 458-8236  
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**Yuba City**

1190 Civic Center Blvd.  
Yuba City, CA 95993  
Phone (530) 671-1550  
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[www.matson-](http://www.matson-)

January 4, 2011

Kevin McElroy, Vice Chancellor of Business Services  
Foothill-De Anza Community College District  
12345 El Monte Road  
Los Altos Hills, CA 94022

Dear Mr. McElroy:

We are pleased to respond to your request to submit our proposal to serve as auditors for the Foothill-De Anza Community College District (the District).

We understand the requirements of your request for services to complete the annual financial audit. We are confident that Matson and Isom can provide the quality services you seek within the time period specified at a reasonable cost for the following reasons:

Matson and Isom has developed an expertise in fund accounting and community college auditing through our extensive experience and will provide the highest level of service available to the District.

Our firm is a leader in the California school district auditing and consulting industry and serves numerous types of governmental entities, including community colleges, other school districts, and special districts.

Our firm's stability, organizational structure, and geographic location enable us to provide you with immediate, broad expertise that can be obtained only with a practice of our size.

I am authorized to represent Matson and Isom and have included my name, title, address, and telephone number on the cover page.

The accompanying proposal contains our qualifications and a description of our plan for providing the Foothill-De Anza Community College District with the finest quality professional services. Any additional information you require will be provided at your request. Please do not hesitate to call me at our Chico office at (530) 891-6474.

Very truly yours,

MATSON AND ISOM

BRYCE E. GIBBS, CPA – Audit Partner  
Email: [bgibbs@matson-isom.com](mailto:bgibbs@matson-isom.com)

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## **SECTION I**

### **PROFILE OF MATSON AND ISOM**

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## **SECTION I - PROFILE OF MATSON AND ISOM**

**Firm History and Philosophy** - Matson and Isom is a large, local Certified Public Accounting firm founded by Robert M. Matson in 1955. In 1960, W. Howard Isom joined Mr. Matson, and a partnership was formed in 1962. From these humble beginnings, Matson and Isom has grown to a position of prominence in the North State. We currently operate offices in Chico, Colusa, Redding, and Yuba City, California. We are staffed with 68 professional members, 49 of whom are certified, with a total staff of 89. The Chico office will service the audits of the Foothill-De Anza Community College District. Our firm is staffed with 17 partners, 9 senior managers, 9 managers, 15 seniors, and 13 staff.

Our philosophy has always been to provide the finest auditing, accounting, tax, and management advisory services that are available in the communities we serve; to be associated with clients who wish to reach their maximum potential; and to be a firm that is enjoyable to work for and rewarding to work with. Our goals are to contribute to the community and the profession to which we belong and to grow, but never to lose the personal relationship with clients, who are the foundation of our practice.

We are organized to provide a full range of accounting, auditing, tax, management consulting, and related services. We are committed to excellence of service; we take a constructive approach and maintain uniformly high standards of quality and responsibility in every area of our practice. We have industry experts within our firm available to deal with specific problems. Every engagement we undertake is under the personal direction of a partner of the firm. We continue to be concerned with the development of new approaches and techniques, all directed toward rendering the highest quality services at a reasonable cost.

We are members of the Governmental Audit Quality Center of the American Institute of Certified Public Accountants (AICPA), the Western Association of Accounting Firms, and BKR International (a worldwide association of independent accounting and business advisory firms). As a condition of AICPA membership, we are required to have a system of quality control in place and to have that system audited every three years by a peer review team. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. We are proud that we received a pass report as a result of our peer review. A copy of our report is attached.

Our quality control system meets the independent requirements of the *Standards for Audit of Governmental Organizations, Programs, Activities and Functions* published by the United States General Accounting Office. We meet all specific requirements imposed by state or local law or rules and regulations. We follow the American Institute of Certified Public Accountants' *Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits*.

Our clients include some of the leading organizations in all sectors of the economy, including not-for-profits and related agencies, local government, special districts, education, health care, manufacturing, trusts, construction, farming, and retailing. We are one of the largest accounting firms north of Sacramento.

**Auditing and Accounting** - Our approach is management oriented, and our engagements are professionally staffed. We concentrate on maintaining a close and constructive relationship with our clients at all times and on being responsive to their needs throughout the engagement. We also stress the importance of utilizing the client's personnel to the extent possible as a means of reducing costs and as a basis for transferring skills to the organization. Our staff is composed of many individuals with national CPA firm experience who have helped train and supervise our entry-level staff so that our approach is technically competent, based on national standards, and at the same time responsive to clients' unique accounting and reporting situations

**Other Services** - The other services offered by our firm are comprehensive. Representative services include the following areas:

- Taxation
- Employee Benefit Consulting
- Compensation Planning
- Formation, Capitalization, and Recapitalization
- Local Funding Options
- Business Valuations
- Tax Advice on Payroll, Information Returns, Sales Tax, and all Related Annual Reporting
- Tax Advice on Estate and Charitable Gift Planning
- Bond Feasibility Studies
- Refunding Verifications

**Community College District Experience** - The professional staff of Matson and Isom has served as auditors for community college districts since 1968. Currently, Matson and Isom serves four community college districts, which has resulted in an in-depth understanding of the districts, their activities, and the environment in which they operate. Our staff is experienced in meeting important deadlines and strives to provide the highest quality product in a timely manner.

During the course of our association with community college districts, we have developed an expertise in community college finance, including student attendance accounting and student financial aid programs. In addition, our firm has served as consultant and auditor for community colleges in achieving fiscal accountability/independence status. Since our firm has numerous governmental and not-for-profit clients, our staff has developed expertise in all aspects of fund accounting and accounting for federal and state grants.

**Consulting Services for Community College Districts** - The consulting services provided to our community college clients are extensive. The following services have been provided by members of our firm:

- Educational Foundation Organization and Formation
- Fraud and Irregularities Investigations
- Accounting Policies and Procedure Documentation
- Multi-year Budget Preparation
- Preparation of CCFS-311
- Feasibility of Software Implementation
- Finance Analysis and Recommendations
- Employee Recruitment and Representation on Interview Panel
- Fiscal Accountability Implementation
- Grants and Program Analysis
- Assistance in GASB 34/35 Conversion Entries
- Fixed Asset Management Projects
- Student Financial Aid Verification Reports Requested by the U.S. Department of Education
- Representation During Program Reviews by the U.S. Department of Education

**Not-For-Profit and Educational Experience** - Our Chico office serves a diversified clientele in virtually every sector of the economy. Of particular significance to the District is our experience in working with educational and not-for-profit entities in California. Matson and Isom is currently providing audit and accounting services to 4 California community college districts, 48 California school districts, and 3 county school service funds. Additionally, we provide services to the following governmental and not-for-profit organizations:

- Associated Students, Inc., California State University, Chico
- Columbia College Foundation
- Deep Springs College
- Great Valley Museum Foundation
- Merced College Foundation
- Modesto Junior College Foundation
- Napa Valley College Foundation
- Northern California Schools Insurance Group
- North Valley Schools Insurance Group
- Simpson University
- Simpson University Foundation
- The Research Foundation, California State University, Chico
- The University Foundation, California State University, Chico
- Yuba College Foundation

Our services to the above clients include auditing, accounting, tax services, and consulting. Our staff has developed extensive experience in technical auditing practices and procedures in serving these clients.

**SECTION II**  
**STAFFING AND QUALIFICATIONS**

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## **SECTION II - STAFFING AND QUALIFICATIONS**

**Commitment to Engagement Staffing** - Matson and Isom is committed to staffing the District engagement with qualified professionals. We work hard to retain highly trained individuals as we believe continuity of staff serves our clients best in yielding both an effective and efficient audit.

We do not use any association or affiliate member personnel in our engagements. Each staff member assigned to an engagement is employed by Matson and Isom, supervised by Matson and Isom, and insured by our insurance carrier.

All members of the engagement team have been carefully selected based upon their qualifications. All of the team members and consulting partners previously have serviced California community college districts. Over the years we have developed a network of individuals, all of whom can supervise the District's audit. This provides extra assurance of continuity.

All audit team members are from our Chico office. Our staff of 68 professionals provides the District with one of the largest and most flexible groups of professional accounting personnel available in northern California. All staff members attend continuing education courses in governmental and educational accounting and auditing as required by the *Government Auditing Standards* issued by the Comptroller General of the United States. We are uniquely positioned in the public accounting area with the competitive fees of a local firm yet the size and experience of a national firm. This position allows us to provide experienced staff at a competitive price.

**Engagement Team Organization** - Bryce E. Gibbs is the partner responsible for planning and coordinating your services. Mr. Gibbs is in charge of our service group for higher education clients. He is responsible for advising clients on financial planning, which takes into account new legislation, regulations, and reporting responsibilities. He is currently responsible for the supervision and direction of our higher education audit and accounting practice and has been involved in large not-for-profit, governmental, and commercial engagements over his 24-year career in public accounting.

Dawn M. Buchanan is the partner responsible for engagement quality review in accordance with our system of quality control. Dawn is one of our partners in charge of our service group for governmental clients and is responsible for advising clients on financial planning, which takes into account new legislation, regulations, and reporting responsibilities. She is currently responsible for the supervision and direction of 48 of our governmental audits and has been involved in large not-for-profit and governmental engagements over her 20-year career in public accounting. In addition, Mrs. Buchanan heads our financial reporting department and is the partner responsible for independent technical and quality control review.

In order to complete the engagement on a timely basis, which we feel is essential in any audit, we will assign an audit team to plan the audit field work services and supervise the personnel assigned to each segment of the audit. In addition, we would assign to the engagement qualified staff auditors, as needed, to perform the services on a timely basis and in a professional manner.

There has never been a complaint issued against any of our staff by the State Board of Accountancy in the firm's history, nor is there any current litigation against the firm. The profiles of the team members are included on the following pages.

## **TEAM PROFILES**



**Bryce E. Gibbs, Partner**

**Experience** - Mr. Gibbs has over 20 years of experience in various governmental, not-for-profit, and commercial organizations. He is currently the audit partner in charge of audits for community college districts, plus financial and performance audits for seven bond measures. His experience includes participating in organizational structure reviews and consultation with the selection and implementation of integrated on-line electronic data processing systems within the private and governmental sectors. Mr. Gibbs is also responsible for the training of our staff on the audits of higher educational agencies with respect to the unique nature of the attendance systems and the student financial aid programs.

### **Professional Activities**

California CPA #55623E

Member of the American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Member of the AICPA's Information Technology Section

Member of the Boomer Technology Circles

Graduate of Leadership Chico

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Dawn M. Buchanan, Partner**

**Experience** - Mrs. Buchanan began her public accounting career in 1990, providing auditing and consulting services to governmental and not-for-profit entities. Dawn has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She provides consulting services, including developing and improving key functions and training for accounting staff in processing transactions, implementing internal controls, maintaining the general ledger, year-end closing procedures, preparing financial reports, and complying with governmental requirements. She has 20 years of experience auditing California educational agencies. In addition, Mrs. Buchanan heads our financial reporting department and is the partner responsible for independent technical and quality control review.

### **Professional Activities**

California CPA #61212E

Member of the American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Graduate of Leadership Chico

Treasurer of Chico Chamber of Commerce PAC

Treasurer of Chico Westside Little League

Vice Chair of Administration of Chico Chamber of Commerce

### **Education**

Bachelor of Science Degree with Honors – Accounting, California State University, Chico

## **TEAM PROFILES**



**Jenette M. Vanella, Audit Senior Manager**

**Experience** - Since 2002, Ms. Vanella has been involved in all aspects of audits, reviews, compilations, and tax services. She has audit experience in various governmental, not-for-profit, and commercial organizations. Her specializations are California community colleges and audits of not-for-profit organizations, including government compliance and foundations. Ms. Vanella has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She manages the audits of Merced and Yosemite Community College Districts and the related Foundation audits. Jenette is also responsible for training all new staff in our firm's audit approach and the related use of our paperless audit software.

### **Professional Activities**

California CPA #98106

Charting Secretary, Active 20-30 Chico Chapter

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Leslie Thole, Audit Manager**

**Experience** - Ms. Thole has been involved in all aspects of audits, reviews, compilations, and tax services. She has audit experience in various governmental, not-for-profit, and commercial organizations. Her specializations are California community colleges and audits of not-for-profit organizations, including government compliance, foundations, and Proposition 39 bond funds. Ms. Thole has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She recently was the manager in charge of the audits of Merced and Yosemite Community College districts.

### **Professional Activities**

California CPA #99595

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Laura E. Haskill, Audit Senior**

**EXPERIENCE** - Ms. Haskill has been involved in all aspects of audits, reviews, compilations, and tax services since beginning her career with Matson and Isom in 2006. She has provided audit services to not-for-profit organizations, educational agencies, health care organizations, and commercial entities. She is knowledgeable about the unique aspects of not-for-profits that receive governmental funding, including cost allocation plans and the matching concept imbedded in many contracts and grants.

### **Professional Activities**

California CPA #102681

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Member of Soroptomist International

### **Education**

Bachelor of Science Degree – Business Administration with an Option in Accounting, California State University, Chico

## **TEAM PROFILES**



**Karli G. Olsen, Audit Senior**

**Experience** - Ms. Olsen has three years of audit and tax experience. Karli has been involved in numerous audits, including governmental and not-for-profit entities. She recently managed the audit of Napa Community College and numerous K-12 school district audits.

### **Professional Activities**

California CPA #107047

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Humberto Medina, Audit Senior**

**Experience** - Mr. Medina serves as a key member on the audit teams in providing auditing and accounting services for Merced Community College and not-for-profit organizations and governmental entities. Humberto participates in the planning and assessment of compliance with applicable laws and regulations and is experienced in the evaluation of internal controls.

### **Professional Activities**

California CPA #109686

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico



**Professional Development, Education, and Training** - Matson and Isom is committed to the goal that our personnel will have the education and training to enable them to fulfill responsibilities assigned and to progress within the firm. To meet this commitment, our firm has developed a comprehensive professional development program, which includes in-house training courses, training courses sponsored by professional associations, and on-the-job training.

Governmental auditing comprises a significant portion of our audit practice. All staff members assigned to governmental audit engagements have undergone extensive training prior to audit performance and throughout the engagement.

We also regularly participate in governmental courses offered by the American Institute of Certified Public Accounts (AICPA), California Society of CPAs, and the Government Finance Officers Association.

Examples of governmental continuing education courses taken in the last two years include the following:

<u>Course Title</u>	<u>Course Sponsor</u>
Annual Update for State & Local Governments and Not-for-Profits	AICPA
Auditing Real-World Frauds: A Practical Case Application Approach	AICPA
Preventing Common OMB A-133 and Yellow Book Deficiencies: A Case Study Approach	AICPA
Troubled Times: Current Economic Crisis: Critical Accounting and Auditing Considerations	AICPA
Frequent Frauds Found in Governmental and Not-for-Profits	AICPA
Compilation and Review Engagements Essentials	AICPA
AICPA Technical Hotline Annual Top 10 GAAP Speedbumps	AICPA
AICPA Technical Hotline Annual Top 12 Audit Speed Bumps	AICPA
Accounting for Income Taxes Applying SFAS No. 109 and FIN 48	AICPA

### **SECTION III**

### **REFERENCES**

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### **SECTION III - REFERENCES**

Matson and Isom strives to build long-term relationships with its clients. This continuity is extremely valuable to organizations that have volunteer boards whose tenure is subject to turnover. The continued growth of the firm's community college audit and consultation practice can be attributed to our commitment to the college districts that we serve and the reputation that we have earned in the community college arena. Listed below are the community college districts which we currently serve and have served and the related data.

#### **COMMUNITY COLLEGE DISTRICT AND UNIVERSITY CLIENTS FOR GENERAL FINANCIAL STATEMENT AUDITS**

##### **Current Clients**

###### **Merced Community College District**

Client Since: June 30, 1993  
Last Year Audited: June 30, 2010  
Mr. Joseph Allison  
Director of Budget and Finance  
3600 M Street  
Merced, CA 95348  
(209) 384-6202

###### **Yosemite Community College District**

Client Since: June 30, 2001  
Last Year Audited: June 30, 2010  
Ms. Deborah Campbell  
Director of Fiscal Services  
2201 Blue Gum Avenue  
Modesto, CA 95358  
(209) 575-6527

###### **Napa Valley Community College District**

Client Since: June 30, 1988  
Last Year Audited: June 30, 2010  
Mr. John Nahlen  
Superintendent/President  
2277 Napa-Vallejo Highway  
Napa, CA 94558  
(707) 253-3313

###### **Yuba Community College District**

Client Since: June 30, 2003  
Last Year Audited: June 30, 2010  
Mr. Al Alt  
Vice Chancellor of Administration Services  
2088 North Beale Road  
Marysville, CA 95901  
(530) 741-6800

###### **Simpson University**

Client Since: June, 30, 1994  
Last Year Audited: June 30, 2010  
Ms. Jill Ault  
Controller  
2211 College View  
Redding, CA 96003  
(530) 224-5600

###### **Deep Springs College**

Client Since: June 30, 2007  
Last Year Audited: June 30, 2010  
Mr. David Neidorf  
President, Professor  
HC 72, Box 45001  
Dyer, NV 89012-9712  
(760) 872-2000

**Proposition 39 Bond Fund Audit Clients**

Cascade Union Elementary School District  
Columbia Elementary School District  
Corning Elementary School District  
Gateway Unified School District  
Happy Valley Union Elementary School District  
Live Oak Unified School District

Merced Community College District  
Napa Valley Community College District  
Oroville Union High School  
Yosemite Community College District  
Yuba Community College District

**K-12 Single Audit School Districts** (Contact information available upon request.)

Anderson Union High School District  
Biggs Unified School District  
Cascade Union Elementary School District  
Columbia Elementary School District  
Corning Union Elementary School District  
Cottonwood Union Elementary School District  
Durham Unified School District  
Enterprise Elementary School District  
Evergreen Union Elementary School District  
Fall River Joint Unified School District  
Gateway Unified School District  
Gerber Union Elementary School District

Happy Valley Union Elementary School Dist.  
Lakeport Unified School District  
Lassen Union High School District  
Live Oak Unified School District  
Los Molinos Unified School District  
Mono County Office of Education  
Oroville Union High School District  
Pacheco Union Elementary School District  
Paradise Unified School District  
Redding Elementary School District  
Shasta County Office of Education  
Thermalito Union Elementary School District

**Past Clients**

**Los Rios Community College District**

Years Served: 2001 - 2009  
1919 Spanos Court  
Sacramento, CA 95825-3981  
(916) 568-3058

**Redwoods Community College District**

Years Served: 1992 – 2007  
7351 Tompkins Hill Road  
Eureka, CA 95501  
(707) 476-4122

**Butte-Glenn Community College District**

Years Served: 1968 – 2004  
3536 Butte Campus Drive  
Oroville, CA 95965  
(530) 895-2500

## **SECTION IV**

### **APPROACH TO THE EXAMINATION**

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## SECTION IV – APPROACH TO THE EXAMINATION

**Audit Performance** - Our audits will be of the highest quality in terms of efficiency, technical competence, reliability, and independence. Our professional standards require, and our firm's quality control policies dictate, that we maintain a uniformly high standard of professionalism and independence. We understand the engagement requirements and will take a constructive approach in our auditing work. As a result of our knowledge of the accounting and administrative systems, we expect to raise questions and develop constructive suggestions to improve organizational internal controls and minimize risk.

**Independence** - We are required to maintain independence in every audit engagement we conduct. The American Institute of Certified Public Accountants, *Government Audit Standards*, and OMB Circular A-133 require independence in all audits. Our firm's internal control standards require our commitment to independence, and our outside peer review firm ensures that we maintain that standard. Prior to every audit engagement, the audit team meets and addresses any changes in our involvement with the client. If there has been a breach of independence, we must remedy that breach before we can proceed.

**Entrance Conference and Planning** - An entrance conference will be held with the District's board of trustees and designated representatives prior to commencement of audit work. The scope of the audits, time lines, schedule preparation, and any concerns will be discussed. The planning part of our audit begins with obtaining our understanding of your organizational structure, accounting and data processing capabilities, key personnel, financial reporting system, and a study and evaluation of the systems of internal accounting and administrative control for all significant internal control systems.

Using memoranda and questionnaires, we will document our understanding of internal controls for those accounting systems using the guidance provided by SAS No. 109, *Understanding the Entity and its Environment and Assessing the Risk of Material Misstatement*, and SAS No. 78, *Consideration of Internal Controls in a Financial Statement Audit: An Amendment to SAS No. 55*. Accordingly, we will document our understanding of each of these internal control components:

- Control Environment
- Risk Assessment
- Information and Communication Systems
- Control Activities
- Monitoring

We will use our understanding of these five components of internal control to plan the audit and to design tests of controls and tests of compliance with laws and regulations.

From this base of information, we then develop our audit plan, which incorporates the state- mandated audit procedures from the audit guide, *California Community Colleges Contract District Audit Manual*, prescribed by the California Community Colleges Chancellor's Office, State of California; the Single Audit Act Amendments of 1996, and related provisions of Office Management and Budget Circular A-133, *Government Auditing Standards*, issued by the Comptroller General of the United States, Audit Guide; *Audits of Student Financial Assistance Programs*, issued by the United States Department of Education; and the AICPA Industry Guide, *Auditing of State and Local Government Units*, into our integrated audit program.

Our integrated audit programs are then developed using the sampling approaches dictated by the uniqueness of your accounting system to allow us to test the recorded transactions both efficiently and effectively.

**Field Work** - Our audit approach encompasses the philosophy that auditing should be viewed as a factor contributing to better business and administrative practices. We believe that audits, when properly conducted, should evaluate financial practices and identify inefficiencies and potential problem areas. Our audit programs are designed to accomplish these objectives.

Since a common accounting system is used to process transactions, we will test the internal control system as a whole. Internal control transaction samples will be selected using our random number generator software. Based upon the results of these tests, we will then design our substantive and compliance audit steps. Analytical procedures will be performed at the beginning and ending stages of our audit. These procedures will include comparison of prior-year to current-year balances, and original adopted budget to final balances. Our audit procedures will be applied according to the audit time line on page 22. Our staff members have always dedicated themselves to meeting schedules.

**District Responsibilities** - Our service fees for the engagements are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagements. We understand that you will provide us with all financial records and related information required for our engagements and that you are responsible for the accuracy and completeness of that information. We will provide you with lists of information and various forms that can be used to provide us with the financial records and related information required for our engagements. The aforementioned service fees for the engagements are based on the availability, at the beginning of field work, of all financial records identified in the lists of information required for our engagements. All audit requirements included in the June 2010 audit guide issued by the California Community College Chancellor's Office, *California Community Colleges Contracted District Audit Manual* have been incorporated in the fees. In the event that any additional services may be requested by the District or required by *California Community Colleges Contracted District Audit Manual* issued by the California Community College Chancellor's Office subsequent to June 2010, those services will be billed to the District as follows:

2010-2011	\$220
2011-2012	\$230
2012-2013	\$240
2013-2014	\$250
2014-2015	\$260

## **MANAGEMENT COMMENTS**

**Internal Control Reporting** - During the audit process, which is essentially a compliance function, we are constantly on the alert for suggestions or comments that would strengthen or enhance your accounting and financial reporting systems.

These suggestions and comments will be discussed with appropriate district personnel as they occur and, if significant, may be incorporated into a constructively written report to management. In addition, under the requirements of Office of Management and Budget Circular A-133 and the *California Community Colleges Contract District Audit Manual*, we will issue the appropriate internal control reports relating to the tests of compliance with program requirements.

**Exit Conference** - An exit conference will be held to communicate to management any observations or recommendations, including any internal control and program compliance observations noted during the engagement. The exit conference will be held at the conclusion of the interim field work and final field work.

**Foothill-De Anza Community College District  
Proposal for Independent Audit and Related Services**

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**Board Presentation** - We have always been available to meet with the Boards of Trustees; and if the circumstances dictate, the partner and/or manager would be in attendance.

**Audit Time Line** - The following table illustrates the projected scheduled dates. The dates are intended to be in agreement with your requirements and can be modified if those requirements change.

	<u><b>Completion Date District Audit</b></u>
Documentation for Permanent Files	May 31, 2011-June 10, 2011
Internal Control Questionnaires and Testing	May 31, 2011-June 10, 2011
Interim Field Work (1 week)	May 31, 2011-June 10, 2011
Year-End Inventory Observation	May 31, 2011
Interim Exit Conference	June 10, 2011
Year-End Field Work (2 weeks)	September 19-30, 2011
Draft Audit Report and Financial Statements to District	November 2, 2011
Presentation of Final Audit Report, Financial Statements, and Performance Report to the Citizen's Bond Oversight Committee	December 2011
Presentation of Final Audit Report and Financial Statements to Board of Trustees	December 5, 2011



**Foothill-De Anza Community College District**  
**Proposal for Independent Audit and Related Services**

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**Work Plan** - The following table illustrates the major audit areas, along with the time estimates and staff to be assigned.

	<b>Time Estimates (In Hours)</b>	<b>Position</b>
<b>Preliminary Audit Work</b>		
Document Internal Control Understanding	33	Manager
Identification of Significant Control Points for Further Testing	3	Manager
Information Technology Evaluation	15	Manager
Internal Control Testing	60	Staff
Permanent File Documentation	20	Staff/Senior/Manager
Risk Assessment Interviews	5	Manager
Design Audit Programs	5	Manager
Develop Year-End Confirmation Requirements	2	Manager
State Compliance Testing	70	Staff
Identification of Major Programs	3	Manager
Federal Compliance Testing	60	Senior/Manager
Observe Physical Inventories	10	Staff
Board Minute Review	6	Manager
<b>Final Audit Work</b>		
Trial Balance	40	Staff
Complete Account Analysis		
Cash/Marketable Securities	45	Staff
Account Receivable	15	Senior
Property, Plant, and Equipment	35	Senior
Accounts Payable	10	Staff
Long-Term Debt	25	Senior
Revenue	40	Senior
Expenditures	10	Staff
Other Accounts	31	Staff
Finalize Analytical Procedures	4	Manager
Review	70	Manager/Partner
Supervision	40	Manager
Travel	150	
<b>Report</b>		
Draft, Type, and Reference Reports	78	Staff/Senior
Submit Drafts for Management Review	2	Manager
Deliver Final Report and Board Presentation	3	Partner
<b>Total Engagement Hours</b>	<u>890</u>	

**Foundations Work Plan** - The following table illustrates time estimates:

	<b>Time Estimates</b> <b>(In Hours)</b>
Planning	36
Field Work	87
Report Preparation	27

## **SECTION V**

### **ASSURANCES**

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## SECTION V - ASSURANCES



**POWELL & SPAFFORD, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA  
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy  
Members: American Institute of Certified Public Accountants

### System Review Report

To the Members of  
Matson and Isom  
and the Peer Review Committee of the State of California

We have reviewed the system of quality control for the accounting and auditing practice of Matson and Isom (the firm) in effect for the year ended March 31, 2009. Our review was conducted in accordance with 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](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Matson and Isom in effect for the year ended March 31, 2009, 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*. Matson and Isom has received a peer review rating of *pass*.

*Powell & Spafford, LLP*

August 27, 2009

**Affirmative Action for Equal Employment Opportunity** - Matson and Isom is a leader in the public accounting profession in the area of equal opportunity employment. We are committed to aggressive affirmative action and community involvement programs.

It is our policy to recruit, hire, and promote without regard to race, creed, color, national origin, or sex. We have reason to believe that our record with respect to minority employment compares favorably with nationally recognized public accounting firms. Our goal is equal employment opportunity in practice as well as in principle, and this goal is in the firm's administrative manual and open to inspection for all firm members and all potential firm members.

Matson and Isom certifies it is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965.

MATSON AND ISOM

A handwritten signature in black ink, appearing to read "Bryce E. Gibbs".

BRYCE E. GIBBS, CPA – Audit Partner

Dated: January 4, 2011

**Contractor's Certificate Regarding Workers' Compensation - Labor Code Section 3700**

"Every employer except the state shall secure the payment of compensation in one or more of the following ways:

- a) By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this state.
- b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, either as an individual employer, or as one employer in a group of employers, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his or her employees."

I am aware of the provisions of Section 3700 of the Labor Code that require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of this contract.

MATSON AND ISOM



BRYCE E. GIBBS, CPA – Audit Partner

Dated: January 4, 2011

**Audit Firm Certification of Audit Report** - Matson and Isom is a properly licensed Certified Public Accounting firm through October 31, 2011.

Our audit of Foothill-De Anza Community College District will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The *Government Auditing Standards* issued by the Comptroller General includes the General Accounting Office's *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*. We will also audit the compliance of the District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs. We will also follow the guidelines of *California Community Colleges Contracted District Audit Manual* issued by the California Community Colleges Chancellor's Office.

MATSON AND ISOM

A handwritten signature in black ink, appearing to read "Bryce E. Gibbs".

BRYCE E. GIBBS, CPA – Audit Partner

Dated: January 4, 2011

**FOOTHILL-DE ANZA  
COMMUNITY COLLEGE DISTRICT**

**BOND PROPOSAL FOR INDEPENDENT  
AUDIT AND RELATED SERVICES**

**FOR THE YEARS ENDING  
JUNE 30, 2011 THROUGH 2015**

Matson and Isom  
3013 Ceres Avenue, Chico, CA 95973  
Contact: Bryce E. Gibbs, CPA, Audit Partner  
(530) 891-6474 (Phone) (530) 893-6689 (Fax)  
Date Submitted: January 4, 2011



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matson and isom

**Founded in 1962 by**  
Robert M. Matson and  
W. Howard Isom

**Chico**  
3013 Ceres Avenue  
Chico, CA 95973  
Phone (530) 891-6474  
Fax (530) 893-6689

**Redding**  
292 Hemsted Drive, #100  
Redding, CA 96002  
Phone (530) 244-4980  
Fax (530) 244-4983

**Colusa**  
108 Seventh Street  
Colusa, CA 95932  
Phone (530) 458-8236  
Fax (530) 458-2938

**Yuba City**  
1190 Civic Center Blvd.  
Yuba City, CA 95993  
Phone (530) 671-1550  
Fax (530) 671-3517

January 4, 2011

Kevin McElroy, Vice Chancellor of Business Services  
Foothill-De Anza Community College District  
12345 El Monte Road  
Los Altos Hills, CA 94022

Dear Mr. McElroy:

We are pleased to respond to your request to submit our proposal to serve as auditors for the Foothill-De Anza Community College District (the District) Bond audit.

We understand the requirements of your request for services to complete the annual financial audit. We are confident that Matson and Isom can provide the quality services you seek within the time period specified at a reasonable cost for the following reasons:

Matson and Isom has developed an expertise in fund accounting and community college auditing through our extensive experience and will provide the highest level of service available to the District.

Our firm is a leader in the California school district auditing and consulting industry and serves numerous types of governmental entities, including community colleges, other school districts, and special districts.

Our firm's stability, organizational structure, and geographic location enable us to provide you with immediate, broad expertise that can be obtained only with a practice of our size.

I am authorized to represent Matson and Isom and have included my name, title, address, and telephone number on the cover page.

The accompanying proposal contains our qualifications and a description of our plan for providing the Foothill-De Anza Community College District with the finest quality professional services. Any additional information you require will be provided at your request. Please do not hesitate to call me at our Chico office at (530) 891-6474.

Very truly yours,

MATSON AND ISOM

BRYCE E. GIBBS, CPA – Audit Partner  
Email: bgibbs@matson-isom.com

BEG:sxf

## **SECTION I**

### **PROFILE OF MATSON AND ISOM**

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## **SECTION I - PROFILE OF MATSON AND ISOM**

**Firm History and Philosophy** - Matson and Isom is a large, local Certified Public Accounting firm founded by Robert M. Matson in 1955. In 1960, W. Howard Isom joined Mr. Matson, and a partnership was formed in 1962. From these humble beginnings, Matson and Isom has grown to a position of prominence in the North State. We currently operate offices in Chico, Colusa, Redding, and Yuba City, California. We are staffed with 68 professional members, 49 of whom are certified, with a total staff of 89. The Chico office will service the audits of the Foothill-De Anza Community College District. Our firm is staffed with 17 partners, 9 senior managers, 9 managers, 15 seniors, and 13 staff.

Our philosophy has always been to provide the finest auditing, accounting, tax, and management advisory services that are available in the communities we serve; to be associated with clients who wish to reach their maximum potential; and to be a firm that is enjoyable to work for and rewarding to work with. Our goals are to contribute to the community and the profession to which we belong and to grow, but never to lose the personal relationship with clients, who are the foundation of our practice.

We are organized to provide a full range of accounting, auditing, tax, management consulting, and related services. We are committed to excellence of service; we take a constructive approach and maintain uniformly high standards of quality and responsibility in every area of our practice. We have industry experts within our firm available to deal with specific problems. Every engagement we undertake is under the personal direction of a partner of the firm. We continue to be concerned with the development of new approaches and techniques, all directed toward rendering the highest quality services at a reasonable cost.

We are members of the Governmental Audit Quality Center of the American Institute of Certified Public Accountants (AICPA), the Western Association of Accounting Firms, and BKR International (a worldwide association of independent accounting and business advisory firms). As a condition of AICPA membership, we are required to have a system of quality control in place and to have that system audited every three years by a peer review team. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. We are proud that we received a pass report as a result of our peer review. A copy of our report is attached.

Our quality control system meets the independent requirements of the *Standards for Audit of Governmental Organizations, Programs, Activities and Functions* published by the United States General Accounting Office. We meet all specific requirements imposed by state or local law or rules and regulations. We follow the American Institute of Certified Public Accountants' *Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits*.

Our clients include some of the leading organizations in all sectors of the economy, including not-for-profits and related agencies, local government, special districts, education, health care, manufacturing, trusts, construction, farming, and retailing. We are one of the largest accounting firms north of Sacramento.

**Auditing and Accounting** - Our approach is management oriented, and our engagements are professionally staffed. We concentrate on maintaining a close and constructive relationship with our clients at all times and on being responsive to their needs throughout the engagement. We also stress the importance of utilizing the client's personnel to the extent possible as a means of reducing costs and as a basis for transferring skills to the organization. Our staff is composed of many individuals with national CPA firm experience who have helped train and supervise our entry-level staff so that our approach is technically competent, based on national standards, and at the same time responsive to clients' unique accounting and reporting situations

**Other Services** - The other services offered by our firm are comprehensive. Representative services include the following areas:

- Taxation
- Employee Benefit Consulting
- Compensation Planning
- Formation, Capitalization, and Recapitalization
- Local Funding Options
- Business Valuations
- Tax Advice on Payroll, Information Returns, Sales Tax, and all Related Annual Reporting
- Tax Advice on Estate and Charitable Gift Planning
- Bond Feasibility Studies
- Refunding Verifications

**Community College District Experience** - The professional staff of Matson and Isom has served as auditors for community college districts since 1968. Currently, Matson and Isom serves four community college districts, which has resulted in an in-depth understanding of the districts, their activities, and the environment in which they operate. Our staff is experienced in meeting important deadlines and strives to provide the highest quality product in a timely manner.

During the course of our association with community college districts, we have developed an expertise in community college finance, including student attendance accounting and student financial aid programs. In addition, our firm has served as consultant and auditor for community colleges in achieving fiscal accountability/independence status. Since our firm has numerous governmental and not-for-profit clients, our staff has developed expertise in all aspects of fund accounting and accounting for federal and state grants.

**Consulting Services for Community College Districts** - The consulting services provided to our community college clients are extensive. The following services have been provided by members of our firm:

- Educational Foundation Organization and Formation
- Fraud and Irregularities Investigations
- Accounting Policies and Procedure Documentation
- Multi-year Budget Preparation
- Preparation of CCFS-311
- Feasibility of Software Implementation
- Finance Analysis and Recommendations
- Employee Recruitment and Representation on Interview Panel
- Fiscal Accountability Implementation
- Grants and Program Analysis
- Assistance in GASB 34/35 Conversion Entries
- Fixed Asset Management Projects
- Student Financial Aid Verification Reports Requested by the U.S. Department of Education
- Representation During Program Reviews by the U.S. Department of Education

**Not-For-Profit and Educational Experience** - Our Chico office serves a diversified clientele in virtually every sector of the economy. Of particular significance to the District is our experience in working with educational and not-for-profit entities in California. Matson and Isom is currently providing audit and accounting services to 4 California community college districts, 48 California school districts, and 3 county school service funds. Additionally, we provide services to the following governmental and not-for-profit organizations:

- Associated Students, Inc., California State University, Chico
- Columbia College Foundation
- Deep Springs College
- Great Valley Museum Foundation
- Merced College Foundation
- Modesto Junior College Foundation
- Napa Valley College Foundation
- Northern California Schools Insurance Group
- North Valley Schools Insurance Group
- Simpson University
- Simpson University Foundation
- The Research Foundation, California State University, Chico
- The University Foundation, California State University, Chico
- Yuba College Foundation

Our services to the above clients include auditing, accounting, tax services, and consulting. Our staff has developed extensive experience in technical auditing practices and procedures in serving these clients.

**SECTION II**  
**STAFFING AND QUALIFICATIONS**

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## **SECTION II - STAFFING AND QUALIFICATIONS**

**Commitment to Engagement Staffing** - Matson and Isom is committed to staffing the District engagement with qualified professionals. We work hard to retain highly trained individuals as we believe continuity of staff serves our clients best in yielding both an effective and efficient audit.

We do not use any association or affiliate member personnel in our engagements. Each staff member assigned to an engagement is employed by Matson and Isom, supervised by Matson and Isom, and insured by our insurance carrier.

All members of the engagement team have been carefully selected based upon their qualifications. All of the team members and consulting partners previously have serviced California community college districts. Over the years we have developed a network of individuals, all of whom can supervise the District's audit. This provides extra assurance of continuity.

All audit team members are from our Chico office. Our staff of 68 professionals provides the District with one of the largest and most flexible groups of professional accounting personnel available in northern California. All staff members attend continuing education courses in governmental and educational accounting and auditing as required by the *Government Auditing Standards* issued by the Comptroller General of the United States. We are uniquely positioned in the public accounting area with the competitive fees of a local firm yet the size and experience of a national firm. This position allows us to provide experienced staff at a competitive price.

**Engagement Team Organization** - Bryce E. Gibbs is the partner responsible for planning and coordinating your services. Mr. Gibbs is in charge of our service group for higher education clients. He is responsible for advising clients on financial planning, which takes into account new legislation, regulations, and reporting responsibilities. He is currently responsible for the supervision and direction of our higher education audit and accounting practice and has been involved in large not-for-profit, governmental, and commercial engagements over his 24-year career in public accounting.

Dawn M. Buchanan is the partner responsible for engagement quality review in accordance with our system of quality control. Dawn is one of our partners in charge of our service group for governmental clients and is responsible for advising clients on financial planning, which takes into account new legislation, regulations, and reporting responsibilities. She is currently responsible for the supervision and direction of 48 of our governmental audits and has been involved in large not-for-profit and governmental engagements over her 20-year career in public accounting. In addition, Mrs. Buchanan heads our financial reporting department and is the partner responsible for independent technical and quality control review.

In order to complete the engagement on a timely basis, which we feel is essential in any audit, we will assign an audit team to plan the audit field work services and supervise the personnel assigned to each segment of the audit. In addition, we would assign to the engagement qualified staff auditors, as needed, to perform the services on a timely basis and in a professional manner.

There has never been a complaint issued against any of our staff by the State Board of Accountancy in the firm's history, nor is there any current litigation against the firm. The profiles of the team members are included on the following pages.



## **TEAM PROFILES**



**Bryce E. Gibbs, Partner**

**Experience** - Mr. Gibbs has over 20 years of experience in various governmental, not-for-profit, and commercial organizations. He is currently the audit partner in charge of audits for community college districts, plus financial and performance audits for seven bond measures. His experience includes participating in organizational structure reviews and consultation with the selection and implementation of integrated on-line electronic data processing systems within the private and governmental sectors. Mr. Gibbs is also responsible for the training of our staff on the audits of higher educational agencies with respect to the unique nature of the attendance systems and the student financial aid programs.

### **Professional Activities**

California CPA #55623E

Member of the American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Member of the AICPA's Information Technology Section

Member of the Boomer Technology Circles

Graduate of Leadership Chico

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Dawn M. Buchanan, Partner**

**Experience** - Mrs. Buchanan began her public accounting career in 1990, providing auditing and consulting services to governmental and not-for-profit entities. Dawn has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She provides consulting services, including developing and improving key functions and training for accounting staff in processing transactions, implementing internal controls, maintaining the general ledger, year-end closing procedures, preparing financial reports, and complying with governmental requirements. She has 20 years of experience auditing California educational agencies. In addition, Mrs. Buchanan heads our financial reporting department and is the partner responsible for independent technical and quality control review.

### **Professional Activities**

California CPA #61212E

Member of the American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Graduate of Leadership Chico

Treasurer of Chico Chamber of Commerce PAC

Treasurer of Chico Westside Little League

Vice Chair of Administration of Chico Chamber of Commerce

### **Education**

Bachelor of Science Degree with Honors – Accounting, California State University, Chico

## **TEAM PROFILES**



**Jenette M. Vanella, Audit Senior Manager**

**Experience** - Since 2002, Ms. Vanella has been involved in all aspects of audits, reviews, compilations, and tax services. She has audit experience in various governmental, not-for-profit, and commercial organizations. Her specializations are California community colleges and audits of not-for-profit organizations, including government compliance and foundations. Ms. Vanella has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She manages the audits of Merced and Yosemite Community College Districts and the related Foundation audits. Jenette is also responsible for training all new staff in our firm's audit approach and the related use of our paperless audit software.

### **Professional Activities**

California CPA #98106

Charting Secretary, Active 20-30 Chico Chapter

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Leslie Thole, Audit Manager**

**Experience** - Ms. Thole has been involved in all aspects of audits, reviews, compilations, and tax services. She has audit experience in various governmental, not-for-profit, and commercial organizations. Her specializations are California community colleges and audits of not-for-profit organizations, including government compliance, foundations, and Proposition 39 bond funds. Ms. Thole has extensive experience in the application of the Single Audit Act and OMB Circular A-133. She recently was the manager in charge of the audits of Merced and Yosemite Community College districts.

### **Professional Activities**

California CPA #99595

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Laura E. Haskill, Audit Senior**

**EXPERIENCE** - Ms. Haskill has been involved in all aspects of audits, reviews, compilations, and tax services since beginning her career with Matson and Isom in 2006. She has provided audit services to not-for-profit organizations, educational agencies, health care organizations, and commercial entities. She is knowledgeable about the unique aspects of not-for-profits that receive governmental funding, including cost allocation plans and the matching concept imbedded in many contracts and grants.

### **Professional Activities**

California CPA #102681

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

Member of Soroptomist International

### **Education**

Bachelor of Science Degree – Business Administration with an Option in Accounting, California State University, Chico

## **TEAM PROFILES**



**Karli G. Olsen, Audit Senior**

**Experience** - Ms. Olsen has three years of audit and tax experience. Karli has been involved in numerous audits, including governmental and not-for-profit entities. She recently managed the audit of Napa Community College and numerous K-12 school district audits.

### **Professional Activities**

California CPA #107047

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

## **TEAM PROFILES**



**Humberto Medina, Audit Senior**

**Experience** - Mr. Medina serves as a key member on the audit teams in providing auditing and accounting services for Merced Community College and not-for-profit organizations and governmental entities. Humberto participates in the planning and assessment of compliance with applicable laws and regulations and is experienced in the evaluation of internal controls.

### **Professional Activities**

California CPA #109686

Member of American Institute of Certified Public Accountants

Member of California Society of Certified Public Accountants

### **Education**

Bachelor of Science Degree – Accounting, California State University, Chico

**Professional Development, Education, and Training** - Matson and Isom is committed to the goal that our personnel will have the education and training to enable them to fulfill responsibilities assigned and to progress within the firm. To meet this commitment, our firm has developed a comprehensive professional development program, which includes in-house training courses, training courses sponsored by professional associations, and on-the-job training.

Governmental auditing comprises a significant portion of our audit practice. All staff members assigned to governmental audit engagements have undergone extensive training prior to audit performance and throughout the engagement.

We also regularly participate in governmental courses offered by the American Institute of Certified Public Accounts (AICPA), California Society of CPAs, and the Government Finance Officers Association.

Examples of governmental continuing education courses taken in the last two years include the following:

<u>Course Title</u>	<u>Course Sponsor</u>
Annual Update for State & Local Governments and Not-for-Profits	AICPA
Auditing Real-World Frauds: A Practical Case Application Approach	AICPA
Preventing Common OMB A-133 and Yellow Book Deficiencies: A Case Study Approach	AICPA
Troubled Times: Current Economic Crisis: Critical Accounting and Auditing Considerations	AICPA
Frequent Frauds Found in Governmental and Not-for-Profits	AICPA
Compilation and Review Engagements Essentials	AICPA
AICPA Technical Hotline Annual Top 10 GAAP Speedbumps	AICPA
AICPA Technical Hotline Annual Top 12 Audit Speed Bumps	AICPA
Accounting for Income Taxes Applying SFAS No. 109 and FIN 48	AICPA



### **SECTION III**

### **REFERENCES**

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### **SECTION III - REFERENCES**

Matson and Isom strives to build long-term relationships with its clients. This continuity is extremely valuable to organizations that have volunteer boards whose tenure is subject to turnover. The continued growth of the firm's community college audit and consultation practice can be attributed to our commitment to the college districts that we serve and the reputation that we have earned in the community college arena. Listed below are the community college districts which we currently serve and have served and the related data.

#### **COMMUNITY COLLEGE DISTRICT AND UNIVERSITY CLIENTS FOR GENERAL FINANCIAL STATEMENT AUDITS**

##### **Current Clients**

###### **Merced Community College District**

Client Since: June 30, 1993  
Last Year Audited: June 30, 2010  
Mr. Joseph Allison  
Director of Budget and Finance  
3600 M Street  
Merced, CA 95348  
(209) 384-6202

###### **Yosemite Community College District**

Client Since: June 30, 2001  
Last Year Audited: June 30, 2010  
Ms. Deborah Campbell  
Director of Fiscal Services  
2201 Blue Gum Avenue  
Modesto, CA 95358  
(209) 575-6527

###### **Napa Valley Community College District**

Client Since: June 30, 1988  
Last Year Audited: June 30, 2010  
Mr. John Nahlen  
Superintendent/President  
2277 Napa-Vallejo Highway  
Napa, CA 94558  
(707) 253-3313

###### **Yuba Community College District**

Client Since: June 30, 2003  
Last Year Audited: June 30, 2010  
Mr. Al Alt  
Vice Chancellor of Administration Services  
2088 North Beale Road  
Marysville, CA 95901  
(530) 741-6800

###### **Simpson University**

Client Since: June, 30, 1994  
Last Year Audited: June 30, 2010  
Ms. Jill Ault  
Controller  
2211 College View  
Redding, CA 96003  
(530) 224-5600

###### **Deep Springs College**

Client Since: June 30, 2007  
Last Year Audited: June 30, 2010  
Mr. David Neidorf  
President, Professor  
HC 72, Box 45001  
Dyer, NV 89012-9712  
(760) 872-2000

**Proposition 39 Bond Fund Audit Clients**

Cascade Union Elementary School District  
Columbia Elementary School District  
Corning Elementary School District  
Gateway Unified School District  
Happy Valley Union Elementary School District  
Live Oak Unified School District

Merced Community College District  
Napa Valley Community College District  
Oroville Union High School  
Yosemite Community College District  
Yuba Community College District

**K-12 Single Audit School Districts** (Contact information available upon request.)

Anderson Union High School District  
Biggs Unified School District  
Cascade Union Elementary School District  
Columbia Elementary School District  
Corning Union Elementary School District  
Cottonwood Union Elementary School District  
Durham Unified School District  
Enterprise Elementary School District  
Evergreen Union Elementary School District  
Fall River Joint Unified School District  
Gateway Unified School District  
Gerber Union Elementary School District

Happy Valley Union Elementary School Dist.  
Lakeport Unified School District  
Lassen Union High School District  
Live Oak Unified School District  
Los Molinos Unified School District  
Mono County Office of Education  
Oroville Union High School District  
Pacheco Union Elementary School District  
Paradise Unified School District  
Redding Elementary School District  
Shasta County Office of Education  
Thermalito Union Elementary School District

**Past Clients**

**Los Rios Community College District**

Years Served: 2001 - 2009  
1919 Spanos Court  
Sacramento, CA 95825-3981  
(916) 568-3058

**Redwoods Community College District**

Years Served: 1992 – 2007  
7351 Tompkins Hill Road  
Eureka, CA 95501  
(707) 476-4122

**Butte-Glenn Community College District**

Years Served: 1968 – 2004  
3536 Butte Campus Drive  
Oroville, CA 95965  
(530) 895-2500

## **SECTION IV**

### **APPROACH TO THE EXAMINATION**

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## SECTION IV – APPROACH TO THE EXAMINATION

**Audit Performance** - Our audits will be of the highest quality in terms of efficiency, technical competence, reliability, and independence. Our professional standards require, and our firm's quality control policies dictate, that we maintain a uniformly high standard of professionalism and independence. We understand the engagement requirements and will take a constructive approach in our auditing work. As a result of our knowledge of the accounting and administrative systems, we expect to raise questions and develop constructive suggestions to improve organizational internal controls and minimize risk.

**Independence** - We are required to maintain independence in every audit engagement we conduct. The American Institute of Certified Public Accountants, *Government Audit Standards*, and OMB Circular A-133 require independence in all audits. Our firm's internal control standards require our commitment to independence, and our outside peer review firm ensures that we maintain that standard. Prior to every audit engagement, the audit team meets and addresses any changes in our involvement with the client. If there has been a breach of independence, we must remedy that breach before we can proceed.

**Entrance Conference and Planning** - An entrance conference will be held with the District's board of trustees and designated representatives prior to commencement of audit work. The scope of the audits, time lines, schedule preparation, and any concerns will be discussed. The planning part of our audit begins with obtaining our understanding of your organizational structure, accounting and data processing capabilities, key personnel, financial reporting system, and a study and evaluation of the systems of internal accounting and administrative control for all significant internal control systems.

Using memoranda and questionnaires, we will document our understanding of internal controls for those accounting systems using the guidance provided by SAS No. 109, *Understanding the Entity and its Environment and Assessing the Risk of Material Misstatement*, and SAS No. 78, *Consideration of Internal Controls in a Financial Statement Audit: An Amendment to SAS No. 55*. Accordingly, we will document our understanding of each of these internal control components:

- Control Environment
- Risk Assessment
- Information and Communication Systems
- Control Activities
- Monitoring

We will use our understanding of these five components of internal control to plan the audit and to design tests of controls and tests of compliance with laws and regulations.

From this base of information, we then develop our audit plan, which incorporates the state- mandated audit procedures from the audit guide, *California Community Colleges Contract District Audit Manual*, prescribed by the California Community Colleges Chancellor's Office, State of California; the Single Audit Act Amendments of 1996, and related provisions of Office Management and Budget Circular A-133, *Government Auditing Standards*, issued by the Comptroller General of the United States, Audit Guide; *Audits of Student Financial Assistance Programs*, issued by the United States Department of Education; and the AICPA Industry Guide, *Auditing of State and Local Government Units*, into our integrated audit program.

Our integrated audit programs are then developed using the sampling approaches dictated by the uniqueness of your accounting system to allow us to test the recorded transactions both efficiently and effectively.

**Field Work** - Our audit approach encompasses the philosophy that auditing should be viewed as a factor contributing to better business and administrative practices. We believe that audits, when properly conducted, should evaluate financial practices and identify inefficiencies and potential problem areas. Our audit programs are designed to accomplish these objectives.

Since a common accounting system is used to process transactions, we will test the internal control system as a whole. Internal control transaction samples will be selected using our random number generator software. Based upon the results of these tests, we will then design our substantive and compliance audit steps. Analytical procedures will be performed at the beginning and ending stages of our audit. These procedures will include comparison of prior-year to current-year balances, and original adopted budget to final balances. Our audit procedures will be applied according to the audit time line on page 22. Our staff members have always dedicated themselves to meeting schedules.

**District Responsibilities** - Our service fees for the engagements are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagements. We understand that you will provide us with all financial records and related information required for our engagements and that you are responsible for the accuracy and completeness of that information. We will provide you with lists of information and various forms that can be used to provide us with the financial records and related information required for our engagements. The aforementioned service fees for the engagements are based on the availability, at the beginning of field work, of all financial records identified in the lists of information required for our engagements. All audit requirements included in the June 2010 audit guide issued by the California Community College Chancellor's Office, *California Community Colleges Contracted District Audit Manual* have been incorporated in the fees. In the event that any additional services may be requested by the District or required by *California Community Colleges Contracted District Audit Manual* issued by the California Community College Chancellor's Office subsequent to June 2010, those services will be billed to the District as follows:

2010-2011	\$220
2011-2012	\$230
2012-2013	\$240
2013-2014	\$250
2014-2015	\$260

## **MANAGEMENT COMMENTS**

**Internal Control Reporting** - During the audit process, which is essentially a compliance function, we are constantly on the alert for suggestions or comments that would strengthen or enhance your accounting and financial reporting systems.

These suggestions and comments will be discussed with appropriate district personnel as they occur and, if significant, may be incorporated into a constructively written report to management. In addition, under the requirements of Office of Management and Budget Circular A-133 and the *California Community Colleges Contract District Audit Manual*, we will issue the appropriate internal control reports relating to the tests of compliance with program requirements.

**Exit Conference** - An exit conference will be held to communicate to management any observations or recommendations, including any internal control and program compliance observations noted during the engagement. The exit conference will be held at the conclusion of the interim field work and final field work.

**Foothill-De Anza Community College District  
Bond Proposal for Independent Audit and Related Services**

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**Board Presentation** - We have always been available to meet with the Boards of Trustees; and if the circumstances dictate, the partner and/or manager would be in attendance.

**Audit Time Line** - The following table illustrates the projected scheduled dates. The dates are intended to be in agreement with your requirements and can be modified if those requirements change.

	<u><b>Completion Date District Audit</b></u>
Documentation for Permanent Files	May 31, 2011-June 10, 2011
Internal Control Questionnaires and Testing	May 31, 2011-June 10, 2011
Interim Field Work (1 week)	May 31, 2011-June 10, 2011
Year-End Inventory Observation	May 31, 2011
Interim Exit Conference	June 10, 2011
Year-End Field Work (2 weeks)	September 19-30, 2011
Draft Audit Report and Financial Statements to District	November 2, 2011
Presentation of Final Audit Report, Financial Statements, and Performance Report to the Citizen's Bond Oversight Committee	December 2011
Presentation of Final Audit Report and Financial Statements to Board of Trustees	December 5, 2011

**Foothill-De Anza Community College District**  
**Bond Proposal for Independent Audit and Related Services**

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**Work Plan** - The following table illustrates the major audit areas, along with the time estimates and staff to be assigned.

	<b>Time Estimates (In Hours)</b>	<b>Position</b>
<b>Preliminary Audit Work</b>		
Document Internal Control Understanding	3	Senior
Identification of Significant Control Points for Further Testing	2	Manager
Internal Control Testing	6	Staff
Permanent File Documentation	3	Staff/Senior/Manager
Risk Assessment Interviews	1	Manager
Design Audit Programs	1	Manager
Develop Year-End Confirmation Requirements	1	Manager
Board Minute Review	2	Manager
<b>Final Audit Work</b>		
Trial Balance	20	Staff/Senior
Complete Account Analysis		
Cash/Investments and Related Disclosure	2	Staff
Account Receivable	2	Senior
Deposits and Prepaids	2	Staff
Property, Plant, and Equipment	5	Staff
Accounts Payable	1	Staff
Due To/From Other Funds/Internal Balances	1	Staff
Long-Term Debt and Leases	3	Senior
Net Assets	3	Senior
Revenue and Expenditures	8	Senior
Finalize Analytical Procedures	3	Manager
Review	8	Manager/Partner
Supervision	5	Manager
<b>Report</b>		
Draft, Type, and Reference Reports	29	Staff/Senior
Submit Drafts for Management Review	2	Manager
Deliver Final Report and Board Presentation	3	Partner
<b>Total Engagement Hours</b>	<b>116</b>	



## **SECTION V**

### **ASSURANCES**

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## SECTION V - ASSURANCES



**POWELL & SPAFFORD, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA  
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy  
Members: American Institute of Certified Public Accountants

### System Review Report

To the Members of  
Matson and Isom  
and the Peer Review Committee of the State of California

We have reviewed the system of quality control for the accounting and auditing practice of Matson and Isom (the firm) in effect for the year ended March 31, 2009. Our review was conducted in accordance with 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](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Matson and Isom in effect for the year ended March 31, 2009, 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*. Matson and Isom has received a peer review rating of *pass*.

*Powell & Spafford, LLP*

August 27, 2009

**Affirmative Action for Equal Employment Opportunity** - Matson and Isom is a leader in the public accounting profession in the area of equal opportunity employment. We are committed to aggressive affirmative action and community involvement programs.

It is our policy to recruit, hire, and promote without regard to race, creed, color, national origin, or sex. We have reason to believe that our record with respect to minority employment compares favorably with nationally recognized public accounting firms. Our goal is equal employment opportunity in practice as well as in principle, and this goal is in the firm's administrative manual and open to inspection for all firm members and all potential firm members.

Matson and Isom certifies it is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965.

MATSON AND ISOM

A handwritten signature in black ink, appearing to read "Bryce E. Gibbs".

BRYCE E. GIBBS, CPA – Audit Partner

Dated: January 4, 2011

**Contractor's Certificate Regarding Workers' Compensation - Labor Code Section 3700**

"Every employer except the state shall secure the payment of compensation in one or more of the following ways:

- a) By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this state.
- b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, either as an individual employer, or as one employer in a group of employers, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his or her employees."

I am aware of the provisions of Section 3700 of the Labor Code that require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of this contract.

MATSON AND ISOM



BRYCE E. GIBBS, CPA – Audit Partner  
Dated: January 4, 2011

**Audit Firm Certification of Audit Report** - Matson and Isom is a properly licensed Certified Public Accounting firm through October 31, 2011.

Our audit of Foothill-De Anza Community College District will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The *Government Auditing Standards* issued by the Comptroller General includes the General Accounting Office's *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*. We will also audit the compliance of the District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs. We will also follow the guidelines of *California Community Colleges Contracted District Audit Manual* issued by the California Community Colleges Chancellor's Office.

MATSON AND ISOM

A handwritten signature in black ink, appearing to read "Bryce E. Gibbs", is written over a light blue horizontal line.

BRYCE E. GIBBS, CPA – Audit Partner

Dated: January 4, 2011

**FOOTHILL-DE ANZA  
COMMUNITY COLLEGE DISTRICT**

**PROPOSAL FOR INDEPENDENT AUDIT  
REQUEST FOR COST OF SERVICES**

**FOR THE YEARS ENDING  
JUNE 30, 2011 THROUGH 2015**

Matson and Isom  
3013 Ceres Avenue, Chico, CA 95973  
Contact: Bryce E. Gibbs, CPA, Audit Partner  
(530) 891-6474 (Phone) (530) 893-6689 (Fax)  
Date Submitted: January 4, 2011

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**matson and isom**

*Founded in 1962 by  
Robert M. Matson and  
W. Howard Isom*

**Chico**

3013 Ceres Avenue  
Chico, CA 95973  
Phone (530) 891-6474  
Fax (530) 893-6689

**Redding**

292 Hemsted Drive, #100  
Redding, CA 96002  
Phone (530) 244-4980  
Fax (530) 244-4983

**Colusa**

108 Seventh Street  
Colusa, CA 95932  
Phone (530) 458-8236  
Fax (530) 458-2938

**Yuba City**

1190 Civic Center Blvd.  
Yuba City, CA 95993  
Phone (530) 671-1550  
Fax (530) 671-3517

January 4, 2011

Kevin McElroy, Vice Chancellor of Business Services  
Foothill-De Anza Community College District  
12345 El Monte Road  
Los Altos Hills, CA 94022

Dear Mr. McElroy:

We are pleased to respond to your request to submit our cost of services for the Foothill-De Anza Community College District.

We understand the requirements of your request for services to complete the annual financial audit. We are confident that Matson and Isom can provide the quality services you seek within the time period specified at a reasonable cost for the following reasons:

Matson and Isom has developed an expertise in fund accounting and community college auditing through our extensive experience and will provide the highest level of service available to the Foothill-De Anza Community College District.

Our firm is a leader in the California school district auditing and consulting industry and services numerous types of governmental entities, including community colleges, other school districts, and special districts.

Our firm's stability, organizational structure, and geographic location enable us to provide you with immediate, broad expertise that can only be obtained with a practice of our size.

I am authorized to represent Matson and Isom and have included my name, title, address, and telephone number on the cover page.

The accompanying cost of services contains our proposal for fees for providing the Foothill-De Anza Community College District with the finest quality professional services. Any additional information you require will be provided at your request. Please do not hesitate to call me at our Chico office at (530) 891-6474.

Very truly yours,

MATSON AND ISOM

BRYCE E. GIBBS, CPA – Audit Partner  
Email: [bgibbs@matson-isom.com](mailto:bgibbs@matson-isom.com)

BEG:sxf



**SECTION I**  
**COST OF SERVICES**

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**Annual Audit Proposal**

**Foothill-De Anza Community College District** - Submitted herewith is our proposal to perform the annual audit for the Foothill-De Anza Community College District for the school years 2010-11 through 2014-15.

We propose to conduct the prescribed audit and submit the audit report in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *California Community Colleges Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports.

The proposed fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We understand that you will provide us with all financial records and related information required for our engagements and that you are responsible for the accuracy and completeness of that information. We will provide you with lists of information and various forms that can be used to provide us with the financial records and related information required for our engagements. The proposed service fees for the engagements are based on the availability, at the beginning of field work, of all financial records identified in the lists of information required for our engagements. You will be obligated to compensate us at the average hourly rate included below for all time expended by us to prepare information not available at the beginning of field work and to correct financial records required for our engagements that have been inaccurately or incompletely provided to us by your personnel. You will be obligated to compensate us at the average hourly rate included below for all time expended by us as a result of the issuance of new long-term debt, establishment of new funds, implementing new attendance or financial programs, receiving new awards subject to federal and state compliance testing, identification and testing of new major programs, adjusting the financial statements for inaccurate or incomplete amounts recorded in the general ledger, and conversion entries.

All audit requirements included in the April 2009 audit guide issued by the California Community College Chancellor's Office, *California Community Colleges Contracted District Audit Manual*, have been incorporated in the proposed fees. In the event that any additional services may be requested by the District or required by the *California Community Colleges Contracted District Audit Manual*, issued by the California Community College Chancellor's Office subsequent to April 2009, those services will be billed to the District at \$220 per hour.

All audit requirements included in the June 2010 *OMB Compliance Supplement Update* issued by the Office of Management and Budget have been incorporated in the proposed fees. In the event that any additional services may be requested by the District or required by the *OMB Compliance Supplement Update*, issued by the Office of Management and Budget subsequent to June 2010, those services will be billed to the District at \$220 per hour.

The audit shall be performed in accordance with the requirements outlined in the Request for Proposal and shall be performed by the personnel identified in this proposal.

MATSON AND ISOM



BRYCE E. GIBBS, CPA

Date: January 4, 2011

Title: Audit Partner

**Foothill-De Anza Community College District**  
**Independent Audit Services Request for Cost of Services**

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**COST PROPOSAL RESPONSE FORM – DISTRICT AUDIT**

TO: Foothill-De Anza Community College District  
Kevin McElroy, Vice Chancellor of Business Services  
12345 El Monte Road  
Los Altos Hills, CA 94022

FROM: Matson and Isom  
3013 Ceres Avenue  
Chico, CA 95973

Pursuant to, and in compliance with, your Request for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized himself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

**INDEPENDENT AUDIT SERVICES**

All in strict conformance with the specifications for the rates and amounts as specified below:

1. The estimated audit hours and billing rates are as follows:

	<u>Estimated Audit Hours</u>	<u>Billing Rates</u>
Partner	60	\$275
Quality Control	4	\$275
Manager	181	\$155
Senior	360	\$110
Staff	277	\$96
Other	8	\$72
Total Audit Hours	<u>890</u>	

2. Contract price for Foothill-De Anza Community College District Audit for the fiscal years ending:

June 30, 2011	Sixty-nine thousand dollars	(\$69,000)
June 30, 2012	Seventy-one thousand dollars	(\$71,000)
June 30, 2013	Seventy-three thousand dollars	(\$73,000)
June 30, 2014	Seventy-five thousand dollars	(\$75,000)
June 30, 2015	Seventy-seven thousand dollars	(\$77,000)

3. It is understood that the District reserves the right to reject the proposal and that this proposal will remain open and not be withdrawn for a period of sixty (60) days after the date scheduled for submission of proposals.

**MATSON AND ISOM**



**BRYCE E. GIBBS, CPA**

Date: January 4, 2011

Title: Audit Partner

**COST PROPOSAL RESPONSE FORM – BOND AND PERFORMANCE AUDITS**

TO: Foothill-De Anza Community College District  
Kevin McElroy, Vice Chancellor of Business Services  
12345 El Monte Road  
Los Altos Hills, CA 94022

FROM: Matson and Isom  
3013 Ceres Avenue  
Chico, CA 95973

Pursuant to, and in compliance with, your Request for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized himself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

**INDEPENDENT AUDIT SERVICES**

All in strict conformance with the specifications for the rates and amounts as specified below:

1. The estimated audit hours and billing rates are as follows:

	<u>Estimated Audit Hours</u>	<u>Billing Rates</u>
Partner	11	\$275
Quality Control	1	\$275
Manager	28	\$155
Senior	68	\$110
Other	8	\$72
Total Audit Hours	<u>116</u>	

2. Contract price for Proposition 39 Bond Performance Audit of Foothill-De Anza Community College District audit for the fiscal years ending:

June 30, 2011	Seven thousand dollars	(\$7,000)
June 30, 2012	Seventy-two hundred dollars	(\$7,200)
June 30, 2013	Seventy-four hundred dollars	(\$7,400)
June 30, 2014	Seventy-six hundred dollars	(\$7,600)
June 30, 2015	Seventy-eight hundred dollars	(\$7,800)

**MATSON AND ISOM**



BRYCE E. GIBBS, CPA

Date: January 4, 2011

Title: Audit Partner

**Foothill-De Anza Community College District**  
**Independent Audit Services Request for Cost of Services**

---

**COST PROPOSAL RESPONSE FORM – FOUNDATION AUDIT AND INCOME TAX RETURNS**

TO: Foothill-De Anza Community College District  
Kevin McElroy, Vice Chancellor of Business Services  
12345 El Monte Road  
Los Altos Hills, CA 94022

FROM: Matson and Isom  
3013 Ceres Avenue  
Chico, CA 95973

Pursuant to, and in compliance with, your Request for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized himself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

**INDEPENDENT AUDIT SERVICES**

All in strict conformance with the specifications for the rates and amounts as specified below:

1. The estimated audit hours and billing rates are as follows:

	<u>Estimated Audit Hours</u>	<u>Billing Rates</u>
Partner	11	\$275
Quality Control	1	\$275
Manager	28	\$155
Senior	102	\$110
Other	8	\$72
Total Audit Hours	<u>150</u>	

2. Contract price for the financial audit of Foothill-De Anza Community Colleges Foundation income tax return preparation for the fiscal years ending:

June 30, 2011	Ninety-five hundred dollars	(\$ 9,500)
June 30, 2012	Ninety-seven hundred dollars	(\$ 9,700)
June 30, 2013	Ninety-nine hundred dollars	(\$ 9,900)
June 30, 2014	Ten thousand one hundred dollars	(\$10,100)
June 30, 2015	Ten thousand four hundred dollars	(\$10,400)

3. The Foothill-De Anza Community Colleges Foundation does not issue separate audited financial statements.

**MATSON AND ISOM**



**BRYCE E. GIBBS, CPA**

Date: January 4, 2011

Title: Audit Partner

**Foothill-De Anza Community College District**  
**Independent Audit Services Request for Cost of Services**

---

**COST PROPOSAL RESPONSE FORM – FOUNDATION AUDIT AND INCOME TAX RETURNS**

TO: Foothill-De Anza Community College District  
Kevin McElroy, Vice Chancellor of Business Services  
12345 El Monte Road  
Los Altos Hills, CA 94022

FROM: Matson and Isom  
3013 Ceres Avenue  
Chico, CA 95973

Pursuant to, and in compliance with, your Request for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized himself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

**INDEPENDENT AUDIT SERVICES**

All in strict conformance with the specifications for the rates and amounts as specified below:

1. The estimated audit hours and billing rates are as follows:

	<u>Estimated Audit Hours</u>	<u>Billing Rates</u>
Partner	1	\$275
Manager	2	\$155
Senior	11	\$110
Other	1	\$72
Total Audit Hours	<u>15</u>	

2. Contract price for the financial audit of California History Center Foundation audit income tax return preparation for the fiscal years ending:

June 30, 2011	Fifteen hundred dollars	(\$1,500)
June 30, 2012	Fifteen hundred dollars	(\$1,500)
June 30, 2013	Sixteen hundred dollars	(\$1,600)
June 30, 2014	Sixteen hundred dollars	(\$1,600)
June 30, 2015	Seventeen hundred dollars	(\$1,700)

3. The California History Center Foundation does not issue separate audited financial statements.

**MATSON AND ISOM**



BRYCE E. GIBBS, CPA

Date: January 4, 2011

Title: Audit Partner