SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

FOR THE FISCAL YEARS ENDED

JUNE 30, 2009 AND 2008

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2009 AND 2008

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INTRODUCTION

AUDIT OBJECTIVES

The financial and compliance audits of the Siskiyou Joint Community College District had the following objectives:

> To determine the fairness of presentation of the District's financial statements in accordance with accounting principles generally accepted in the United States of America.
>
> To evaluate the adequacy of the systems and provisions affecting compliance with applicable federal and California laws and regulations, with which noncompliance would have a material effect on the District's financial statements and allowability of program expenditures for federal and California financial assistance programs.
>
> To evaluate the adequacy of the internal control structure sufficient to meet the requirements of auditing standards generally accepted in the United States of America for the purpose of formulating an opinion on the basic financial statements taken as a whole and sufficient to ensure compliance with federal and state regulations.
>
> To determine whether financial and financially related reports to state and federal agencies are presented fairly.
>
> To recommend appropriate actions to correct any noted areas where internal control compliance with applicable federal and state regulations could be improved.

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Siskiyou Joint Community College District
Weed, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (District) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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; and the standards prescribed by the California State Department of Finance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The remaining supplementary information as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Awards, which is presented for purposes of additional analysis as required by the California Community Colleges Chancellor's Office are not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nystrom & Company LLP

February 25, 2010

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

USING THIS ANNUAL REPORT

As required by GASB accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: The Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the District. The Statement of Revenues, Expenses and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported mainly by State apportionment, property taxes and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by $7.64 million in 2008-09 and $7.95 million in 2007-08. Of these amounts, $1.1 million for 2008-09 and $0.6 million for 2007-08 are unrestricted and may be used to meet the College's ongoing financial commitments;

- At the close of the 2009 and 2008 fiscal years, the balance designated for economic uncertainties and the undesignated fund balance for the General Fund exceeded the State Chancellor's Office guideline of five percent of the General Fund expenditures.

- Full-Time Equivalent Students (FTES) for 2008-09 and 2007-08 were 2,671 and 2,431, respectively.

- The District has progressed quickly on its Measure A projects.

  A summary of Measure A completed projects as of June 30, 2009 is listed below.

  - Soon after the November passage of Measure A, the College immediately entered and continues planning essential to the successful implementation of the Capital Improvement Program.
  - Ponderosa Hall and Juniper Hall renovations.
  - New sewage lift station to support the Tactical Training Center and campus expansion.
  - Welding shop ventilation system upgrade.
  - Campus electrical switchgear replacement.
  - Gymnasium locker room remodel.
  - Temporary classrooms and transition buildings.
  - Tactical Training Center.
  - Emergency Services Training Center.
  - Parking lot upgrade.
  - Distance Learning expansion.
  - Technology upgrading.

  A summary of Measure A projects in progress as of June 30, 2009 is listed below.

  - Planning of the Science Complex Modernization is continuing from last year. The project has been approved and the District is in the design phase of the project. The majority of the project is being state funded.
  - Construction continues for the Rural Health Sciences complex that will be constructed on the Yreka Campus.
  - The Bond Oversight Committee continues to meet to review progress on the Capital Improvement Program.

  - We are involved in a significant effort to upgrade and execute scheduled maintenance on our campus using funds from the State Scheduled Maintenance and Special Repairs block grant and also District match funds. Coordination of this program with our Capital Improvement program is in progress.

- For the 2009 and 2008 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded $3 million and is provided through grants and loans from the Federal government, State Chancellor's Office, and local funding.

- Costs of employee salaries have increased each year due to scheduled salary increases. The cost for employee benefits remained relatively stable primarily due to cost saving changes to the health insurance benefits paid on behalf of both current employees and retirees, and a better than expected claims year.

- The District continues to make its scheduled payments on the Dorm Revenue Bond and made its final payment on the California Energy Commission (CEC) loan in December 2007. In March 2004, the District entered into a Capital Lease arrangement for a group of copiers. The lease term expired in March and the District now owns the equipment.

- The occupancy rate for our remodeled lodges has exceeded 85 percent, and we continue to add new program activities to more fully engage students. The return of the summer programs has increased the usage for the summer during 2008.

Condensed district-wide financial information is as follows:

**NET ASSETS
AS OF JUNE 30**

	2009	2008	2007
ASSETS			
Current Assets			
Cash, investments, and short-term receivables	$ 3,499,765	$ 15,830,462	$ 9,299,976
Inventory and other assets	3,857,673	2,357,357	1,907,263
Total Current Assets	7,357,438	18,187,819	11,207,239
Non-Current Assets			
Restricted cash and investments	1,270,092	2,432,607	5,582,117
Cost of issuance	1,002,592	1,037,023	394,375
Capital assets, net of depreciation	19,866,458	13,108,999	10,040,742
Non-depreciable capital assets	10,553,288	4,135,807	1,356,399
Total Non-Current Assets	32,692,430	20,714,436	17,373,633
Total Assets	$ 40,049,868	$ 38,902,255	$ 28,580,872
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 3,597,763	$ 3,495,907	$ 2,559,032
Deferred revenue	1,401,175	670,949	751,732
Long-term liabilities – current portion	117,309	238,506	56,577
Total Current Liabilities	5,116,247	4,405,362	3,367,341
Non-Current Liabilities			
Long-term liabilities	27,290,578	26,545,385	15,853,392
Total Liabilities	32,406,825	30,950,747	19,220,733
NET ASSETS			
Invested in capital assets, net of related debt	4,823,325	5,463,717	6,138,463
Restricted	845,418	766,782	412,221
Unrestricted	1,974,300	1,721,009	2,809,455
Total Net Assets	7,643,043	7,951,508	9,360,139
Total Liabilities and Net Assets	$ 40,049,868	$ 38,902,255	$ 28,580,872

This schedule has been prepared from the District's statement of net assets (page 17), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Cash and short-term investments consist primarily of funds held in the Siskiyou County Treasury, U. S. Bank and the Local Agency Investment Fund (LAIF). The changes in the cash position are explained in the Statement of Cash Flows (page 20).

Long-term liabilities consist of the 2005 General Obligation Bonds and the Dorm Revenue Bond. The California Energy Commission loan and a Capital Lease arrangement for several copiers were paid off in 2007 and 2008, respectively. The current portion represents the amount of principal to be paid within the next year.

OPERATING RESULTS
FOR THE YEAR ENDED JUNE 30

	2009	2008	2007
OPERATING REVENUES			
Tuition and fees, net of scholarship discount and allowance	$ 1,628,579	$ 1,834,364	$ 1,576,443
Grants and contracts	6,985,188	6,492,351	6,071,540
Auxiliary services	789,707	755,868	667,996
Total Operating Revenues	9,403,474	9,082,583	8,315,979
OPERATING EXPENSES			
Salaries and benefits	16,658,495	15,902,712	14,656,147
Supplies and maintenance	9,014,424	9,205,103	8,862,635
Depreciation	879,625	668,376	531,173
Total Operating Expenses	26,552,544	25,776,191	24,049,955
OPERATING LOSS	(17,149,070)	(16,693,608)	(15,733,976)
NON-OPERATING REVENUE			
State apportionments	12,195,078	11,352,533	10,679,932
Property taxes	4,408,227	4,179,523	4,097,493
Other state revenue	475,585	531,470	753,795
Interest income (net)	(905,858)	(300,955)	(52,959)
Other non-operating revenues and transfers	517,573	316,618	121,750
Total Non-Operating Revenues	16,690,605	16,079,189	15,600,011
OTHER REVENUES			
State revenues, capital	150,000	175,000	201,281
NET INCREASE IN NET ASSETS	$ (308,465)	$ (439,419)	$ 67,316

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Assets presented on pages 18 and 19.

Auxiliary revenue consists of bookstore and cafeteria sales and charges. Room and board for the students is not part of auxiliary revenue, but is included in tuition and fees under operating revenues. These operations are intended to be self-supporting through student related activities.

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

For 2009 and 2008, the District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 4.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and any potential need for external financing. This schedule is prepared from the Statement of Cash Flows presented on pages 20 and 21.

	2009	2008	2007
CASH PROVIDED BY (USED) IN			
Operating activities	$ (16,014,707)	$ (14,651,894)	$ (15,616,638)
Noncapital financing activities	15,890,884	15,520,324	16,118,272
Capital financing activities	(13,935,290)	2,901,121	(4,215,893)
Investing activities	560,904	646,486	(335,246)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (13,498,209)	$ 4,416,037	$ (4,049,505)

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as non-operating revenue as it comes from the general resources of the State and not from the primary users of the Colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

The large increase in Capital Financing activities is reflective of the second 2005 General Obligation Bond sale that occurred in April 2008. With the second sale, the District was able to complete the Emergency Services Training Center facility in Weed as well as make substantial progress toward completing the Rural Health Sciences institute on the Yreka Campus.

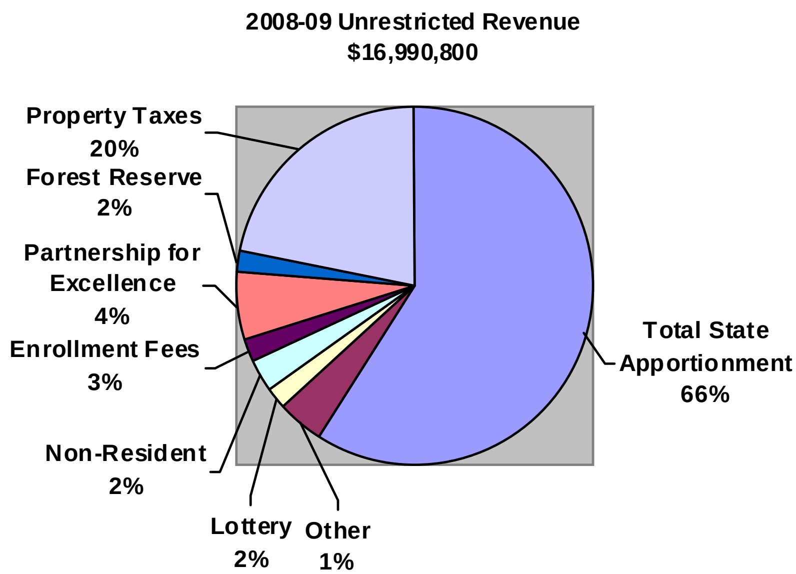
UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION

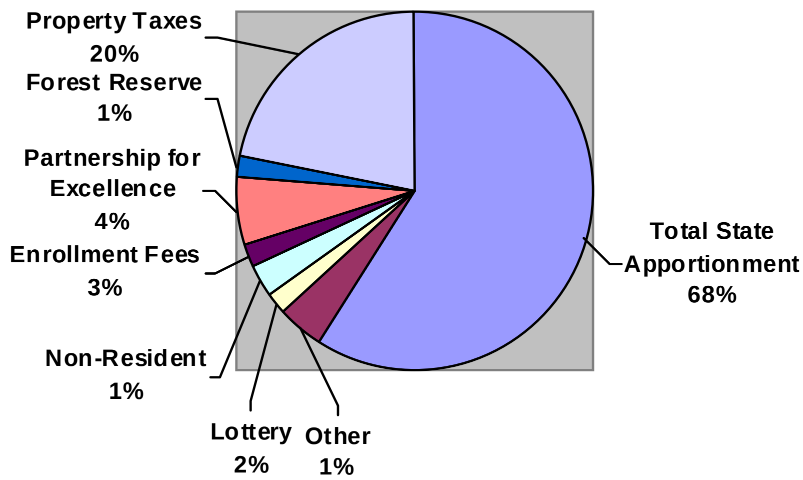
Revenues

The District's major sources of unrestricted revenues include State apportionment, property taxes, Partnership for Excellence funds, enrollment and lottery. The primary basis of the apportionment component is the calculation of full-time equivalent students (FTES).

Of the revenue sources, State apportionment, property tax, and enrollment fees are commonly referred to as District General Revenues and form the "base revenue" to which adjustments for COLA, program improvement, growth, restoration, and any applicable deficit factor is applied. Adjustments to the "base revenue" are typically calculated twice each fiscal year and distributed through the First Principle Apportionment Statement (P1) in mid February and the Second Principle Apportionment Statement (P2) in early June of each fiscal year.

In fiscal years 2009 and 2008, the District's actual unrestricted General Fund revenues totaled $16,990,800 and $16,038,820, respectively.





	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
General Apportionment	$ 10,025,080	$ 9,151,604	$ 9,632,857
Restoration/Decline	547,351	302,727	(307,131)
Growth	446,819	-	-
COLA	-	621,577	760,699
Subtotal General Apportionment	11,019,250	10,075,908	10,086,425
Property Taxes	3,449,452	3,197,154	3,052,096
Enrollment Fees	465,522	451,747	459,805
Total Apportionment Revenues	14,934,224	13,724,809	13,598,326
Partnership for Excellence	675,000	675,000	675,000
Lottery	328,513	314,787	366,175
Nonresident Tuition	295,349	287,211	228,754
Part-time Faculty Compensation	104,503	117,425	117,425
Forest Reserve	268,168	270,157	268,612
Other *	385,043	649,431	436,001
Total Other Revenue	2,056,576	2,314,011	2,091,967
Total Unrestricted General Fund Revenue	$ 16,990,800	$ 16,038,820	$ 15,690,293

*Includes community service fees, material and activity fees, indirect program fees, and miscellaneous.

Summary of District Growth Rates	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Growth Cap Percent	4.11%	5.94%	4.19%
Total Growth Dollars Available	446,819	621,339	428,573
Total Growth Dollars Earned	531,074	-	-
Total Growth Paid by State	446,819	-	-
Percentage of Growth Earned	118.86%	0.00%	0.00%
Percentage of Growth Paid to Growth Earned	84.13%	100.00%	100.00%

- Part-time faculty funding, specific for the improvement of part-time salaries and benefits, was $104,503 for 2008-09 and $117,425 for 2007-08. However, while no COLA adjustment was added to the base funding level there are annual incremental cost increases associated with the funding, part-time faculty rates for years of service and fringe benefits costs continue to rise each fiscal year.

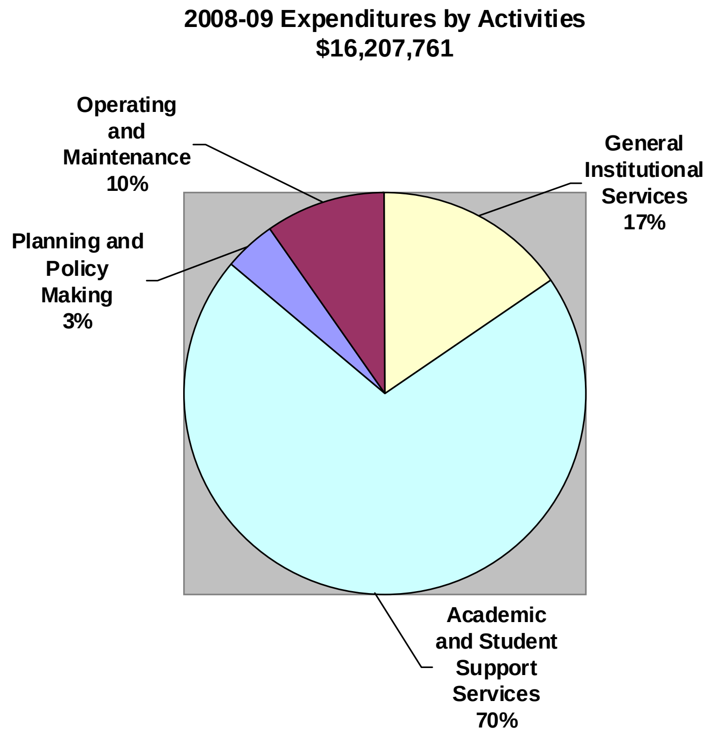
Expenditures

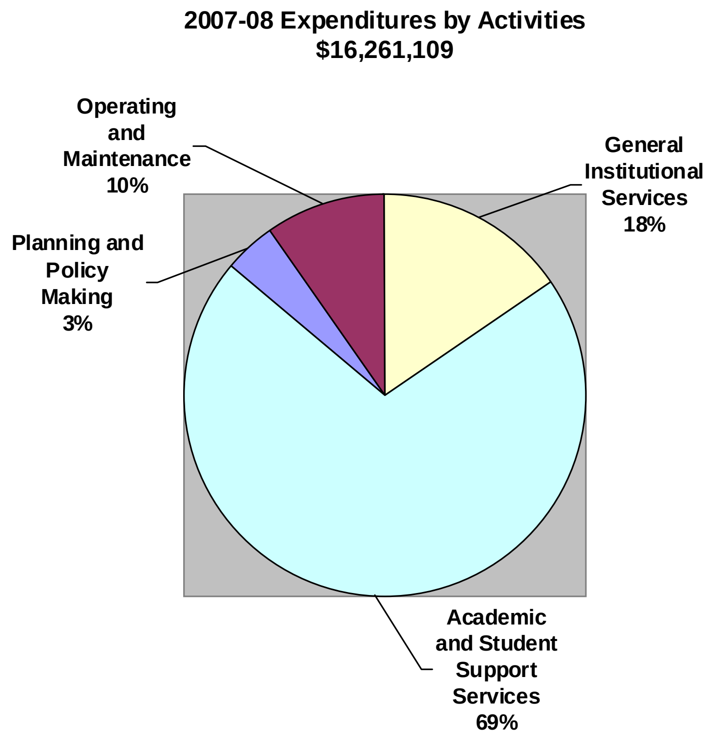
The District expenditures in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ending June 30, 2009 and 2008, the expenditures totaled $16,207,761 and $16,261,109, respectively.

Expenditure by Activity

Expenditures by activity represent the District's expenditures by *category* regrouped by program activity. Academic and Student support services includes the costs for instructional and student support activities. General institutional services include Business and Administrative services, Human Resource, Information Technology, Collective Bargaining, Police, Duplicating, Insurance, and Retiree Health care costs. Operating and Maintenance is buildings and grounds. Planning and Policy Making includes the Chancellor's Office, Research and Planning, Government Relations, Public Information, and Development.

The pie chart, *"Expenditures by Activities,"* summarizes program outlays under this definition for the 2008-09 and 2007-08 periods.


2008-09 Expenditures by Activities
$16,207,761
Operating and Maintenance 10%
General Institutional Services 17%
Planning and Policy Making 3%
Academic and Student Support Services 70%


2007-08 Expenditures by Activities
$16,261,109
Operating and Maintenance 10%
General Institutional Services 18%
Planning and Policy Making 3%
Academic and Student Support Services 69%

Expenditure Comparison by Category

The District reports expenditures by object code category in accordance with California State Chancellor's Office guidelines as follows:

	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Academic Salaries	$ 6,829,224	$ 6,594,178	$ 6,118,782
Classified Salaries	3,260,706	3,253,227	3,124,956
Benefits	3,178,098	3,450,808	3,187,426
Subtotal Salaries and Benefits	13,268,028	13,298,213	12,431,164
Books and Supplies	396,461	441,121	451,819
Services and Operating Expenses	1,889,852	2,063,032	1,971,626
Capital Outlay	113,611	92,825	161,191
Other Outgo	539,809	365,918	252,281
Subtotal	2,939,733	2,962,896	2,836,917
Total Expenditures	$ 16,207,761	$ 16,261,109	$ 15,268,081

- Net expenditures for academic salaries increased from 2008 to 2009 primarily from a 5 percent negotiated COLA increase for the year. Increasing FTES result in more hours of instruction and an associated increase in instructional wages. The classified salaries increased only slightly over the prior year from negotiated wage adjustments and freezing vacant positions for most of 2008-09.

- Expenditures for fringe benefits decreased from 2008 to 2009 due mostly to the freeze on all non-instructional vacant positions. As a result, the associated health benefit packages were not expensed.

- Expenditures for services and other operating expenditures decreased by approximately 8 percent from 2008 to 2009. In order to address several issues, including the "50 percent rule," the District intentionally reduced expenditures in this area. Although utility and maintenance costs continue to increase, the planned reductions in expenditures resulted in an overall decrease. The District was also able to take advantage of a return of premiums from its Property and Liability Risk Margin/Safety Credit account whereby excess reserves can be refunded to the District. The amount of these refunds was $120,000 and $56,000 for 2009 and 2008, respectively. These funds were used for safety/risk related projects on campus.

- Expenditures in "Other Outgo" include transfers to the Capital Outlay Fund (41) for scheduled maintenance matches and additional one-time safety and improvement projects.

Net Assets and Net Asset Classifications

	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Investment in Capital Assets	$ 4,823,325	$ 5,463,717	$ 6,138,463
Restricted	1,729,259	1,826,892	2,148,902
Unrestricted	1,090,459	660,899	1,072,774
Ending Net Assets, as Restated* (Note 14)	$ 7,643,043	$ 7,951,508*	$ 9,360,139

COLLEGE OF THE SISKIYOUS AUXILIARY FOUNDATION

The Auxiliary Foundation was established as a 501(c) (3) non-profit charitable organization in 1992 to provide a vehicle for financial support from the community and beyond. Its mission includes providing students with monetary support through scholarships and work-study programs to help ensure that all students have every opportunity to achieve their educational goals. This mission is accomplished through hosting fundraising events, soliciting contributions and donations, and dispensing funds to support the educational programs and general welfare of the College of the Siskiyous.

In the spring of 2005, the Auxiliary Foundation applied for and was granted a 501(h) election which allowed the Auxiliary Foundation to support the political efforts of the District as it successfully passed a General Obligation Bond in the November 2005 election (Measure A).

Throughout the year, the Auxiliary Foundation hosts campus activities and a number of annual community fundraisers including a Golf Tournament, Scholarship fundraising dinner, President's Gala, Athletic Hall of Fame, Country Christmas Holiday Craft Fair, and the Volunteer and Donor Recognition Banquet. The Eagle's Nest Resale Shop has a paid manager but is staffed by numerous volunteers. All net proceeds from the Shop are used to support students and student-centered projects. The Eagle's Nest Resale Shop is located on Main Street, Weed, and is effectively meeting the needs of the community at its downtown location.

In addition, the Auxiliary Foundation is a fiscal sponsor for a number of the campus clubs and Athletic clubs, operates and funds the COS Performing Arts Series, manages the Scholarship program as well as the annual Mini-Grant program.

Since 1992, the Auxiliary Foundation has actively raised funds to help keep COS at the forefront of educational institutions. Quality education depends on fiscal stability, well-maintained facilities, state-of-the-art technology, and a faculty and staff that are current with new and innovative advances in their fields. In the fall of 2006, the District successfully wrote and was awarded a Title III federal grant in the amount of $1.9 million over a five year period. To show its continued support of the District, the Auxiliary Foundation has taken on the ambitious task of raising matching funds for an endowment which will help support the maintenance of the new Rural Health Sciences Institute as it becomes operational over the next few years on the Yreka campus. The Auxiliary Foundation's dedication to the District is evident as it has successfully raised the required matching funds each of the first three years of the grant and is starting year four of the fundraising campaign.

ECONOMIC FACTORS AFFECTING THE SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

The economic position of College of the Siskiyous is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 83 percent of the total unrestricted resources of revenues received by the District. The District has experienced an increase in student enrollment and therefore increased apportionment but limited due to the workload reduction measures limiting growth apportionment. Previously the District used its healthy reserve balance in 2006-07 to help compensate for the drop in FTES and worked through an investing budget for 2007-08 to recover from the decline in enrollment. The results for 2008-09 have been positive and once again the District has banked a healthy reserve in anticipation of potential cuts from the State's budget.

While nationally the economic recovery is under way, the State of California is again facing huge budget deficits. The District is continuing to pursue cost saving measures to achieve efficiencies but is also looking at reduced course offerings that will be the least disruptive to our students.

Under current California law, the State of California is prohibited from disbursing any funds to the community colleges until the State budget is passed. At the beginning of each fiscal year, the District will need to rely on its reserves and possible annual participation in the CCCFA TRAN program to ensure that it can continue to operate each summer until a State budget is ratified. As the State continues to face financial challenges, they are looking more to shifting their cash flow problems to the Community College system through apportionment deferrals and reductions. This contributes to the District's need to participate in these types of programs to manage its cash flow requirements.

All current Measure A bond projects will be complete with the opening of our new Rural Health Sciences Institute in August 2009. Our Nursing program will move to this high-tech facility offering state-of-the art simulation and distance education instruction beginning the fall 2009 semester.

The College recognizes that as programs and facilities are added financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. As a result, the College's Auxiliary Foundation has taken on the development of an endowment fund for the Rural Health Sciences Institute. In October of 2006 the College received a federal Title III grant. One part of that grant came in the form of a challenge grant for this endowment. The Title III grant is providing $370,000 over a five-year period that must be matched dollar for dollar with new funds raised after October 1, 2006. One-half of the interest produced by the endowment each year may be used to support facility and program needs of the Rural Health Sciences Institute. The College of the Siskiyous' Auxiliary Foundation has successfully met the requirements of the match for the first three years and continues its efforts to raise funds in support of the Title III grant as well as serve the College and the community through various programs and events.

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SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS

	June 30, 2009	June 30, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 253,450	$ 395,985
Restricted cash and cash equivalents	3,048,966	15,242,125
Investments	197,349	192,352
Accounts receivable, net	3,436,510	1,966,198
Due from Foundation	27	-
Inventory and prepaids	421,136	391,159
Total current assets	7,357,438	18,187,819
Noncurrent assets:		
Restricted cash and cash equivalents	1,270,092	2,432,607
Deferred costs, net	1,002,592	1,037,023
Depreciable capital assets, net	19,866,458	13,108,999
Nondepreciable capital assets	10,553,288	4,135,807
Total noncurrent assets	32,692,430	20,714,436
Total assets	$ 40,049,868	$ 38,902,255
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,201,468	$ 2,903,213
Deferred revenue	1,401,175	670,949
Amounts held for others	101,399	101,562
Due to Foundation	-	67,695
Estimated liability for claims and claims adjustment expense	294,896	423,437
Compensated absences, current portion	32,309	33,938
Long-term debt, current portion	85,000	204,568
Total current liabilities	5,116,247	4,405,362
Noncurrent liabilities:		
Compensated absences, noncurrent portion	290,784	305,445
Other postemployment benefits obligation	465,125	-
Long-term debt, noncurrent portion	26,534,669	26,239,940
Total noncurrent liabilities	27,290,578	26,545,385
Total liabilities	32,406,825	30,950,747
NET ASSETS		
Investments in capital assets, net of related debt	4,823,325	5,463,717
Restricted - expendable	845,418	766,782
Unrestricted	1,974,300	1,721,009
Total net assets	7,643,043	7,951,508
Total liabilities and net assets	$ 40,049,868	$ 38,902,255

The accompanying notes are an integral
part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Years Ended June 30, 2009	Years Ended June 30, 2008
OPERATING REVENUES		
Tuition and fees	$ 2,400,272	$ 2,526,874
Less: scholarship discount and allowance	(771,693)	(692,510)
Net tuition and fees	1,628,579	1,834,364
Grants and contracts, non-capital:		
Federal	4,406,012	3,843,465
State	2,060,534	1,997,808
Local	518,642	651,078
Auxiliary enterprise sales and charges	789,707	755,868
Total operating revenues	9,403,474	9,082,583
OPERATING EXPENSES		
Salaries	11,801,182	11,559,591
Employee benefits	4,857,313	4,343,121
Supplies, materials, and other operating expenses and services	4,589,888	5,394,559
Payments to students	3,735,583	3,078,366
Utilities	688,953	732,178
Depreciation	879,625	668,376
Total operating expenses	26,552,544	25,776,191
OPERATING INCOME (LOSS)	(17,149,070)	(16,693,608)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, non-capital	12,195,078	11,352,533
Local property taxes	4,408,227	4,179,523
State taxes and other revenues	475,585	531,470
Investment income, non-capital	435,023	688,143
Other non-operating revenues	517,573	316,618
Interest expense - capital asset-related debt	(1,340,881)	(989,098)
Total non-operating revenues (expenses)	16,690,605	16,079,189

(Continued on following page)

The accompanying notes are an integral part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

	Years Ended June 30, 2009	2008
LOSS BEFORE OTHER REVENUES AND EXPENSES	(458,465)	(614,419)
State apportionments - capital	150,000	175,000
INCREASE (DECREASE) IN NET ASSETS	(308,465)	(439,419)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	7,951,508	9,360,139
PRIOR PERIOD ADJUSTMENT (NOTE 14)	-	(969,212)
NET ASSETS, BEGINNING OF YEAR, RESTATED	7,951,508	8,390,927
NET ASSETS, END OF YEAR	$ 7,643,043	$ 7,951,508

The accompanying notes are an integral
part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2009	Years Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	$ 1,675,318	$ 1,839,391
Federal grants and contracts	4,334,398	3,977,777
State grants and contracts	1,588,023	2,022,987
Local grants and contracts	538,891	621,310
Payments to/on behalf of employees	(11,542,491)	(11,637,391)
Payments for benefits	(4,520,729)	(4,117,958)
Payments to suppliers	(4,627,930)	(4,426,440)
Payments for utilities	(688,953)	(732,178)
Payments for scholarships and grants	(3,735,583)	(3,078,366)
Auxiliary enterprise sales and charges	790,115	742,945
Other receipts (payments)	174,234	136,029
Net cash (used) by operating activities	(16,014,707)	(14,651,894)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State apportionments, non-capital	11,769,002	10,827,952
Local property taxes	3,339,002	3,197,153
State taxes and other revenues	507,426	421,394
Other receipts	275,454	91,455
Net cash provided by non-capital financing activities	15,890,884	14,537,954
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State revenue, capital	150,000	175,000
Local property taxes	1,069,225	982,370
Capital debt proceeds	-	10,011,404
Purchases of capital assets	(14,054,564)	(6,516,041)
Interest paid on capital debt	(895,383)	(742,370)
Principal paid on capital debt	(204,568)	(26,872)
Net cash provided (used) by capital and related financing activities	(13,935,290)	3,883,491
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,997)	-
Proceeds from sale of investments	-	5,912
Interest on investments	565,901	640,574
Net cash provided by investing activities	560,904	646,486

(Continued on following page)

The accompanying notes are an integral part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2009	2008
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,498,209)	4,416,037
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,070,717	13,654,680
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,572,508	$ 18,070,717
COMPONENTS OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	$ 253,450	$ 395,985
Restricted cash and cash equivalents - current	3,048,966	15,242,125
Restricted cash and cash equivalents - noncurrent	1,270,092	2,432,607
Total cash and cash equivalents	$ 4,572,508	$ 18,070,717
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (17,149,070)	$ (16,693,608)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:		
Depreciation expense	879,625	668,376
On-behalf payments	242,119	225,163
Net unrealized loss (gain) on investments	-	59,937
(Increase) decrease in:		
Accounts receivable, net	(119,580)	36,349
Due from Foundation	(27)	13,139
Inventory and prepaids	(29,977)	16,384
Increase (decrease) in:		
Accounts payable	266,916	782,433
Deferred revenue	(357,149)	85,478
Amounts held for others	(163)	(4,742)
Due to Foundation	(67,695)	67,695
Estimated liability for claims and claims adjustment expense	(128,541)	49,167
Compensated absences	(16,290)	42,335
Other postemployment benefits obligation	465,125	-
Net cash (used) by operating activities	$ (16,014,707)	$ (14,651,894)

The accompanying notes are an integral part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE SISKIYOUS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30, 2009	June 30, 2008
ASSETS		
Cash and cash equivalents	$ 161,179	$ 174,275
Investments	1,546,201	1,557,022
Accounts receivable, net	1,531	1,476
Inventory and prepaids	1,150	1,150
Due from District	-	67,695
Beneficial interest in remainder trusts	299,995	385,812
Total assets	$ 2,010,056	$ 2,187,430
LIABILITIES		
Accounts payable	$ 7,009	$ 3,652
Due to District	27	-
Total liabilities	7,036	3,652
NET ASSETS		
Unrestricted	581,051	713,348
Temporarily restricted	955,348	1,028,244
Permanently restricted	466,621	442,186
Total net assets	2,003,020	2,183,778
Total liabilities and net assets	$ 2,010,056	$ 2,187,430

The accompanying notes are an integral
part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE SISKIYOUS FOUNDATION

STATEMENTS OF ACTIVITIES

	Years Ended June 30, 2009	2008
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions:		
Public support	$ 87,369	$ 92,251
Value of services provided by Siskiyou Joint Community College District	98,540	63,201
Total contributions	185,909	155,452
Investment income (loss)	(117,221)	(3,108)
Program service fees	83,500	94,341
Special events:		
Gross revenue	30,975	22,410
Less expenses	15,099	10,635
Total special events	15,876	11,775
Total unrestricted revenues and gains	168,064	258,460
Net assets released from restrictions	676	2,656
Total unrestricted revenues, gains and other support	168,740	261,116
Expenses:		
Program services:		
Scholarships	15,350	13,700
Thrift shop	32,562	30,067
Performing arts series	34,049	29,994
Other programs	83,607	90,236
Total program services expenses	165,568	163,997
Supporting services:		
Management and general	36,929	37,552
Management and general - In-kind	98,540	63,201
Total supporting services expenses	135,469	100,753
Total expenses	301,037	264,750
Decrease in unrestricted net assets	(132,297)	(3,634)

(Continued on the following page)

The accompanying notes are an integral part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE SISKIYOUS FOUNDATION

STATEMENTS OF ACTIVITIES

	Years Ended June 30, 2009	2008
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions	120,740	671,208
Change in value of remainder trusts	(85,817)	-
Investment income (loss)	(107,143)	(75,505)
Total revenues, gains and other support	(72,220)	595,703
Net assets released from restrictions	(676)	(2,656)
Increase (decrease) in temporarily restricted net assets	(72,896)	593,047
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions	24,435	4,125
Increase in permanently restricted net assets	24,435	4,125
CHANGE IN NET ASSETS	(180,758)	593,538
NET ASSETS, BEGINNING OF YEAR	2,183,778	1,590,240
NET ASSETS, END OF YEAR	$ 2,003,020	$ 2,183,778

The accompanying notes are an integral
part of these financial statements.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE SISKIYOUS FOUNDATION

STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (180,758)	$ 593,538
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized loss (gain) on investments	285,598	181,699
Beneficial interest in remainder trusts	-	(385,812)
(Increase) decrease in:		
Accounts receivable, net	(55)	(389)
Due from District	67,695	-
Beneficial interest in remainder trusts	85,817	-
Increase (decrease) in:		
Accounts payable	3,357	(2,511)
Deferred revenue	-	(5,000)
Due to District	27	(80,834)
Net cash provided by operating activities	261,681	300,691
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	5,425	893
Purchase of investments	(280,202)	(289,083)
Net cash (used) by investing activities	(274,777)	(288,190)
NET INCREASE (DECREASE) IN CASH	(13,096)	12,501
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	174,275	161,774
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 161,179	$ 174,275

The accompanying notes are an integral part
of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Siskiyou Joint Community College District (District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Weed, California and a satellite campus in Yreka, California.

The District identified the College of the Siskiyous Foundation (Foundation) as its only potential component unit. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) including Governmental Accounting Standards Board (GASB) Statement 14 as amended by GASB Statement 39. GASB Statement 39 provides three criteria for requiring a legally separate, tax-exempt organization to be discretely presented as a component unit of the reporting entity. These criteria are the “direct benefit” criterion, the “entitlement/ability to access” criterion, and the “significance” criterion.

The Foundation was established as a legally separate, not-for-profit corporation to support the District and its students. It contributes to various scholarship funds for the benefit of District students and contributes directly to the District. The Foundation’s assets are significant to the District’s financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District’s annual financial statements.

BASIS OF PRESENTATION AND ACCOUNTING

The financial statement presentation required by GASB Statements No. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District’s overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District’s financial activities.

The basic financial statements of the Siskiyou Joint Community College District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement No. 20.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION AND ACCOUNTING (Continued)

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

> In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year-end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

The financial accounts of the District are recorded and maintained in accordance with the *California Community Colleges Budget and Accounting Manual*.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the county treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of operations.

ACCOUNTS RECEIVABLE

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Losses on uncollectible accounts receivable are recognized when such losses become known or indicated.

INVENTORY AND PREPAIDS

Inventory consists primarily of bookstore merchandise including, but not limited to: books, instructional materials and sundry items held for resale to students and staff of the District. Inventory is valued at average cost, which approximates market, using the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of $5,000 or more, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 50 years for buildings, 20 years for land improvements, 5-15 years for equipment and vehicles.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED REVENUE

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

AMOUNTS HELD FOR OTHERS

Amounts held for others represents funds held by the District for the Associated Students Trust Fund, Scholarship and Loan Trust Fund, and other agency funds.

COMPENSATED ABSENCES

Accumulated and vested unpaid employee vacation benefits are recognized as liabilities of the District as the benefits are earned.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

LONG-TERM LIABILITIES

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Amortization of issuance costs was $34,431 and $21,019 for the years ended June 30, 2009 and 2008, respectively.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

Net assets represent the difference between assets and liabilities. The District's net assets are classified as follows:

- *Invested in capital assets, net of related debt* – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

- *Restricted net assets-expendable* – Restricted expendable net assets represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

- *Unrestricted net assets* – Unrestricted net assets represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

CLASSIFICATION OF REVENUES

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, local property taxes, and investment income.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CLASSIFICATION OF REVENUES (Continued)

Revenues are classified according to the following criteria:

- Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts and federal appropriations.

- Non-operating revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations and investment income.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues (grants) and operating expenses (payments to students) in the District's financial statements.

STATE APPORTIONMENTS

Certain current year apportionments from the State are based on various financial and statistical information of the previous year as well as State budgets and other factors outside the District's control. In February, subsequent to the year end, the State performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors they can reasonably determine such as local property tax revenue received and changes in FTES. Any additional corrections determined by the State are recorded in the year computed by the State.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Siskiyou (County) bills and collects the taxes for the District.

BUDGET AND BUDGETARY ACCOUNTING

By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

ON-BEHALF PAYMENTS

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers Retirement System (CalSTRS) on behalf of all Community College Districts in California. These payments are included in employee benefits expense and other non-operating revenues.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform with current year presentation.

CHANGES IN ACCOUNTING PRINCIPLES – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expenses and related liabilities, note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2009.

As part of this implementation, management removed the prior asset recorded as investments held by the Retiree Health Benefit Program Joint Powers Agency for OPEB, which was not recorded under the standards established by GASB Statement No. 45. This asset was removed by restating net assets for all years presented in these financial statements and is more fully described in Note 14.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

ORGANIZATION

The purpose of the Foundation is to accumulate funds to award scholarships to assist students while attending the District, and for designated projects. A substantial portion of the Foundation's revenue is from community donations.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting.

BASIS OF PRESENTATION

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

<u>Unrestricted net assets</u> – Net assets that are not subject to donor-imposed stipulations.

<u>Temporarily restricted net assets</u> – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

<u>Permanently restricted net assets</u> – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, the Foundation considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investments are recorded at fair value based on quoted market values. The art collection and gem investments held by the Foundation are carried at the appraised value at the time of donation as reduced for any permanent declines in market value.

ENDOWMENT INVESTMENT AND SPENDING POLICIES

The Foundation’s endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ENDOWMENT INVESTMENT AND SPENDING POLICIES (Continued)

Investment Return Objectives, Risk Parameters and Strategies – The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% of the Foundation's Scholarship Endowments, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy – The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's fair market value as of the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal annual rate, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECOGNITION OF DONOR-RESTRICTED CONTRIBUTIONS

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

However, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

DONATED SERVICES

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Foundation receives donated administrative services from the District. The value of these services were estimated at $98,540 and $63,201 for the years ended June 30, 2009 and 2008, respectively.

Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with the Thrift Shop and other program services. These services did not meet the above requirement for recognition in these financial statements and accordingly, have not been valued or recorded.

INCOME TAXES

The Foundation operates under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2009 and 2008, are displayed on the statement of net assets as follows:

	June 30, 2009	June 30, 2008
District:		
Cash and cash equivalents	$ 253,450	$ 395,985
Restricted cash – current	3,048,966	15,242,125
Restricted cash – non-current	1,270,092	2,432,607
Total cash and cash equivalents	$ 4,572,508	$ 18,070,717
Investments	$ 197,349	$ 192,352
Foundation:		
Cash and cash equivalents	$ 161,179	$ 174,275
Investments	1,546,201	1,557,022
Total cash and investments	$ 1,707,380	$ 1,731,297

Deposits – At June 30, 2009 and 2008, the carrying amount of the District's and Foundation's deposits are summarized as follows:

	June 30, 2009	June 30, 2008
District:		
Cash in County Treasury	$ 3,923,846	$ 17,677,309
Cash in banks	645,772	390,518
Cash on hand	2,890	2,890
Total deposits	$ 4,572,508	$ 18,070,717
Foundation:		
Cash in County Treasury	$ 160,979	$ 174,075
Cash on hand	200	200
Total deposits	$ 161,179	$ 174,275

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

As provided for by *Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was 1.87 and 2.11 years at June 30, 2009 and 2008, respectively.

As of the date of these financial statements, the County of Siskiyou's 2009 audited financial statements were not yet available. Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 4th Street, Yreka, California 96097.

The pooled treasury has regulatory oversight from the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements.

The *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, $250,000 of the bank balances (per institution) at June 30, 2009 and 2008, are insured.

Investments – Under provision of the District's investment policy, and in accordance with Sections 53601 and 53602 of the *California Government Code*, the District may invest in the following types of investments:

- State of California issues
- Local Agency Investment Fund (state pool) deposits
- County Treasurer
- U.S. Treasury Bonds with less than a five-year maturity
- Time Certificates of Deposit limited to $100,000 per financial institution (Institution must be insured by FSLIC and/or FDIC, licensed by the State of California and/or the Federal Government, and located within the State of California)

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

The investment policy of the Foundation is to invest in a variety of mutual funds, which are unrated. As it relates to the gem and art collection, the Foundation intends to retain these as investments and sell the items on an as-needed basis.

As of June 30, 2009 and 2008, the investments consist of:

	June 30, 2009	June 30, 2008
District:		
Investment in LAIF	$ 197,349	$ 192,352
Foundation:		
Mutual funds and debt securities	$ 1,180,116	$ 1,084,593
Art and gems	366,085	472,429
Total investments	$ 1,546,201	$ 1,557,022

The District invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. The Local Agency Investment Advisory Board has oversight of LAIF. The fair value of the District's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, the State Treasurer's Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2009 and 2008, 14.71% and 14.72%, respectively, of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. (Copies can be obtained from the Local Agency Investment Fund, P.O. Box 942809, Sacramento, CA 94209.) PMIA's weighted average maturities was 223.17 days and 191.74 days at June 30, 2009 and 2008, respectively.

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

Risk Information – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. California Government Code Section 53601 limits the District's investments to maturities of five years. The District's investment policy is to hold investments to call or maturity to further mitigate interest rate risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The District's investment policy addresses credit risk by limiting its investment types as noted above to investments authorized by California Government Code. The District's investment in the county investment pool is unrated.

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District and Foundation's investment policies allows investments in single issuer greater than 5%.

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an entity's total deposits. For investments, the District and Foundation do not have policies to address this risk.

(Continued on following page)

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 and 2008, consist of the following:

	June 30, 2009	June 30, 2008
District:		
Tuition and fees	$ 460,140	$ 454,138
Less allowance for doubtful accounts	72,947	64,926
Tuition and fees, net	387,193	389,212
Federal grants and contracts	203,022	131,408
State grants and contracts	233,770	163,128
Local grants and contracts	30,275	50,524
Auxiliary enterprise sales and charges	102,967	103,375
State taxes and other revenues	256,573	288,414
State apportionment	2,172,767	659,316
Investment income, non-capital	49,943	180,821
Total	$ 3,436,510	$ 1,966,198
Foundation:		
Investment income, non-capital	$ 1,531	$ 1,476
Total	$ 1,531	$ 1,476

(Continued on following page)

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable assets:					
Land	$ 199,350	$ -	$ -	$ -	$ 199,350
Construction in progress	3,936,457	8,659,060	-	(2,241,579)	10,353,938
Total nondepreciable assets	$ 4,135,807	$ 8,659,060	$ -	$ (2,241,579)	$ 10,553,288
Depreciable capital assets:					
Land improvements	$ 6,750,539	$ 1,350,594	$ -	$ 711,260	$ 8,812,393
Buildings	11,000,876	3,794,486	-	1,514,919	16,310,281
Vehicles	214,631	-	-	-	214,631
Equipment	1,741,361	250,424	-	15,400	2,007,185
	19,707,407	5,395,504	-	2,241,579	27,344,490
Less accumulated depreciation:					
Land improvements	1,113,583	287,917	-	(5,704)	1,395,796
Buildings	4,553,930	327,400	-	-	4,881,330
Vehicles	185,695	7,759	-	-	193,454
Equipment	745,200	256,548	-	5,704	1,007,452
	6,598,408	879,624	-	-	7,478,032
Total depreciable assets, net	$ 13,108,999	$ 4,515,880	$ -	$ 2,241,579	$ 19,866,458

Included within equipment above is equipment under capital lease with a cost of $52,854 and accumulated depreciation of $27,748 as of June 30, 2009.

(Continued on following page)

NOTE 4 CAPITAL ASSETS
(Continued)

Capital asset activity for the year ended June 30, 2008, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable assets:					
Land	$ 199,350	$ -	$ -	$ -	$ 199,350
Construction in progress	1,157,049	3,685,770	-	(906,362)	3,936,457
Total nondepreciable assets	$ 1,356,399	$ 3,685,770	$ -	$ (906,362)	$ 4,135,807
Depreciable capital assets:					
Land improvements	$ 5,199,943	$ 1,003,024	$ -	$ 547,572	$ 6,750,539
Buildings	8,962,919	1,679,167	-	358,790	11,000,876
Vehicles	214,631	-	-	-	214,631
Equipment	1,607,700	156,604	22,943	-	1,741,361
	15,985,193	2,838,795	22,943	906,362	19,707,407
Less accumulated depreciation:					
Land improvements	902,991	210,592	-	-	1,113,583
Buildings	4,305,853	248,077	-	-	4,553,930
Vehicles	171,631	14,064	-	-	185,695
Equipment	563,976	195,643	14,419	-	745,200
	5,944,451	668,376	14,419	-	6,598,408
Total depreciable assets, net	$ 10,040,742	$ 2,170,419	$ 8,524	$ 906,362	$ 13,108,999

Included within equipment above is equipment under capital lease with a cost of $52,854 and accumulated depreciation of $22,463 as of June 30, 2008.

(Continued on following page)

NOTE 5 ACCOUNTS PAYABLE

Accounts payable at June 30, 2009 and 2008, consist of the following:

	June 30, 2009	June 30, 2008
District:		
Accrued payroll and related liabilities	$ 915,100	$ 640,119
Construction payables	1,204,546	1,514,167
Interest payable	362,084	330,745
Other	719,738	418,182
Total	$ 3,201,468	$ 2,903,213
Foundation:		
Other	$ 7,009	$ 3,652
Total	$ 7,009	$ 3,652

NOTE 6 SHORT-TERM DEBT

The District participated in the California Community College Financing Authority 2008 Tax and Revenue Anticipation Bond program, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels.

Short-term debt activity for the year ended June 30, 2009 was as follows:

	June 30, 2008 Balance	Drawn	Repaid	June 30, 2009 Balance
Participation in California Community College Financing Authority 2008 Tax and Revenue Anticipation Bonds	$ -	$ 1,020,000	$ 1,020,000	$ -

Short-term debt activity for the year ended June 30, 2008 was as follows:

	June 30, 2007 Balance	Drawn	Repaid	June 30, 2008 Balance
Participation in California Community College Financing Authority 2007 Tax and Revenue Anticipation Bonds	$ -	$ 830,000	$ 830,000	$ -

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	Beginning Balance	Accretions/ Additions	Reductions	Ending Balance
Long-term Debt:				
General obligation bonds (Dorm Revenue)	$ 111,000	$ -	$ 10,000	$ 101,000
General obligation bonds (Measure A – Series A)	15,537,073	31,880	185,000	15,383,953
General obligation bonds (Measure A – Series B and C)	10,786,867	347,849	-	11,134,716
Notes payable	-	-	-	-
Capital lease	9,568	-	9,568	-
Total	$ 26,444,508	$ 379,729	$ 204,568	$ 26,619,669
Other Long-term Liabilities:				
Compensated absences	$ 339,383	$ 376,800	$ 393,090	$ 323,093
Other postemployment benefits obligation	-	465,125	-	465,125
Total	$ 339,383	$ 841,925	$ 393,090	$ 788,218

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	Beginning Balance	Accretions/ Additions	Reductions	Ending Balance
Long-term Debt:				
General obligation bonds (Dorm Revenue)	$ 121,000	$ -	$ 10,000	$ 111,000
General obligation bonds (Measure A – Series A)	15,465,481	71,592	-	15,537,073
General obligation bonds (Measure A – Series B and C)	-	10,786,867	-	10,786,867
Notes payable	5,106	-	5,106	-
Capital lease	21,334	-	11,766	9,568
Total	$ 15,612,921	$ 10,858,459	$ 26,872	$ 26,444,508
Other Long-term Liabilities:				
Compensated absences	$ 297,048	$ 379,116	$ 336,781	$ 339,383

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES (Continued)

	June 30, 2009	June 30, 2008
General Obligation Bonds		
The Dormitory Revenue Bonds were issued in 1968 in the amount of $336,000 for the construction of a two-story dormitory. The bonds are secured by a first lien on and pledge of the net revenues to be derived from the operation and ownership of the Juniper and Ponderosa dormitories. The bonds mature through 2018 and accrue interest at 3%.	$ 101,000	$ 111,000
2005 General Obligation Bonds, Series A, were issued in May 2006 in the original amount of $14,997,976, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2030. The interest rate ranges from 4% to 5%.	14,955,680	15,089,184
2005 General Obligation Bonds, Series B and C, were issued in April 2008 in the original amount of $9,998,688, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2047. The interest rate ranges from 3% to 6%.	10,481,179	10,115,054

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES
(Continued)

	June 30, 2009	June 30, 2008
Capital Lease Payable		
In March 2004, the District entered into a capital lease for copiers. The lease is payable in monthly installments of $1,104, including interest at 9.29%, and was due on or before March 2009.	-	9,568
Total long-term debt	25,537,859	25,324,806
Premium on 2005 General Obligation Bonds (Series A)	428,273	447,889
Premium on 2005 General Obligation Bonds (Series B and C)	653,537	671,813
Net long-term debt	26,619,669	26,444,508
Less current portion	85,000	204,568
Total long-term debt, noncurrent portion	$ 26,534,669	$ 26,239,940

Accretion

The 2005 General Obligation Bonds (Series A, B and C) have been increased to include accretion of the capital appreciation bonds. Annual accretion is recognized as interest expense in the statement of activities.

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES
(Continued)

The annual debt service requirements to maturity on the long-term debt issues are as follows:

Year Ended June 30,	Bonds and Notes Payable Principal	Interest	Total	Bond Premium	Total
2010	$ 85,000	$ 906,314	$ 991,314	$ 37,893	$ 1,029,207
2011	175,000	872,186	1,047,186	37,893	1,085,079
2012	221,000	864,681	1,085,681	37,893	1,123,574
2013	266,000	855,851	1,121,851	37,893	1,159,744
2014	311,000	928,221	1,239,221	37,893	1,277,114
2015 – 2019	1,650,976	4,652,388	6,303,364	189,465	6,492,829
2020 – 2024	3,905,000	3,532,719	7,437,719	189,465	7,627,184
2025 – 2029	6,375,000	2,363,578	8,738,578	189,465	8,928,043
2030 – 2034	4,192,044	7,070,397	11,262,441	108,159	11,370,600
2035 – 2039	4,313,217	8,345,318	12,658,535	73,150	12,731,685
2040 – 2044	2,008,095	12,956,185	14,964,280	73,150	15,037,430
2045 – 2049	1,410,332	10,805,900	12,216,232	69,491	12,285,723
Total	$ 24,912,664	$ 54,153,738	79,066,402	1,081,810	80,148,212
Less interest (excluding accretion of $625,195)			53,528,543	-	53,528,543
Net principal			$ 25,537,859	$ 1,081,810	$ 26,619,669

OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* during the year ended June 30, 2009. The District's actuarially determined annual required contributions for the year ended June 30, 2009, was $712,575, and contributions made by the District during the year were $247,450, which resulted in a net OPEB obligation of $465,125. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

NOTE 8 PENSION PLANS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

A. Plan Descriptions and Provisions

1. *State Teachers' Retirement System (STRS)*

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more in a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the 2 percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied.

Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

A. Plan Descriptions and Provisions (Continued)

1. *State Teachers' Retirement System (STRS)* (Continued)

The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

At June 30, 2009 and 2008, the District employed 108 and 164 certificated employees with a total annual payroll of $5,763,987 and $5,724,688, respectively.

2. *California Pubic Employees' Retirement System (CalPERS)*

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Siskiyou Joint Community College District is part of a “cost-sharing” pool within CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit.

Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government* Code, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

B. Funding Policy

STRS: Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2009 and 2008, was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statutes.

CalPERS: Active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over $133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2009 and 2008, was 9.428% and 9.306% of annual payroll. The contribution requirements of the plan members are established by State statutes.

The District's required contributions for the last three years are as follows:

	Year Ended June 30,		
	2007	2008	2009
STRS	$ 442,215	$ 472,233	$ 475,529
PERS	329,495	378,371	385,401
Total	$ 771,710	$ 850,604	$ 860,930

All contributions were made in accordance with actuarially determined requirements and equal 100% of the required contribution for each year.

C. On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 4.517% of covered members' gross salaries. The contribution for the years ending June 30, 2009 and 2008 are estimated to have been $242,119 and $225,163, respectively. The payment amounts have been reflected in the basic financial statements as a component of employee benefit expense and nonoperating revenues.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

C. On-Behalf Payments (Continued)

A contribution to CalPERS was not required for the years ended June 30, 2009 and 2008.

NOTE 9 STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

NOTE 10 RISK MANAGEMENT

The District is a member of the Northern California Community Colleges Self Insurance Authority (Authority). The Authority is a member of the State Wide Association of Community Colleges Joint Powers Authority (SWACC). The Authority provides for a risk-sharing plan whereby the member districts share in the claims costs as well as the administrative costs of providing property and liability coverages. Financial statements are available from each Authority upon request.

Coverage includes property, liability and workers' compensation insurance. Liability losses in excess of the District's $1,000 retention amount are covered up to $5,000,000 per occurrence. Coverage above the $5,000,000 level up to $15,000,000 is arranged independently for each member through the Schools Excess Liability Fund (SELF). Property losses in excess of the District's $1,000 retention amount are covered up to the District's total insurable values. Workers' compensation losses are fully insured. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District has a self-insured health insurance plan which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of $75,000 per employee up to $1,925,000 per employee are covered by excess insurance through a stop loss carrier.

(Continued on following page)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

A. Plan Description

The Siskiyou Joint Community College District Post Retirement Health Benefits Plan (the Plan) is a single-employer OPEB plan administered by the District. Administrators, Academic and Administrative Support Management employees hired prior to July 1, 1992, Classified employees hired prior to December 1, 1992 and Board members elected between January 1, 1981 and January 1, 1995 may receive benefits from age 55 to age 65. The District pays 100% of the eligible retirees' medical plan premiums. Before receiving benefits Academic, Administrative Support Management and Classified employees must have ten years of service with the District. Board members must serve a minimum of 12 years with the District. All employees and board members with twenty or more years of service are eligible to receive District paid medical benefits from the date of retirement for the remainder of their lives.

As of June 30, 2009, the District has 44 active full-time employees who are eligible for post retirement health benefits and 57 retirees who receive post retirement health benefits.

B. Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. Additionally, the District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2009, the District contributed $247,450 to the Plan.

(Continued on following page)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

C. Annual OPEB Costs and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding costs over a period of 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan for the year ended June 30, 2009.

Annual OPEB cost for the year (ARC)	$ 712,575
Contributions made for the year	(247,450)
Increase in net OPEB obligation	465,125
Net OPEB obligation, beginning of the year	-
Net OPEB obligation, end of year	$ 465,125

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2009 is as follows (since this is the first year of implementation, only the current year information is presented):

Annual OPEB cost	$ 712,575
Percentage of annual OPEB costs contributed	34.73%
Net OPEB obligation	$ 465,125

(Continued on following page)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. Funded Status Information

The District's funding status information is illustrated as follows:

Actuarial valuation date	February 5, 2010
Actuarial accrued liability (AAL)	$ 8,791,862
Actuarial value of plan assets	$ 892,196
Actuarial value of plan assets as percentage of AAL	10.15%
Unfunded AAL (UAAL)	$ 7,899,666
Covered payroll (active employees)	$ 2,453,456
UAAL as percentage of covered payroll	321.98%

As of June 30, 2009, the District has set aside approximately $1,052,325 in an external trust fund and the fair value of the trust fund as of June 30, 2009 was approximately $814,229.

E. Actuarial Methods and Assumptions

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Continued on following page)

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

E. Actuarial Methods and Assumptions (Continued)

In the February 5, 2010 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.0% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized over a 30-year period using the flat dollar amount method. The actuarial value of assets was determined using a 20 year smoothing formula subject to a 20% corridor around market value.

NOTE 12 FUNCTIONAL EXPENSES

The functional expenses classifications for the year ended June 30, 2009 is as follows:

	Salaries	Employee Benefits	Supplies Materials and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 6,045,372	$ 1,663,333	$ 751,770	$ -	$ 8,460,475
Academic support	1,189,285	592,568	266,501	-	2,048,354
Student services	1,794,958	922,216	414,353	-	3,131,527
Plant operations and maintenance	398,034	334,042	295,533	-	1,027,609
Utilities	-	-	688,953	-	688,953
Instructional support	1,626,735	1,038,903	702,161	-	3,367,799
Services:					
Community services and economic development	176,231	48,371	34,596	-	259,198
Ancillary services and auxiliary operations	451,555	221,212	1,075,720	-	1,748,487
Physical property and related acquisitions	119,012	36,668	1,049,254	-	1,204,934
Student aid	-	-	3,735,583	-	3,735,583
Depreciation expense	-	-	-	879,625	879,625
Total	$ 11,801,182	$ 4,857,313	$ 9,014,424	$ 879,625	$ 26,552,544

(Continued on following page)

NOTE 12 FUNCTIONAL EXPENSES
(Continued)

The functional expenses classifications for the year ended June 30, 2008 is as follows:

	Salaries	Employee Benefits	Supplies Materials and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 5,865,951	$ 1,680,505	$ 714,827	$ -	$ 8,261,283
Academic support	1,079,751	456,408	184,164	-	1,720,323
Student services	1,742,785	741,733	539,748	-	3,024,266
Plant operations and maintenance	381,025	262,987	340,179	-	984,191
Utilities	-	-	732,178	-	732,178
Instructional support	1,731,543	947,315	910,773	-	3,589,631
Services:					
Community services and economic development	219,527	41,286	93,509	-	354,322
Ancillary services and auxiliary operations	428,582	190,696	1,162,590	-	1,781,868
Physical property and related acquisitions	110,427	22,191	1,448,769	-	1,581,387
Student aid	-	-	3,078,366	-	3,078,366
Depreciation expense	-	-	-	668,376	668,376
Total	$ 11,559,591	$ 4,343,121	$ 9,205,103	$ 668,376	$ 25,776,191

(Continued on following page)

NOTE 13 COMMITMENTS

As of June 30, 2009, the District had no incomplete construction contracts relating to various campus scheduled maintenance projects.

As of June 30, 2009, the District had unfinished construction contracts of $1,137,808 related to various Measure A Bond projects. The Science Building project is still in the planning and design stages and the contract on this project had not been awarded as of year end.

As of June 30, 2008, the District had two incomplete construction contracts of $146,116 relating to various campus scheduled maintenance projects.

As of June 30, 2008, the District had unfinished construction contracts of $16,277,585 related to various Measure A Bond projects. The Science Building project was still in the planning and design stages and the contract on this project had not been awarded as of year end.

NOTE 14 PRIOR PERIOD ADJUSTMENT

CHANGE IN ACCOUNTING PRINCIPLE

As described more fully in Note 1, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*. As part of this implementation, management removed the prior investment account used to record the District's prefunded portion of the retiree health benefit costs, which was not recorded under the standards established by GASB Statement No. 45. The removal of this asset had no impact on net income for the years ended June 30, 2009 or 2008. The adjustment to June 30, 2008 net assets is presented as follows:

Net assets, beginning of year, as previously reported	$ 8,920,720
Change in accounting principle	(969,212)
Net assets, beginning of year, as restated	$ 7,951,508

(Continued on following page)

NOTE 15 BENEFICIAL INTEREST IN REMAINDER TRUSTS – FOUNDATION

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the beneficiaries' use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities.

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2009, the present value of the future benefits was calculated using a discount rate of 2.8%, estimated rate of return of 2.8%, and applicable mortality tables. At June 30, 2008, the present value of future benefits was calculated using a discount rate of 3.8%, estimated rate of return of 3.8%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2009 and 2008, totaled $299,995 and $385,812, respectively, and are reported at fair value in the Foundation's statement of financial position.

NOTE 16 INVESTMENT INCOME – FOUNDATION

A summary of return on investments consists of the following for the years ended June 30, 2009 and 2008, respectively:

	2009	2008
Interest and dividends	$ 61,235	$ 92,522
Net realized and unrealized gain (loss)	(285,599)	(171,135)
Total investment income (loss)	$ (224,364)	$ (78,613)

Such amounts are presented in the statement of activities as follows:

	2009	2008
Investment income (loss) – unrestricted	$ (117,221)	$ (3,108)
Investment income (loss) – temporarily restricted	(107,143)	(75,505)
Total investment income (loss)	$ (224,364)	$ (78,613)

(Continued on following page)

NOTE 17 SPECIAL EVENTS – FOUNDATION

The following is a summary of special events:

	Year Ended June 30, 2009		
	Golf Tournament	Craft Fair	Total
Gross revenue	$ 26,705	$ 4,270	$ 30,975
Expenses	(10,101)	(4,998)	(15,099)
	$ 16,604	$ (728)	$ 15,876

	Year Ended June 30, 2008		
	Golf Tournament	Craft Fair	Total
Gross revenue	$ 17,997	$ 4,413	$ 22,410
Expenses	(9,887)	(748)	(10,635)
	$ 8,110	$ 3,665	$ 11,775

NOTE 18 TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Scholarships	$ 193,156	$ 281,584
Rural Health Sciences Training Institute	402,878	300,739
Beneficial interest in remainder trusts	299,995	385,812
Other programs	59,319	60,109
Total	$ 955,348	$ 1,028,244

NOTE 19 PERMANENTLY RESTRICTED NET ASSETS – FOUNDATION

Permanently restricted net assets are invested for the following purposes:

	2009	2008
Scholarships	$ 466,621	$ 442,186

(Continued on following page)

NOTE 20 ENDOWMENTS – FOUNDATION

Endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
Scholarships	$ -	$ 193,156	$ 466,621	$ 659,777
Title III	-	402,878	-	402,878
Board-designated endowment funds	14,672	-	-	14,672
Total funds	$ 14,672	$ 596,034	$ 466,621	$ 1,077,327

Changes in endowment net assets as of June 30, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 14,177	$ 582,323	$ 442,186	$ 1,038,686
Contributions	6,060	139,840	24,435	170,335
Investment income	355	47,656	-	48,011
Net appreciation(depreciation)	(2,920)	(152,316)	-	(155,236)
Amounts appropriated for expenditure	(3,000)	(21,469)	-	(24,469)
Endowment net assets, end of year	$ 14,672	$ 596,034	$ 466,621	$ 1,077,327

Endowment net asset composition by type of fund as of June 30, 2008 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
Scholarships	$ -	$ 281,584	$ 442,186	$ 723,770
Title III	-	300,739	-	300,739
Board-designated endowment funds	14,177	-	-	14,177
Total funds	$ 14,177	$ 582,323	$ 442,186	$ 1,038,686

(Continued on following page)

NOTE 20 ENDOWMENTS – FOUNDATION
(Continued)

Changes in endowment net assets as of June 30, 2008 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 10,994	$ 373,644	$ 438,061	$ 822,699
Contributions	4,059	295,609	4,125	303,793
Investment income	631	72,959	-	73,590
Net appreciation(depreciation)	(1,507)	(147,589)	-	(149,096)
Amounts appropriated for expenditure	-	(12,300)	-	(12,300)
Endowment net assets, end of year	$ 14,177	$ 582,323	$ 442,186	$ 1,038,686

Donor-restricted scholarship endowment funds consist of permanently restricted contributions received for various scholarship programs. Earnings on these endowments are used for the payment of scholarships under the various programs. Donor-restricted Title III endowment funds are Federal grant receipts (and matching contributions) which are to be held for a period of twenty years. Earnings on these funds are to be spent on maintenance of the Rural Health Science Institute. At the end of the twenty year period, the grant proceeds and matching contributions are available to be used to pay various Rural Health Science Institute related expenditures.

NOTE 21 FAIR VALUE MEASUREMENTS – FOUNDATION

The Foundation partially adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements, (SFAS 157) as of July 1, 2008. SFAS 157 clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements, but does not change existing guidance as to whether or not an instrument is carried at fair value. In February 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) 157-2, which delays the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until January 1, 2009. In October 2008, the FASB issued FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active", with an immediate effective date. The purpose of this release was to provide further clarification regarding Level 3 inputs and the assumptions management may make when the market for the asset is not active.

(Continued on following page)

NOTE 21 FAIR VALUE MEASUREMENTS – FOUNDATION (Continued)

The adoption of FSP FAS 157-3 did not have a material effect on the Foundation's results of operations, financial position or liquidity. The partial adoption of SFAS No. 157 did not have a significant impact on the Foundation's financial position or results of operations. The Foundation does not expect the adoption of SFAS No. 157, as it relates to nonfinancial assets and liabilities, to have a significant impact on the Foundation's financial position or results of operations.

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds and debt securities	$ 1,180,116	$ 1,180,116	$ -	$ -
Beneficial interest in CRAT	299,995	-	-	299,995
Total	$ 1,480,111	$ 1,180,116	$ -	$ 299,995

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	CRAT
July 1, 2008	$ 385,812
Total gains or losses (realized/unrealized)	(85,817)
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
June 30, 2009	$ 299,995

Fair value for the assets held by others (Level 3) is determined by management's judgment to approximate the present value of the future distributions expected to be received.

(Continued on following page)

NOTE 21 FAIR VALUE MEASUREMENTS – FOUNDATION (Continued)

Fair values of assets measured on a recurring basis at June 30, 2008 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds and debt securities	$ 1,084,593	$ 1,084,593	$ -	$ -
Beneficial interest in CRAT	385,812	-	-	385,812
Total	$ 1,470,405	$ 1,084,593	$ -	$ 385,812

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	CRAT
July 1, 2007	$ -
Total gains or losses (realized/unrealized)	-
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	385,812
June 30, 2008	$ 385,812

Fair value for the assets held by others (Level 3) is determined by management's judgment to approximate the present value of the future distributions expected to be received.

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SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

ORGANIZATION

JUNE 30, 2009

BOARD OF TRUSTEES

Name	Office	Area	Term Expires
Mr. Jim Hardy	President	II	December 2010
Mr. Alan Dyar	Vice President/Clerk	VII	December 2010
Mrs. Marilyn Hall	Member	III	December 2010
Mr. Barry Ohlund	Member	IV	December 2012
Mr. Robert Rice	Member	V	December 2012
Mr. Gregory Hanna	Member	VI	December 2012
Mrs. Penny Heilman	Member	I	December 2010

ADMINISTRATION

NAME	Office
Randall Lawrence	Superintendent/President
Dr. Robin Richards	Vice President for Student Services
Dr. Barry Russell	Vice President of Instruction
Mr. Steve Crow	Vice President of Administrative and Information Services

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
Department of Agriculture:		
Passed-through Siskiyou County Department of Education:		
National Forest - Dependent Rural Communities	10.670	$ 268,168
Distance Learning and Telemedicine Loans and Grants	10.855	76,788
Total Department of Agriculture		344,956
Department of Education:		
Federal Supplemental Educational Opportunity Grants Program	84.007	43,875
Federal Family Education Loan Program	84.032	-
Federal Work Study Program	84.033	69,404
Federal Pell Grant Program	84.063	2,949,540
Academic Competitiveness Grant	84.375A	33,900
TRIO - Student Support Services	84.042	241,855
TRIO - Upward Bound	84.047	324,632
Title III	84.013A	283,434
Passed through State Department of Education -		
Vocational Education - Basic Grants to States (Title II)	84.048	119,200
Total Department of Education		4,065,840
Total Federal Programs		$ 4,410,796

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

YEAR ENDED JUNE 30, 2009

	Program Revenues				
Description	Cash Received	(Increase) Decrease Accounts Receivable	(Increase) Decrease in Deferred Income	Total	Total Program Expenditures
CalWorks	$ 70,782	$ -	$ (17,345)	$ 53,437	$ 53,437
TANF	23,993	-	(403)	23,590	23,590
Deferred Maintenance	250,000	-	(64,739)	185,261	185,261
Part time Faculty Parity	117,425	-	-	117,425	117,425
LVN-RN Step Up	20,510	377	47,854	68,741	68,741
CTE	769,700	-	(673,582)	96,118	96,118
SFAA	143,634	-	(23,431)	120,203	120,203
Matriculation	122,573		(13,578)	108,995	108,995
Basic Skills	100,000		(28,786)	71,214	71,214
Instructional Equipment	133,333	-	27,408	160,741	160,741
Staff Diversity	9,223	-	(1,605)	7,618	7,618
DSP&S	349,781	-	(8,167)	341,614	341,614
E.O.P.S.	435,426	-	2,188	437,614	437,614
C.A.R.E.	77,600	-	102	77,702	77,702
All other categorical	172,749	-	(46,344)	126,405	126,405
	$ 2,796,729	$ 377	$ (800,428)	$ 1,996,678	$ 1,996,678

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT

ANNUALIZED ATTENDANCE AS OF JUNE 30, 2009

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2008 Only)			
1. Noncredit	19.74		19.74
2. Credit	97.17		97.17
B. Summer Intersession (Summer 2009 Prior to July 1, 2009)			
1. Noncredit	1.56		1.56
2. Credit	180.10		180.10
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,516.12		1,516.12
(b) Daily Census Contact Hours	301.03		301.03
2. Actual Hours of Attendance Procedures Courses			
(a) Noncredit	117.19		117.19
(b) Credit	159.88		159.88
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	190.73		190.73
(b) Daily Census Procedure Courses	87.93		87.93
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	2,671.45		2,671.45
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	141.44		141.44
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	14.64		14.64
2. Credit	173.67		173.67

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311)
WITH DISTRICT ACCOUNTING RECORDS

YEAR ENDED JUNE 30, 2009

	General Fund	Bond Interest and Redemption Fund	Revenue Bond Interest and Redemption Fund	Cafeteria Fund
June 30, 2009 Annual Financial and Budget Report (CCFS-311) Fund Balance (Deficit)	$ 2,132,302	$ 23,402	$ 841,700	$ (753)
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District identified adjustments	124	-	-	-
Audit adjustments	-	-	(36,314)	-
Reclassification of Amounts Held for Others	-	-	-	-
Rounding	-	-	-	(1)
Net adjustments and reclassifications	124	-	(36,314)	(1)
June 30, 2009 District Accounting Records Fund Balance (Deficit)	$ 2,132,426	$ 23,402	$ 805,386	$ (754)

(Continued on following page)

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund
$ (347,489)	$ 17,886	$ 321,886	$ (100,266)	$ (46,491)	$ 1,698,069	$ 18,335
-	-	-	-	-	(814,229)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(18,335)
(1)	-	1	1	-	1	-
(1)	-	1	1	-	(814,228)	(18,335)
$ (347,490)	$ 17,886	$ 321,887	$ (100,265)	$ (46,491)	$ 883,841	$ -

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311)
WITH DISTRICT ACCOUNTING RECORDS

YEAR ENDED JUNE 30, 2009

	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Other Agency Funds	Total District Funds
June 30, 2009 Annual Financial and Budget Report (CCFS-311) Fund Balance (Deficit)	$ (61,235)	$ 25,316	$ -	$ 4,522,662
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District identified adjustments	-	-	-	(814,105)
Audit adjustments	-	-	-	(36,314)
Reclassification of Amounts Held for Others	-	(25,316)	-	(43,651)
Rounding	(1)	-	-	-
Net adjustments and reclassifications	(1)	(25,316)	-	(894,070)
June 30, 2009 District Accounting Records Fund Balance (Deficit)	$ (61,236)	$ -	$ -	$ 3,628,592

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET - ALL DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2009

	General	Bond Interest and Redemption	Measure A Interest and Redemption	Cafeteria
ASSETS				
Cash and cash equivalents	$ 1,456,359	$ 23,245	$ 1,158,723	$ 17,251
Investments	197,349	-	-	-
Accounts receivable, net	2,828,588	157	8,747	170,700
Due from other funds	262,516	-	-	-
Due from Foundation	-	-	-	-
Inventory and prepaids	149,256	-	-	-
Total assets	$ 4,894,068	$ 23,402	$ 1,167,470	$ 187,951
LIABILITIES				
Accounts payable	$ 1,234,732	-	$ 362,084	$ 17,340
Deferred revenue	1,364,181	-	-	17,510
Due to other funds	162,729	-	-	153,855
Amounts held for others	-	-	-	-
Estimated liability for claims and claims adjustment expense	-	-	-	-
Total liabilities	2,761,642	-	362,084	188,705
FUND EQUITY				
Retained earnings (deficit)	-	-	-	-
Fund balances (deficit):				
Reserves for debt service	-	23,402	805,386	-
Reserved for capital outlay	-	-	-	-
Unreserved:				
Undesignated	2,132,426	-	-	(754)
Total fund equity (deficit)	2,132,426	23,402	805,386	(754)
Total liabilities and fund equity (deficit)	$ 4,894,068	$ 23,402	$ 1,167,470	$ 187,951

(Continued on following page)

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

Dormitory Revenue	Dormitory Repair and Replacement	Capital Outlay	Measure A Construction	Bookstore	Self-Insurance	Associated Students Trust
$ 18,088	$ 17,766	$ 385,317	$ 1,023,248	$ 45,846	$ 223,599	$ 20,510
-	-	-	-	-	-	-
181,764	120	103,921	12,037	103,684	1,062	83
-	-	12,212	68,996	-	976,005	-
-	-	27	-	-	-	-
-	-	-	-	271,880	-	-
$ 199,852	$ 17,886	$ 501,477	$ 1,104,281	$ 421,410	$ 1,200,666	$ 20,593
-	-	$ 179,590	$ 1,204,546	$ 90,367	$ 21,929	-
16,838	-	-	-	-	-	2,229
530,504	-	-	-	377,534	-	28
-	-	-	-	-	-	18,336
-	-	-	-	-	294,896	-
547,342	-	179,590	1,204,546	467,901	316,825	20,593
-	-	-	-	(46,491)	883,841	-
-	-	-	-	-	-	-
-	-	405,123	-	-	-	-
(347,490)	17,886	(83,236)	(100,265)	-	-	-
(347,490)	17,886	321,887	(100,265)	(46,491)	883,841	-
$ 199,852	$ 17,886	$ 501,477	$ 1,104,281	$ 421,410	$ 1,200,666	$ 20,593

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET - ALL DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2009

	Student Financial Aid	Scholarship and Loan Trust	Other Agency Funds	Total
ASSETS				
Cash and cash equivalents	$ 98,900	$ 25,157	$ 58,499	$ 4,572,508
Investments	-	-	-	197,349
Accounts receivable, net	25,288	159	200	3,436,510
Due from other funds	-	-	-	1,319,729
Due from Foundation	-	-	-	27
Inventory and prepaids	-	-	-	421,136
Total assets	$ 124,188	$ 25,316	$ 58,699	$ 9,947,259
LIABILITIES				
Accounts payable	$ 90,780	-	$ 100	$ 3,201,468
Deferred revenue	417	-	-	1,401,175
Due to other funds	94,227	-	852	1,319,729
Amounts held for others	-	25,316	57,747	101,399
Estimated liability for claims and claims adjustment expense	-	-	-	294,896
Total liabilities	185,424	25,316	58,699	6,318,667
FUND EQUITY				
Retained earnings (deficit)	-	-	-	837,350
Fund balances (deficit):				
Reserves for debt service	-	-	-	828,788
Reserved for capital outlay	-	-	-	405,123
Unreserved:				
Undesignated	(61,236)	-	-	1,557,331
Total fund equity (deficit)	(61,236)	-	-	3,628,592
Total liabilities and fund equity (deficit)	$ 124,188	$ 25,316	$ 58,699	$ 9,947,259

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND EQUITY - ALL DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	General	Bond Interest and Redemption	Measure A Interest and Redemption	Cafeteria
OPERATING REVENUES				
Tuition and fees	$ 1,703,889	-	-	$ 344,719
Less: scholarship discount and allowance	(771,693)	-	-	-
Net tuition and fees	932,196	-	-	344,719
Grants and contracts, non-capital:				
Federal	1,324,260	-	-	-
State	1,232,557	-	-	-
Local	157,523	-	-	49,424
Auxiliary enterprise sales and charges	-	-	-	-
Total operating revenues	3,646,536	-	-	394,143
OPERATING EXPENDITURES/EXPENSES				
Salaries	11,356,618	-	-	11,800
Employee benefits	3,624,624	-	-	1,449
Supplies, materials, and other operating expenditures/expenses and services	2,470,804	-	1,761	340,972
Payments to students	115,644	-	-	-
Capital outlay	578,393	-	-	-
Utilities	615,767	-	-	20,000
Total operating expenditures/expenses	18,761,850	-	1,761	374,221
OPERATING INCOME (LOSS)	(15,115,314)	-	(1,761)	19,922
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments	12,195,078	-	-	-
Local property taxes	3,339,002	-	1,069,225	-
State taxes and other revenues	438,963	-	36,622	-
Investment income, non-capital	135,309	838	30,207	-
Other non-operating revenues	275,154	-	-	-
Debt services	(48,166)	(23,273)	(1,059,850)	-
Total non-operating revenues (expenditures)	16,335,340	(22,435)	76,204	-

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

Dormitory Revenue	Dormitory Repair and Replacement	Capital Outlay	Measure A Construction	Bookstore	Self-Insurance	Associated Students Trust
$ 351,664	-	-	-	-	-	-
-	-	-	-	-	-	-
351,664	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	102,139	-	-	-	-
58,084	-	58,639	-	3,976	2,529,647	-
-	-	-	-	790,007	-	-
409,748	-	160,778	-	793,983	2,529,647	-
228,375	-	-	-	74,865	-	-
81,854	-	-	-	29,719	2,708,027	-
31,320	-	77,864	181,969	688,917	1,745	-
-	-	-	-	-	-	-
431	-	1,004,716	13,245,938	-	-	-
41,547	-	-	1,639	10,000	-	-
383,527	-	1,082,580	13,429,546	803,501	2,709,772	-
26,221	-	(921,802)	(13,429,546)	(9,518)	(180,125)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,293	542	11,613	247,107	-	3,856	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,293	542	11,613	247,107	-	3,856	-

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND EQUITY - ALL DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	General	Bond Interest and Redemption	Measure A Interest and Redemption	Cafeteria
Income (loss) before other revenues and expenditures	1,220,026	(22,435)	74,443	19,922
OTHER REVENUES AND EXPENDITURES				
State revenue - capital	150,000	-	-	-
Excess of revenues over (under) expenditures	1,370,026	(22,435)	74,443	19,922
OTHER FINANCING SOURCES (USES)				
Operating transfers in	33,333	23,272	-	-
Operating transfers out	(616,854)	-	-	-
Total other financing sources (uses)	(583,521)	23,272	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	786,505	837	74,443	19,922
FUND EQUITY (DEFICIT), BEGINNING OF YEAR, AS RESTATED	1,345,921	22,565	730,943	(20,676)
FUND EQUITY (DEFICIT), END OF YEAR	$ 2,132,426	$ 23,402	$ 805,386	$ (754)

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

Dormitory Revenue	Dormitory Repair and Replacement	Capital Outlay	Measure A Construction	Bookstore	Self-Insurance	Associated Students Trust
31,514	542	(910,189)	(13,182,439)	(9,518)	(176,269)	-
-	-	-	-	-	-	-
31,514	542	(910,189)	(13,182,439)	(9,518)	(176,269)	-
-	4,000	769,405	-	-	-	-
(17,330)	-	-	(213,270)	-	-	-
(17,330)	4,000	769,405	(213,270)	-	-	-
14,184	4,542	(140,784)	(13,395,709)	(9,518)	(176,269)	-
(361,674)	13,344	462,671	13,295,444	(36,973)	1,060,110	-
$ (347,490)	$ 17,886	$ 321,887	$ (100,265)	$ (46,491)	$ 883,841	$ -

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND EQUITY - ALL DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	Student Financial Aid	Scholarship and Loan Trust	Other Agency Funds	Total
OPERATING REVENUES				
Tuition and fees	-	-	-	$ 2,400,272
Less: scholarship discount and allowance	-	-	-	(771,693)
Net tuition and fees	-	-	-	1,628,579
Grants and contracts, non-capital:				
Federal	3,081,752	-	-	4,406,012
State	725,838	-	-	2,060,534
Local	648	-	-	2,857,941
Auxiliary enterprise sales and charges	-	-	-	790,007
Total operating revenues	3,808,238	-	-	11,743,073
OPERATING EXPENDITURES/EXPENSES				
Salaries	145,813	-	-	11,817,471
Employee benefits	43,695	-	-	6,489,368
Supplies, materials, and other operating expenditures/expenses and services	19,504	-	-	3,814,856
Payments to students	3,620,059	-	-	3,735,703
Capital outlay	-	-	-	14,829,478
Utilities	-	-	-	688,953
Total operating expenditures/expenses	3,829,071	-	-	41,375,829
OPERATING INCOME (LOSS)	(20,833)	-	-	(29,632,756)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments	-	-	-	12,195,078
Local property taxes	-	-	-	4,408,227
State taxes and other revenues	-	-	-	475,585
Investment income, non-capital	258	-	-	435,023
Other non-operating revenues	-	-	-	275,154
Debt services	-	-	-	(1,131,289)
Total non-operating revenues (expenditures)	258	-	-	16,657,778

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND EQUITY - ALL DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2008

	Student Financial Aid	Scholarship and Loan Trust	Other Agency Funds	Total
Income (loss) before other revenues and expenditures	(20,575)	-	-	(12,974,978)
OTHER REVENUES AND EXPENDITURES				
State revenue - capital	-	-	-	150,000
Excess of revenues over (under) expenditures	(20,575)	-	-	(12,824,978)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	17,444	-	-	847,454
Operating transfers out	-	-	-	(847,454)
Total other financing sources (uses)	17,444	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,131)	-	-	(12,824,978)
FUND EQUITY (DEFICIT), BEGINNING OF YEAR, AS RESTATED	(58,105)	-	-	16,453,570
FUND EQUITY (DEFICIT), END OF YEAR	$ (61,236)	$ -	$ -	$ 3,628,592

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF FUND EQUITY TO NET ASSETS

JUNE 30, 2009

Total Fund Equity - District Funds Included in the Reporting Entity		$ 3,628,592
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Capitalized assets	$ 27,344,490	
Accumulated depreciation	(7,478,032)	19,866,458
Nondepreciable capital assets		10,553,288
Deferred charges, net		1,002,592
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Long-term liabilities:		
Compensated absences	(323,093)	
Other postemployment benefits obligation	(465,125)	
Long-term debt	(26,619,669)	(27,407,887)
Net assets reported within the GASB 35 Statement of Net Assets		$ 7,643,043

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF CHANGE IN FUND EQUITY
TO DECREASE IN NET ASSETS

YEAR ENDED JUNE 30, 2009

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	$ (12,824,978)
Compensated absence expense not reported within the GASB 35 Statements	16,290
Depreciation expense reported within the GASB 35 Statements	(879,624)
Accretion of general obligation bonds reported within the GASB 35 Statements	(417,625)
Amortization of debt issuance costs reported within the GASB 35 Statements	(34,431)
Amortization of bond premiums reported within the GASB 35 Statements	37,896
Capital outlay expense not reported within the GASB 35 Statements	14,054,564
Other postemployment benefits expense reported within the GASB 35 Statements	(465,125)
Principal payments on debt not reported within the GASB 35 Statements	204,568
Net decrease in net assets reported within GASB 35 Financial Statements	$ (308,465)

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards and
Schedule of State Financial Awards

The audit of the Siskiyou Joint Community College District for the year ended June 30, 2009 was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with A-133 and state requirements, the Schedule of Expenditures of Federal Awards and Schedule of State Financial Awards were prepared for the Siskiyou Joint Community College District.

These schedules are prepared on the accrual basis of accounting.

Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2009 represents the basis of apportionment of the Siskiyou Joint Community College District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (CCFS-311)
with District Accounting Records

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District Accounting Records.

NOTE 2 FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM

The District granted $3,487,127 in loans under the Federal Family Education Loan Program for the year ended June 30, 2009.

(Continued on following page)

NOTE 3 COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Combining Balance Sheet – All District Funds Included in the Reporting Entity, Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Equity – All District Funds Included in the Reporting Entity are presented on the modified accrual basis of accounting with the exception of the Self-Insurance Fund and Bookstore Fund, which are presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District reports deferred revenue on its combining balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

(Continued on following page)

NOTE 4 PRIOR PERIOD ADJUSTMENT

CHANGE IN ACCOUNTING PRINCIPLE

As described more fully in Note 1 to the District's basic financial statements, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*. As part of this implementation, management removed the prior investment account used to record the District's prefunded portion of the retiree health benefit costs, which was not recorded under the standards established by GASB Statement No. 45. The removal of this asset had no impact on net income for the years ended June 30, 2009 or 2008. The adjustment to June 30, 2008 net assets is presented as follows:

Self Insurance Fund:	
Net assets, beginning of year, as previously reported	$ 2,029,322
Change in accounting principle	(969,212)
Net assets, beginning of year, as restated	$ 1,060,110

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NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Siskiyou Joint Community College District
Weed, California

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (District) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2010. We conducted our audits 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; and the standards prescribed by the State Department of Finance.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, others within the entity, federal awarding agencies, Chancellor's Office, State Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

February 25, 2010

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Siskiyou Joint Community College District
Weed, California

Compliance

We have audited the compliance of Siskiyou Joint Community College District (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 its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, others within the entity, federal awarding agencies, Chancellor's Office, State Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

February 25, 2010

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Siskiyou Joint Community College District
Weed, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (District) as of and for the year ended June 30, 2009, and have issued our report thereon dated February 25, 2010.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the standards prescribed by the California State Department of Finance and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following state laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted District Audit Manual* (CDAM):

ANNUAL COMPLIANCE FOCUS

General Directives Testing Structure

1. State General Apportionment Required Data Elements

Administration Testing Structure

1. Fiscal Operations – Salaries of Classroom Instructors: 50 Percent Law
2. Fiscal Operations – GANN Limit Calculation
3. Apportionments – Residency Determination for Credit Courses
4. Apportionments – Concurrent Enrollment of K-12 Students in Community College Credit Courses

5. Apportionments – Apportionment for Instructional Service Agreements/Contracts

6. Apportionments – Enrollment Fee

7. Apportionments – Students Actively Enrolled

8. Open Enrollment

9. Student Fee – Instructional Materials and Health Fees

Student Services Testing Structure

1. Matriculation – Uses of Matriculation Funds

2. CalWORKs – Use of State and Federal TANF Funding

Facilities

1. Scheduled Maintenance Program

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our audit was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for the findings 2009-1 and 2009-2 described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the District's management, the Board of Trustees, audit committee, and others within the District, California Community Colleges Chancellor's Office, California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

February 25, 2010

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of the Siskiyou Joint Community College District.

2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of Siskiyou Joint Community College District were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The independent auditors' report on compliance for the major federal award programs for the Siskiyou Joint Community College District expresses an unqualified opinion.

6. There are no audit findings relative to the major federal award programs for the Siskiyou Joint Community College District.

7. The programs tested as major programs include: 1) Federal Supplemental Educational Opportunity Grants Program (CFDA 84.007); Federal Family Educational Loan Program (CFDA 84.032); Federal Work Study Program (CFDA 84.033); Federal Pell Grant Program (CFDA 84.063) and Academic Competitiveness Grant (CFDA 84.375A), which together comprise the student financial aid "cluster" program as defined in the Compliance Supplement; and 2) TRIO – Student Support Services (CFDA 84.042) and TRIO – Upward Bound (CFDA 84.047), which collectively comprise the TRIO "cluster" program as defined in the Compliance Supplement.

8. The threshold for distinguishing Type A and B programs was $300,000.

9. The Siskiyou Joint Community College District qualified as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

D. FINDINGS – STATE COMPLIANCE AUDIT

2009-1 – Students Actively Enrolled

Statement of Condition: While performing testing of students actively enrolled, we noted one census report, of the twenty course sections we selected for testing, which claimed FTES for one student twice. Upon further investigation, it was determined that due to a glitch in the District's software a total of 2.50 duplicate FTES were claimed for certain students.

Cause of Condition: The District's IT Department modified a script for the current fiscal year in order to provide additional data in the CCFS-320 report. As a part of this process the IT Department developed a new code and assigned it to the students in the database. The new code developed by IT had a glitch in it that caused student's with a blank field in their electronic file to be double counted for FTES.

Effect of Condition: The glitch in the electronic system created a CCFS-320 report that claimed duplicate FTES for certain students and thereby over reported the District's FTES. Since identification of this error, the District has filed an amended CCFS-320 with the correct amount of FTES reported. Therefore, the District is out of compliance with section 426 of the CDAM.

Recommendation: The District Admissions and Records staff should continue to review all electronic reports generated by their software to ensure that the amounts generated are accurate.

Response: While responding to an emergency request to help produce the **2008-09 Addendum to Part I "SUPPLEMENTAL INFORMATION" for Special Full-Time and Part-Time P.E. Credit FTES Report**, the District's IT Department unintentionally introduced an unexpected error into the programming of the electronic system used to produce the CCFS-320 report by the District which caused a variable duplication for FTES for 23 students in the reporting calculations performed. During the process of the audit, it was detected that this duplication error was in effect, and the error was corrected immediately and will not occur in the future. The District subsequently submitted a CCFS-320 recalculation report to reflect the appropriate number of FTES.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

D. FINDINGS – STATE COMPLIANCE AUDIT
(Continued)

2009-2 – GANN Limit

Statement of Condition: While performing testing to determine that the amounts reported for the GANN Limit were accurate, we noted that the amount reported for local property taxes was incorrectly reported.

Cause of Condition: While the District has policies and procedures for the preparation of the GANN LIMIT calculation, the spreadsheet used to calculate these figures had a formula which did not clearly delineate the State subventions amount and this allowed for the state subventions amount to be double counted.

Effect of Condition: The District double counted state subventions and is therefore out of compliance with the requirements of Section 431 of the CDAM.

Recommendation: The District should review its policies and procedures for the preparation and submission GANN Limit calculation to ensure that all future reports do not contain duplicated amounts.

Response: Immediately upon the discovery of the error in the GANN Limit calculation, the District contacted the appropriate division of the California Community College Chancellor's office to inform them of the error and to seek direction on the appropriate steps to correct the filing. The Chancellor's office stated there was no correction necessary since the error did not cause the District to exceed its calculation limit. The District has reviewed the worksheet supporting the GANN Limit calculation and has revised it to include a line by line formula to perform the appropriate calculation to be in compliance with Section 431 of the CDAM.

E. FINDINGS – COMPONENT UNIT (FOUNDATION)

NONE

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

FINDINGS – STATE COMPLIANCE AUDIT

2008-1 – Students Actively Enrolled

Statement of Condition: While performing testing to determine rolls were cleared as of the census dates we noted one census report, of the twenty course sections we selected for testing, which the District was not able to locate. A total of 2.61 FTES were claimed for the course with the missing census report.

Recommendation: We recommended that the District review its policies and procedures for the preparation, submission and retention of census reports to ensure that all future reports were prepared, submitted and retained in the Districts records.

Status: During the audit of the current year, the District was able to locate all census reports selected for testing.