

CURRENT SITUATION

We understand the complexity of the accounting procedures and educational programs of California Community Colleges. In addition, many of our education clients have major capital projects funded by bond proceeds. We have identified what we believe are critical expectations that must be met by the independent auditor serving Ohlone Community College District:

- The auditor must be proficient in auditing and accounting issues relevant to California community colleges, including state and Federal compliance requirements and Proposition 39.
- Professional services rendered must be cost effective and timely.
- An open, responsive relationship must be established and maintained with the Board, the President and management of the District.
- Communications must be timely and relevant to your oversight responsibilities.
- The Firm should have an entrepreneurial spirit and commitment to the community.

The balance of our proposal is intended to demonstrate our firm's unique ability to meet and exceed your expectations.

We recognize that each of our clients is unique and that a successful audit must be tailored to include consideration of your strategic plans and business environment. Your goals and objectives, as well as the concerns of the Board of Trustees,

will be integrated into our audit plan to ensure your audit meets the highest professional standards while providing you with effective and timely comments on your accounting controls and procedures.

OHLONE COMMUNITY COLLEGE DISTRICT AND PERRY-SMITH LLP: WORKING TOGETHER

The Firm's formation in 1984 reflects the significant commitment of its partners to client service and the development of a close working relationship with those that we serve. We are certain that the Board of Trustees understands that professional relationships result from the application of technical expertise and a sound business perspective. As a full service audit, tax and management consulting firm with over 100 professionals, we pride ourselves in our ability to serve the diverse needs of our community college clients in a rapidly changing environment. In addition, our experience in other related industries allows us to provide relevant solutions from a variety of perspectives.

- Timely, proactive professional advice.
- A team of education professionals with in-depth knowledge of the marketplace.
- Extensive industry experience and time-tested relationships with education professionals.

We recognize the specialized nature of local education agencies. The unique nature of your business necessitates engaging a firm with the requisite technical expertise, but technical expertise is only part of the equation.

Business perspective

We pride ourselves on approaching the tough issues as business people. We believe that direct, open lines of communication are fundamental to each of our professional relationships.

Accessibility

You will never be billed for routine phone calls. We will have at least two partners, Tina Treis and Tom Perry-Smith, available for you to consult with at any time.

Fairness doctrine

Our services must be cost effective and clearly communicated. We will not surprise you with unexpected fees.

Confidence earned through performance

Our industry groups (local education agencies, financial services, not-for-profit, healthcare, real estate, other governmental, employee benefit plans, SEC reporting companies) are characterized by highly technical, regulated operating environments. We deliver the requisite resources.

LOCAL EDUCATION AGENCIES SPECIALIZATIONS

Our Firm knows and understands the issues facing local educational agencies.

- Our partners and staff are continuously exposed to new or enhanced professional, regulatory and industry requirements.
- We are active in the education-related industry with a client base of more than 100 governmental agencies, including community colleges, school districts and other special districts.

TECHNICAL EXCELLENCE

The Firm has adopted additional quality control procedures to ensure the highest level of technical expertise. Our partners and staff are continuously exposed to new or enhanced professional, regulatory and industry requirements.

- Receive annual training in audit, tax and reporting issues.
- Attend national and regional industry conferences.
- Spend virtually 100% of our time immersed in the delivery of audit services.
- Actively participate in industry trade groups.

RELATIONSHIP BETWEEN THE INDEPENDENT AUDITOR AND THE BOARD OF TRUSTEES

Our understanding of the critical responsibilities of, and relationships between, the Board of Trustees and the independent auditors include the following:

- The Board of Trustees is responsible for the coordination of all components of the audit function.
- The independent auditors are engaged by, and report to, the Board of Trustees and are responsible for performing the services as outlined in the engagement letter between the auditors and the Board of Trustees.

In addition, we recognize our responsibility to provide guidance to the Board of Trustees in the execution of their duties.

- Communicate changes anticipated by State and Federal Regulatory agencies.

- Provide best practices guidance.
- Conduct required communications and ensure auditor independence.

INDEPENDENCE

Independence, both in fact and appearance, is a cornerstone of our professional philosophy. We are independent in fact and appearance, from the Ohlone Community College District.

THE TEAM APPROACH

To ensure that the most qualified specialists serve you, we have selected the following unique team of individuals.

- Tina Treis, engagement partner
- Tom Perry-Smith, technical review partner
- Kathleen Jennison, vice president

In addition, we have eleven supervising and senior associates and eighteen associates who are experienced with audits of local education agencies. As we determine the scheduling for the engagement, we will match their skill set to your needs. We are committed to providing a superior level of professionalism and client service.

FAIRNESS DOCTRINE TO PROFESSIONAL FEES

Our philosophy on professional fees is designed to promote a long-term relationship that will not result in surprises. Our services must be cost effective and clearly communicated to you in advance of our rendering the services. The steps utilized to determine our professional fees include evaluation of the following:

- The internal control environment and business philosophies.
- Risk profile of the District and size of its operations.
- Quality of the management team and depth of resources.
- Historical performance of the District.
- Continuity of engagement personnel will promote the completion of an efficient engagement service plan.

FEES

Our billing practices are designed to promote a long-term relationship that will not result in surprises. Our fees are designed to provide you a quality audit with the attention to detail that Ohlone Community College District deserves. We do not bill for routine inquiries and other telephone communications in order to encourage you to keep in close contact with us throughout the year.

The summary of proposed fees presented in Section 5 of our proposal contemplates the full range of audit services we anticipate providing on your behalf for the years ending June 30, 2007, 2008, 2009, 2010 and 2011.

THE PERRY-SMITH DIFFERENCE

The following pages will demonstrate why Perry-Smith LLP is uniquely qualified to serve as your professional services provider. The case will be clear. We look forward to continuing our lasting and mutually beneficial relationship.

solutions are at hand[®]

OUR FIRM

Our Firm's formation in 1984 reflects the significant commitment of our people to client service and the development of a close working relationship with those that we serve. As a regional firm with offices in Sacramento, San Francisco and Roseville, we have the third largest practice in the greater Sacramento area. Relationships are built on experience, a sound business perspective and an entrepreneurial spirit. As a result of this philosophy, we presently serve a diverse list of clients in many industries

throughout California. Our current industry specializations include education, insurance pools, financial services, healthcare, manufacturing, SEC registered companies, retirement plans and other governmental entities. As a full service audit, tax and management consulting firm with over 100 professionals, we pride ourselves in our ability to serve a broad spectrum of clients. The clients we serve are as diverse as the California economy and include such local educational agencies as the following:

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| • Foothill-De Anza Community College District | • San Juan Unified School District | • Pleasanton Unified School District |
| • Sierra Joint Community College District | • Monterey Peninsula Unified School District | • San Lorenzo Unified School District |
| • Feather River Community College District | • Vacaville Unified School District | • Modesto City Schools |
| • Lake Tahoe Community College District | • Sacramento City Unified School District | • Sacramento County Office of Education |
| • Marin Community College District | • Mt. Diablo Unified School District | • Solano County Office of Education District |
| • Schools Excess Liability Fund | • Fairfield-Suisun Unified School District | • San Joaquin County Office of Education |

In addition to providing our clients with a wide range of audit and accounting services, we are equally committed to helping them grow and

manage their business in a wide variety of ways. A summary of such services is enumerated below:

FINANCIAL SERVICES	CONSULTING SERVICES	TAX SERVICES
• Strategic planning	• Business valuation	• Preparation of 501(c)(3) tax returns
• Compliance reviews	• Litigation support	• Unrelated business income compliance
• In-service training	• Forensic accounting	
• Internal audit services	• Data integrity issues	
• Attendance accounting workshops	• Project management	
• Year-end closing workshops	• Human Resource administration	
• GASB 34 / 35 assistance	• Executive compensation strategies	
• Governmental accounting standards updates	• Accounting services	

EDUCATION SPECIALIZATION

We have the resources necessary to proactively serve our clients with a team of specialists that provide timely communications, better service, and more frequent contact with our clients. We currently serve over 100 education clients which represents over 25% of our audit practice. Our specialists know your business, are current on relevant accounting and regulatory issues and can interpret how industry changes might affect Ohlone Community College District.

We currently have education clients who receive Federal and state grants and require an audit in accordance with Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Non-Profit Organizations. We perform A-133 Single Audits for over 100 entities annually.

Perry-Smith LLP is an industry leader committed to the business of serving providers of education agencies.

This commitment means you will be served by specialists with the requisite technical expertise to assist management and the Board in developing timely, practical and cost effective solutions.

Recognizing the unique nature of education agencies, the Firm has adopted specialization requirements for professionals serving these entities. Each year our staff receives at least 40 hours of mandatory training in auditing education agencies. From a quality control standpoint,

these requirements ensure that the professionals involved are current with respect to professional standards, regulatory "hot buttons," and other issues facing local education agencies. This process includes being at the forefront of discussions of new governmental standards.

Our extensive not-for-profit practice also brings our expertise to your Foundation audit and tax services.

In addition, our professionals are also current with respect to the latest industry trends for highly complex and regulated industries through both direct involvement with governmental clients and indirectly through our extensive financial institutions practice. We believe these specialized professionals are essential to providing you with sound business advice throughout the year.

OTHER PROFESSIONAL CONSIDERATIONS

Perry-Smith LLP is committed to hiring and promoting the most highly qualified professionals without regard to gender, race or religious preference. Perry-Smith LLP has no personal or business relationship with the District or with any member of the Board or officers of the District.

Perry-Smith LLP has not been the subject of any current litigation or professional disciplinary action.

ENGAGEMENT MANAGEMENT

We recognize the importance of staff continuity on the efficiency of the audit process. And while we consider our Firm to have very low turnover (less than 10%), it would be unrealistic to represent that it does not occur. Our approach to ensuring engagement efficiency includes the following:

- Over 20% of the audit hours budgeted will be provided by the partner and vice president.
- With over 80 professionals in our Audit Department, we have the flexibility to assign highly trained auditors with specific engagement experience.
- Audit Department scheduling is carefully monitored to ensure engagement continuity.
- Our auditors are continually exposed to a variety of training programs intended to develop their technical skills and business perspective.

PERRY-SMITH IN THE COMMUNITY

Our commitment to exceed expectations extends to our role as a corporate citizen in the communities we serve and live in. Our people commit both time and money to community-based organizations that cover a broad range of social services as well as those organizations that

seek to expand local economic opportunities. We also encourage our people to volunteer their time to organizations that they support and provide them the time to do so. This spirit of community is reflected in the listing below of organizations that we support:

BUSINESS AND INDUSTRY ORGANIZATIONS

- California Community Colleges Chancellor's Office
- California Association of School Business Officials
- California Association of Joint Powers Authorities
- Sacramento Rotary
- Sacramento Area Commerce and Trade Organization
- Sacramento Chamber of Commerce
- Sacramento Estate Planning Council
- Western Independent Bankers
- Community Bankers of California
- Roseville Chamber of Commerce

CIVIC AND SOCIAL ORGANIZATIONS

- Save Ourselves of Sacramento
- Susan G. Komen Foundation
- Children's Heart Fund
- Mercy Foundation
- Sutter Hospital Foundation
- Christmas in April
- B Street Theatre
- Junior Achievement
- Leukemia & Lymphoma Society of Sacramento
- Child Abuse Prevention Council
- Active 20-30 Club
- Boardlink Business Leadership Council
- CSUS Alumni Association
- American Cancer Society's Making Strides for Breast Cancer
- Big Brothers/Big Sisters

YOUR ENGAGEMENT TEAM

We have selected a team of education specialists to ensure that you receive the expertise you need. Should any changes to key personnel be required, we would discuss them with you in advance. An Engagement Team Depth Chart follows on page 12.

TINA M. TREIS, *ENGAGEMENT PARTNER*

With over 25 years of experience serving governmental and financial institution clients, Tina has the demonstrated technical expertise to ensure the consistent delivery of outstanding professional services. Tina serves our community college clients, leads our Joint Powers Authorities audit practice and has substantial experience with Foundations and other not-for-profit entities.

TOM PERRY-SMITH, *TECHNICAL ADVISORY PARTNER*

Tom has been involved in auditing educational agencies since 1987. He currently serves as the director of our audit practice and is the engagement partner for two community college clients. As the technical advisory partner, Tom will have overall responsibility for reviewing the financial statements draft to ensure compliance with Firm quality control standards.

KATHLEEN JENNISON, *VICE PRESIDENT*

Kathleen will direct the daily fieldwork of the engagement and bring her extensive knowledge of community college operations to the audit. Kathleen has over eight years serving education clients. She also directs our staff development training programs.

TIM BRYAN, *VICE PRESIDENT*

Tim Bryan heads up our IT audit and consulting practice and coordinates our IT training programs. He will be responsible for reviewing internal control over your information systems applicable to general computer controls and each major application.

SARAH DAVIS, *SENIOR ASSOCIATE*

Sarah has three years of experience with a variety of education clients, including Foothill-De Anza Community College District, Lake Tahoe Community College District and Sierra Joint Community College District. She will be responsible for auditing key areas of the District. Sarah will also direct the associates daily to ensure the timely completion of the audit. She attends and teaches over 100 hours of training each year. Approximately 40 hours of that training is specific to education audits.