NEW ISSUE-BOOK ENTRY ONLY | **RATING: Standard & Poor's "SP-1+"**
CUSIP NO: 829702 AB5† | **(See "RATING" herein)**

In the opinion of The Weist Law Firm, Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. See "TAX MATTERS" herein.

$10,000,000
COUNTY OF SISKIYOU, CALIFORNIA
2009-2010 TAX AND REVENUE ANTICIPATION NOTES
(BANK QUALIFIED)

Dated: Date of Delivery | **Interest Rate: 2.50%** | **Reoffering Yield: 1.50%** | **Due: June 30, 2010**

The 2009-2010 Tax and Revenue Anticipation Notes (the "Notes") of the County of Siskiyou (the "County") are being issued to finance the seasonal cash flow requirements of the County during the fiscal year ending June 30, 2010 (the "Fiscal Year"). The Notes will be issued as fixed-rate notes in fully registered form. The Notes, when issued, will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of the Notes will be made only through DTC Participants under the book-entry system maintained by DTC in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Notes purchased. See "APPENDIX G - DTC AND THE BOOK ENTRY ONLY SYSTEM" herein.

The Notes will be dated the date of delivery thereof and will not be subject to redemption prior to maturity. The Notes will bear interest at a fixed rate per annum from their dated date, and interest on the Notes will be paid at maturity. Principal of the Notes is payable at the maturity of the Notes. See "THE NOTES - General" herein.

The Notes are general obligations of the County payable out of the taxes, income, revenues, cash receipts and other moneys of the County attributable to Fiscal Year 2009-10 that are lawfully available for the payment of current expenses and other obligations of the County (the "Unrestricted Revenues"). The Notes are equally and ratably secured by a pledge of certain unrestricted taxes, income, revenues, cash receipts and other moneys. See "THE NOTES - General." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY AND IS NOT A SUMMARY OF THE TRANSACTION. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if issued by the County and received by the Underwriter, subject to the approval of validity by The Weist Law Firm, Bond Counsel to the County. Certain legal matters will be passed upon for the County by its Disclosure Counsel, The Weist Law Firm, and for the County by the Office of the County Counsel. It is expected that the Notes, in definitive form, will be available for delivery through the facilities of DTC in New York, New York on or about October 14, 2009.

KINSELL, NEWCOMB & DE DIOS, INC.
INVESTMENT BANKING

Dated: September 30, 2009

† Copyright 2009, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in anyway as a substitute for the CUSIP Services Bureau. CUSIP numbers have assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the Series 2009 Notes. Neither the County or the Underwriter take any responsibility for the accuracy of such numbers.

THIS PAGE INTENTIONALLY LEFT BLANK

No dealer, broker, salesperson or other person has been authorized by the County of Siskiyou or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

When used in this Official Statement and in any continuing disclosure by the County, in any press release and in any oral statement made with the approval of an authorized officer of the County or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefor, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no changes in the affairs of the County since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Notes have not been registered or qualified under the securities laws of any state.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF. THE PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA

BOARD OF SUPERVISORS

Jim Cook, *Supervisor, District 1*
Ed Valenzuela, *Supervisor, District 2*
Michael Kobseff, *Supervisor, District 3*
Grace Bennett, *Supervisor, District 4*
Marcia Armstrong, *Supervisor, District 5*

COUNTY OFFICIALS

Leanna Dancer, *Auditor-Controller-Recorder*
Colleen Setzer, *County Clerk*
Wayne Hammar, *Treasurer-Tax Collector*

ADMINISTRATION

Brian McDermott, *County Administrator*
Rose Ann Herrick, *Assistant County Administrator*
Thomas P. Guarino, Esq., *County Counsel*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

THE WEIST LAW FIRM
Scotts Valley, California

Financial Advisor

COOPERMAN ASSOCIATES
Burlingame, California

Underwriter

KINSELL, NEWCOMB & DE DIOS, INC.
Carlsbad, California

Paying Agent

Treasurer-Tax Collector of the County of Siskiyou

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

TABLE OF CONTENTS

Page

APPENDICES

OFFICIAL STATEMENT

$10,000,000
COUNTY OF SISKIYOU, CALIFORNIA
2009-2010 TAX AND REVENUE ANTICIPATION NOTES
(BANK QUALIFIED)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Notes being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The purpose of this Official Statement, which includes the front cover through the attached Appendices, is to provide certain information concerning the sale and delivery of $10,000,000 in the aggregate principal amount of 2009-2010 Tax and Revenue Anticipation Notes (the "Notes") of the County of Siskiyou, California (the "County"). Issuance of the Notes will provide moneys to help meet current County General Fund expenditures during the period July 1, 2009 through June 30, 2010 (the "Fiscal Year 2009-10"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on September 15 2009 (the "Resolution"). See "THE NOTES – General" below.

The Notes are issued subject to the terms and conditions of the Resolution. The Notes and the interest thereon are payable from certain unrestricted taxes, income, revenues, cash receipts and other moneys of the County attributable to Fiscal Year 2009-10 and which are lawfully available for the payment of current expenses and other obligations of the County as specified in the Resolution (the "Unrestricted Revenues"). See "THE NOTES - Security For The Notes."

The Notes are being issued to finance, in part, the County's General Fund cash flow requirements during Fiscal Year 2009-10. The proceeds received from the sale of the Notes will allow the County to cover periods of deficits resulting from an uneven flow of revenues. County General Fund expenditures tend to occur in relatively level amounts throughout the year, while receipts follow an uneven pattern. Cash receipts secured from property tax installment payments primarily occur in December and April, while payments from other government agencies occur at irregular intervals. As a result, the General Fund's cash balance shows a deficit during parts of the fiscal year. The Notes are intended to finance such cash flow deficits.

Brief descriptions of the Notes, the security and sources of payment for the Notes, the County and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references herein to various documents, including the Resolution, are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the offices of the County.

COUNTY INFORMATION

Siskiyou County is located in inland northern California, adjacent to the Oregon border between Del Norte County on the west and Modoc County on the east. As the fifth largest county in California by area, Siskiyou County features spectacular natural beauty and scenic cities and towns including Yreka, Mt. Shasta, Weed, Dunsmuir, McCloud, & Tulelake as well as Butte Valley, Scott Valley, Shasta Valley and the Klamath River Corridor.

Siskiyou County is geographically widely diverse. From towering Mount Shasta (elev. 14,179 ft/4,322 m) near the center of the County, to lakes and dense forests, as well as desert, chaparral, and memorable waterfalls, the County is home to world-famous trout-fishing rivers and streams, such as the Sacramento and McCloud Rivers. Mount Shasta itself has a winter sports center. Pastoral Scott Valley in the western part of the County has many wide, tree-lined meadows, supporting large cattle ranches. The County's water is viewed as sufficiently pure and abundant that the County is a source of significant amounts of bottled water, distributed throughout the country.

For a detailed discussion of the County and its demographic and financial performance, see "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS, FISCAL YEAR ENDING JUNE 30, 2008."

THE NOTES

General

The Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive certificates representing their ownership interest in the Notes purchased. See "APPENDIX G – DTC AND THE BOOK-ENTRY-ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated the date of issuance thereof, and will mature on June 30, 2010. The Notes will pay interest at maturity. The Notes are not subject to redemption prior to maturity.

The Notes will be issued in denominations of $5,000 each and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate per annum set forth on the cover page hereof. Interest on the Notes will be computed on the basis of twelve 30-day months and a 360-day year. Principal and interest payable at maturity will be payable in immediately available funds, upon presentation and surrender of the Notes at the office of the Treasurer-Tax Collector of the County of Siskiyou, as initial paying agent (the "Paying Agent") with respect to the Notes. The Resolution authorized the issuance of Notes up to a maximum amount of $10,000,000. See "Security for the Notes" below.

Authority for Issuance

The Notes are issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Act and the Resolution.

Purpose of Issue

The Notes are being issued to finance the County's General Fund cash flow requirements during Fiscal Year 2009-10. County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern primarily as a result of secured property tax collections being concentrated around installment collection dates in December and April. The proceeds received from the sale of the Notes will allow the County to cover periods of deficits resulting from such uneven flow of revenues. It is expected that the proceeds of the Notes will be invested in the County's investment portfolio (the "County Portfolio"), in accordance with the County Treasury Investment Policy, until expended. See "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – FINANCIAL INFORMATION – County of Siskiyou Pooled Investment Fund" and "APPENDIX D – SISKIYOU COUNTY TREASURY INVESTMENT POLICY."

Security for the Notes

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the County for the General Fund of the County during or attributable to Fiscal Year 2009-10 and that are generally available for the payment of current expenses and other obligations of the County (the "Unrestricted Revenues").

As security for the payment of the principal of and interest on the Notes, the County pledges to deposit in trust in a restricted cash account within the General Fund of the County designated as the "County of Siskiyou 2009-2010 Tax and Revenue Anticipation Notes Repayment Account" (the "Repayment Account"): (i) from the first Unrestricted Revenues received by the County during the period commencing on December 20, 2009, and ending on January 31, 2010 (a "Pledge Period") an amount equal to fifty percent (50%) of the principal amount of the Notes issued, and (ii) from the first Unrestricted Revenues received by the County during the period commencing on April 21, 2010, and ending on May 31, 2010 (also a "Pledge Period"), an amount which, together with the amount on deposit in the Repayment Account (net of anticipated earnings on moneys therein), will be sufficient to pay the principal of and interest on the Notes when due. The amounts pledged by the County for deposit into the Repayment Account from the Unrestricted Revenues received during each indicated Pledge Period are herein called the "Pledged Revenues."

In the event that there have been insufficient Unrestricted Revenues received by the County by the third business day prior to the end of any such Pledge Period to permit the deposit into the Repayment Account of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the County lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in the Act) (the "Other Pledged Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the County.

The Pledged Revenues with respect to the Pledge Period in which received shall be deposited by the Treasurer-Tax Collector of the County in the Repayment Account commencing the third business day of each respective Pledge Period, and thereafter at intervals of no more than every five business days, and applied as directed in the Resolution; and the Other Pledged Moneys, if any, shall be deposited by the Treasurer in the Repayment Account on the third business day prior to the end of such Pledge Period, and on each business day thereafter, until the full amount of the moneys required for repayment has been so deposited in the Repayment Account; provided that, if on the date that is six months from the date of issuance of the Notes, all of the amounts deposited in the County General Fund attributed to the sale of the Notes have not been withdrawn previously as required by the requirements of the Resolution, the amounts to be deposited in the Repayment Account during the Pledge Period in which received shall be re-deposited as soon as received. The principal of and interest on the Notes shall constitute a first lien and charge on, and shall be payable from, moneys in the Repayment Account.

The Treasurer shall use the moneys in the Repayment Account to pay the principal of and interest on the Notes when due. If on the maturity date of the Notes there are insufficient moneys in the Repayment Account to pay the principal of and interest on all the Notes, the moneys in the Repayment Account shall be allocated on a pro rata basis to the principal of and interest on the Notes. Any moneys remaining in the Repayment Account after such payment, or after provision for such payment has been made, shall be transferred to the County's General Fund of the County.

The United States Court of Appeals for the Ninth Circuit has not ruled whether a County that has filed for bankruptcy would be required to set aside revenues pledged under the note resolution following bankruptcy. Because the Treasurer is in possession of the taxes and other revenues that will be set aside to pay the Notes and may invest these funds in the pooled investment fund, should the County go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the Pledged Revenues, the Other Pledged Money or amounts on deposit in the Repayment Account. In that case, unless the Note owners could "trace" the funds, the Note owners would be merely unsecured creditors of the County. There can be no assurance that the holders could successfully so "trace" the pledged taxes and other revenues. See "RISK FACTORS – Bankruptcy."

Investment of the Repayment Account

Moneys in the Repayment Account will be invested in one or more instruments of the types included in Permitted Investments. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Permitted Investments." The proceeds of any such investments shall be retained in the Repayment Account until payment of principal of and interest on the Notes (or provision therefor) has been made, at which time any excess amount shall be transferred to the County for deposit in the General Fund.

Available Sources of Payment

The Notes are obligations of the County payable from the Unrestricted Revenues. See "THE NOTES – Security For The Notes." The Unrestricted Revenues will be expended during the course of Fiscal Year 2009-10 and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

While the County's ability to levy ad valorem taxes has been limited, California counties are permitted by State law to impose certain fees to raise general revenue. The amount needed to repay the Notes and the interest thereon is approximately $10,177,777.78. Based on the proposed budget for Fiscal Year 2009-10, the County estimates moneys available for payment of the Notes during Fiscal Year 2009-10 to be in excess of $49 million as indicated in the following table.

TABLE 1

COUNTY OF SISKIYOU
ESTIMATED UNRESTRICTED REVENUE AVAILABLE FOR PAYMENT OF NOTES

(Estimated Unrestricted Available Revenues (Fiscal Year 2009-10) [(1)])

Source	Amount
Taxes	$11,797,100
Licenses, Permits and Franchises	862,000
Fines, Forfeitures and Penalties	1,910,800
Use of Money and Property	1,131,741
Intergovernmental Revenues	13,263,788
Charge for Current Services	5,808,831
Miscellaneous	35,290
Other Financing Sources	15,181,431
Total	$49,992,980

Source: County Auditor-Controller.
(1) See "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION - FINANCIAL INFORMATION – Operating Budgets, General Fund" attached hereto for a discussion of the various estimated revenues, including the possibility that such receipts may be less than estimated.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds received from the sale of the Notes are to be applied as follows:

Sources of Funds:	
Principal Amount of Notes	$10,000,000.00
Net Original Issue Premium	70,300.00
TOTAL SOURCES	$10,070,300.00
Uses of Funds:	
Transfer to County Portfolio [(1)]	$10,017,500.00
Costs of Issuance [(2)]	52,800.00
TOTAL USES	$10,070,300.00

(1) See "THE NOTES - Purpose of Issue" above.
(2) Includes Underwriter's discount and other costs of issuing the Notes.

STATE OF CALIFORNIA FINANCES

The following information concerning the State of California's (the "State") budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst (the "LAO") at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County, the Financial Advisor, the Underwriter or other professionals regarding this transaction, and the County, Financial Advisor, Underwriter and other professionals take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of the information posted there, and such information is not incorporated herein by these references.

State Budget Information

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2008-09, approximately 30% of the County's General Fund budget consisted of payments from the State and 5% consisted of payments from the Federal government. For Fiscal Year 2009-10 the County has budgeted these amounts at approximately 34% and 5%, respectively, from the State and Federal government.

The Fiscal Year 2004-05 State budget was passed by the Legislature on July 29, 2004, and was signed into law by the Governor on July 31, 2004. The 2004-05 budget authorized General Fund spending of $78.7 billion, and, among other things, shifted $1.3 billion in revenues from local government to schools in both Fiscal Year 2004-05 and 2005-06. Two measures intended to address the then existing cumulative budget deficit and to implement structural reform were both approved at the March 2, 2004 statewide primary election. The California Economic Recovery Bond Act (Proposition 57) authorized the issuance of up to $15 billion of economic recovery bonds (of which approximately $11.3 billion have been issued) to finance the State General Fund deficit and other General Fund obligations undertaken prior to June 30, 2004. The economic recovery bonds are general obligations of the State and are secured by a pledge of revenues from an increase in the State's share of the sales and use tax of one-quarter cent, starting July 1, 2004. Such tax proceeds will revert to their prior allocation when the bonds are repaid. The portion of sales and use tax that otherwise would have been allocated to local governments, including the County, would be decreased by a commensurate amount. Commencing in Fiscal Year 2004-05, local government's share of local property tax revenues were restored by an amount equal to the one-quarter cent reduction in the local sales and use tax, creating a revenue neutral effect on local agencies for the 2004-05 Fiscal Year. The Balanced Budget Amendment (Proposition 58) requires the State to adopt and maintain a balanced budget and establish a reserve, and restricts future long-term deficit-related borrowing.

The State budgets for Fiscal Years 2005-06, 2006-07 and 2007-08 were adopted without any further reallocation of funds. The State budget for Fiscal Year 2008-09 was adopted by the Legislature on September 16, 2008 and signed by the Governor on September 23, 2008, reflecting a reduction of $850 million from the amounts in the proposed budget bill adopted by the Legislature due to the line item veto by the Governor of $510 million in State General Fund appropriations and $340 million in State General Fund savings due to the delay in enacting the budget and the effect of Executive Order S-09-08 (which terminated the services of temporary employees and reduced overtime).

The Governor convened an emergency Special Session of the Legislature on November 6, 2008 (the "First Special Session") to address projected reductions in State revenues in Fiscal Year 2008-09. In calling the First Special Session, the administration reported that it expected revenues to be $10.7 billion less than projected in the Fiscal Year 2008-09 and $13 billion less than projected for Fiscal Year 2009-10. The First Special Session concluded at the end of November, 2008 with no action having been taken by the Legislature. On December 1, 2008, the Governor declared a fiscal emergency for the State and convened two more special sessions of the Legislature to address this emergency. On February 19, 2009, the Legislature passed a series of budget bills to address the budget shortfall in Fiscal Year 2008-2009 and projected for Fiscal Year 2009-10 that had been estimated at $41.6 billion, and the Governor signed the bills the following day (the "2009 Budget Act"). The final actions approved expenditure reductions of approximately $15.7 billion, temporary tax and revenue increases projected at $12.5 billion and State borrowings of $11.4 billion. Approximately $6 billion of these solutions were subject to voter approval at a May 19, 2009 state election, which the voters rejected. The 2009 Budget Act also projected the receipt of approximately $8.5 billion in stimulus funds from the federal government as part of the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law by the President of the United States on February 17, 2009.

While the 2009 Budget Act is a valid budget for Fiscal Year 2009-10, adopted nearly five months ahead of the State constitutional budgetary deadline, it also contained provisions designed to achieve solutions in both Fiscal Years 2008-09 and 2009-10. For Fiscal Year 2008-09, the 2009 Budget Act assumes revenues of approximately $91.7 billion and expenditures of approximately $94.1 billion. The 2009 Budget Act also eliminates the $1.7 billion reserve projected by the 2008-09 Budget, projecting that the State will end Fiscal Year 2008-09 with a $3.4 billion deficit. For Fiscal Year 2009-10, the 2009 Budget Act projects total revenues of $97.7 billion and authorizes expenditures of $92.2 billion, allowing the State to build up a $2.1 billion reserve.

On May 14, 2009, the Governor proposed its May revision to the 2009 Budget Act (the "May Revision"). The May Revision proposes additional solutions to address growing revenue losses and expenditure increases experienced by the State since the passage of the 2009 Budget Act. The May Revision currently projects that, absent corrective action, State expenditures will exceed revenues by approximately $24 billion through the current Fiscal Year and Fiscal Year 2009-10. To address this projected deficit, the May Revision proposes $2 billion in expenditure reductions and revenue increases for Fiscal Year 2008-09 and $12.5 billion of such solutions for Fiscal Year 2009-10, coupled with a $889 million reduction to the $2.1 billion reserve approved as part of the 2009 Budget Act. With respect to K-12 education funding, the proposed solutions include reductions in Proposition 98 funding of $1 billion in Fiscal Year 2008-09 and $2 billion in Fiscal Year 2009-10. For further details regarding the May Revision, please see the summary thereof published by the California State Department of Finance (the "May Revision Report"). The May Revision Report may be found at www.dof.ca.gov.

Because the voters of the State rejected the three propositions on the special election ballot that would have helped balance the State's budget, the Governor estimates a budget shortfall of $21 billion through Fiscal Year 2009-10. The Legislature and the Governor will now need to agree to billions of dollars of additional spending cuts, tax increases or other budgetary solutions to bring the budget back into balance. Proposals in the May Revision include various expenditure cuts, borrowings and other measures. The Governor has proposed suspending the provisions of Proposition 1A, and borrowing up to 8% of local government property tax revenues. Such a suspension requires approval of two-thirds of both houses, and the amount must be repaid, with interest, within three years. There can be no prediction at this time if the suspension will occur.

On May 26, 2009 and on May 29, 2009, the Governor released updates to the May Revision (collectively, the "May Revision Update"). The May Revision Update projects a budget gap of $3.10 billion through the remainder of Fiscal Year 2008-09 due to shortfalls in revenue collections and increased costs and the failure of five of the propositions included in the May 19, 2009 Special Election. The May Revision and the May Revision Update, collectively, include proposals to reduce General Fund spending in the amount of $3.12 billion during the remainder of Fiscal Year 2008-09 and $20.85 billion during Fiscal Year 2009-10 in order to eliminate the State's projected $21.3 billion deficit through such period. The proposals contained in the May Revision Update replace the Governor's May Revision proposal to issue revenue anticipation warrants in the amount of $5.6 billion to address a portion of the State's General Fund deficit. The May Proposed Reductions assume the enactment of the Governor's budget proposals as described in the May Revision Update, which proposals remain subject to change by the Governor and the State Legislature.

Features of the May Revision Update affecting counties in general include the following:

1. The May Revision Update proposes $230.8 million in Fiscal Year 2009-10 and $400.0 million in Fiscal Year 2010-11 of reductions to In-Home Supportive Services.

2. The May Revision Update proposes an additional $680.0 million of reductions to the Department of Education based on new estimates of Proposition 98 revenues.

3. The May Revision Update proposes to eliminate all general fund support for State parks, estimated at $70 million in Fiscal Year 2009-10 and $143 million in Fiscal Year 2010-11.

4. The May Revision Update proposes to eliminate the Healthy Families Program, estimated at $311.6 million in Fiscal Year 2009-10 and $386.2 million in Fiscal Year 2010-11.

5. The May Revision Update proposes to eliminate California Works Opportunity and Responsibility to Kids Program, estimated at $1.309 billion in Fiscal Year 2009-10 and $1.765 billion in Fiscal Year 2010-11.

6. The May Revision Updates proposes additional reductions to the prison population and to reduce certain correction and rehabilitation programs, expected at $909.0 million in Fiscal Year 2009-10 and $914.4 million in Fiscal Year 2010-11.

7. The May Revision Update proposes to reduce the local share of the gas tax from $1.05 billion to $300 million pursuant to Article XIX, Section 5 of the State Constitution.

8. The May Revision Update proposes to eliminate Multipurpose Senior Services Program, Community Based Service programs and Adult Day Health Care, estimated at $141.2 million in Fiscal Year 2009-10 and $187.9 million in Fiscal Year 2010-11.

Governor's July Revision to the 2009-2010 State Budget. On July 1, 2009, the Governor announced (the "July Revision") that since certain proposals in the May Revision were not enacted, the budget shortfall increased from $24.3 billion to $26.3 billion, and $3.3 billion in potential solutions in the May Revision were lost. The July Revision proposed three new solutions which include $425 million in savings resulting from a third furlough date for state workers, $3.0 billion in savings from the suspension of Proposition 98 and $1.4 billion of reductions if the University of California and California State University systems recognize certain intended reductions for the 2008-09 fiscal year. In addition, the July Revision acknowledges a $3.0 billion reduction in revenue based on cash receipts during May and June 2009, resulting in a reduction in the reserve from $4.5 billion to $1.1 billion. The July Revision also notes that if other solutions proposed in the May Revision are not enacted in early July, further budget reductions will be necessary.

Revised State Budget for Fiscal Year 2009-10. On July 28, 2009, the Governor signed certain amendments to the 2009 State Budget Act (as amended the "Revised 2009-10 State Budget Act") to address a projected $24.16 billion shortfall in revenues. The Revised 2009-10 State Budget Act estimates Fiscal Year 2008-09 revenues and transfers of $84.1 billion, total expenditures of $91.5 billion and a year-end deficit of $3.38 billion, which includes a $4.07 billion prior-year State General Fund balance, a $4.46 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The Revised 2009-10 State Budget Act projects Fiscal Year 2009-10 revenues and transfers of $89.54 billion, actual expenditures of $84.58 billion and a year-end surplus of $1.58 billion (net of the $3.38 billion deficit from Fiscal Year 2008-09), of which $1.08 billion is expected to be reserved for the liquidation of encumbrances and $500 million is expected to be deposited in a reserve for economic uncertainties.

Certain of the features of the Revised 2009-10 State Budget Act affecting the County in general include the following:

1. The Revised 2009-10 State Budget Act borrows $1.9 billion of city, county and special district property taxes pursuant to Proposition 1A (2004) to offset General Fund spending for education and other programs. Pursuant to the enabling legislation, the State is required to repay the borrowed sums by June 30, 2013. It also establishes a state-financed loan repayment securitization program, which will allow such local agencies to issue bonds in order to offset local fiscal effects of the borrowing.

2. The Revised 2009-10 State Budget Act requires redevelopment agencies to shift $1.7 billion in Fiscal Year 2009-10 and $350 million in Fiscal Year 20010-11 into a new fund to offset General Fund spending for education and other programs.

3. The Revised 2009-10 State Budget Act suspends various non-education local government mandates, with the exception of certain mandates relating to public safety, elections, and tax collection, for State spending reductions of approximately $66 million.

4. The Revised 2009-10 State Budget Act suspends all funding for the Williamson Act program,

which backfills property tax revenues that local governments forego when property owners agree to preserve land for agriculture or open space.

5. The Revised 2009-10 State Budget Act uses $562 million in additional spillover gasoline sales tax revenues projected to be available in Fiscal Year 2009-10 to reimburse the General Fund for transportation debt service. This amount is in addition to amounts assumed in the February budget.

Update on State Cash Flow Finances. On June 24, 2009, the State Controller announced that the State may issue registered warrants ("IOUs") beginning July 2, 2009 to local governments for social services, private contractors, State vendors, taxpayers entitled to income and corporate tax refunds, and for payments for other State operations if immediate budget and cash solutions are not quickly adopted by the Governor and the State Legislature. The State Controller began issuing IOUs on July 2, 2009 and expects to issue a total of $2.87 billion in IOUs during the month of July 2009.

IOUs have been issued to private businesses, local governments (including the County), taxpayers receiving income tax refunds and owners of unclaimed property. If there is sufficient cash available for redemption, the IOUs will be redeemed by the State on October 2, 2009 (if not redeemed earlier). The IOUs issued or approved to be issued in July 2009 bear interest at the rate of 3.75% per year.

Future State Budgets. Further details concerning the Governor's revised budget are expected to be available at www.ebudget.ca.gov. No prediction can be made by the County as to whether the State will encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations, the outcome or impact of future ballot measures and legislation, or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control.

CASH FLOW PROJECTIONS

The tables in "APPENDIX A – CASH FLOW PROJECTIONS" show estimated General Fund cash flows for Fiscal Year 2008-09, and projected General Fund cash flows for Fiscal Year 2009-10. The estimates and projections of amounts and timing of receipts and disbursements are based on certain assumptions and should not be construed as statements of fact. The assumptions in the projected cash flows are based on the County's proposed budget for Fiscal Year 2009-10 and are believed to be reasonable. The assumptions may be affected by numerous factors and there can be no assurance that such estimates will be achieved.

Also see "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Fiscal Year 2009-10 Adopted Budget" for a discussion of the various estimated revenues, including the possibility that such receipts may be less than estimated.

INTRAFUND BORROWING AND CASH FLOW

County General Fund expenditures tend to occur in relatively level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern primarily as a result of secured property tax installment payment dates in December and April and as a result of delays and uneven payments from other government agencies, the two largest sources of County revenues. In addition to issuing short-term notes, the County has occasionally used, when necessary, legally permitted "intrafund" borrowing (borrowing against certain of the County's own funds) to cover temporary cash needs.

COUNTY OF SISKIYOU INVESTMENT PORTFOLIO

For a detailed discussion of the County's Pooled Investment Fund and its investment policy, see "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Siskiyou County Pooled Investment Fund" and "APPENDIX D – SISKIYOU COUNTY TREASURY INVESTMENT POLICY."

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Resolution.

Resolution to Constitute Contract

The provisions of the Notes and of the Resolution constitute a contract between the County and the registered owners of the Notes, and such provisions may be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction.

Representations and Covenants of the County

The County determined pursuant to the Resolution that with respect to the Fiscal Year 2009-10, the amount of $10,000,000 (the maximum authorized principal amount of the Notes) when added to the interest estimated to be payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenues, cash receipts, and other moneys of the County for the General Fund of the County attributable to Fiscal Year 2009-10 which will be available for the payment of the Notes and the interest thereon.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes and the County agrees to comply with the requirements of the Tax Certificate of the County as such Tax Certificate may be amended from time to time. The County further covenants that it will make all calculations relating to any rebate of excess investment earnings on the Note proceeds due to the United States Department of the Treasury in a reasonable and prudent fashion and will segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of the Treasury from revenues attributable to Fiscal Year 2009-10 or from any other lawfully available moneys. See “TAX MATTERS.”

Notwithstanding any other provision of the Resolution to the contrary, upon the County’s failure to observe, or refusal to comply with, the foregoing tax covenants, no one other than the owners or former owners of the Notes will be entitled to exercise any right or remedy with respect to such covenants under the Resolution.

Paying Agent and Note Registrar

The Treasurer-Tax Collector of the County of Siskiyou will initially act as Paying Agent and as Registrar for the Notes. Any successor Paying Agent will be or have co-paying agent relationships with one or more banks or trust companies in the State of California

Exchange and Transfer of the Notes

The registered owners of the Notes which are evidenced by registered certificates may transfer such Notes upon the books maintained by the Note Registrar, in accordance with the Resolution.

The County and any Paying Agent may deem and treat the registered owner of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such registered owner upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor any Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the registered owner of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See “APPENDIX G – DTC AND THE BOOK-ENTRY-ONLY-SYSTEM.”

Permitted Investments

Moneys in the Repayment Account will be invested in Permitted Investments as defined below, except that no such investments will have a maturity date later than the maturity date of the Notes expected to be paid with proceeds of such investments. The proceeds of any such investments will be retained in the Repayment Account until payment of principal of and interest on the Notes (or provision therefore) has been made, at which time any excess amount shall be transferred to the County for deposit in the General Fund.

Permitted Investments include, without limitation, (i) any investment permitted by Government Code Sections 53601, provided that no such moneys shall be invested in “reverse repurchase agreements” permitted by subsection (i) of said Section 53601, and no such investments shall have a maturity later than the date that it is anticipated that such amounts will be required to be expended, or (ii) investment agreements with or the obligations of which are guaranteed by (a) a domestic bank, financial institution or insurance company the financial capacity to honor its senior obligations of which is rated at least “AA” by Standard & Poor’s; or (b) a foreign bank the long-term debt of which is rated at least “AA” by Standard &

Poor's (a "Qualified Provider"); provided, that the investment agreement shall provide that if during its term the provider's (or, if guaranteed, the guarantor's) rating by Standard & Poor's falls below "AA-", the provider must within 10 days assign the investment agreement to a Qualified Provider reasonably acceptable to the County or collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the County or a third party acting solely as agent therefor, United States Treasury Obligations which are free and clear of any third-party liens or claims, at sufficient collateral levels to maintain the highest short-term rating on the Notes. No such investments shall have a maturity date later than the maturity date of the Notes. The investment earnings on any such investment shall be retained by the County or the Paying Agent in such fund or account until all of the Notes have been fully paid, at which time any excess amount shall be paid to the General Fund of the County.

The County will deposit the proceeds of the sale of the Notes in the County treasury. Such amounts shall be invested as permitted by applicable California law. For a detailed discussion of the County's Pooled Investment Fund and its investment policy, see "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Siskiyou County Pooled Investment Fund" and "APPENDIX D – SISKIYOU COUNTY TREASURY INVESTMENT POLICY."

RISK FACTORS

In evaluating a purchase of the Notes, potential investors should consider the following factors, together with all other information in this Official Statement.

Limited Obligations of the County

The Notes are general obligations of the County payable out of Unrestricted Revenues that are lawfully available for the payment of current expenses and other obligations of the County. The Notes are equally and ratably secured by a pledge of certain unrestricted taxes, income, revenues, cash receipts and other moneys. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

Limited Source of Repayment for Notes and Defaulted Notes

The County is liable on its Notes only to the extent of its Unrestricted Revenues attributable to Fiscal Year 2009-10. If such unrestricted revenues are not sufficient to pay its Notes, the County is not obligated to pay such Notes from any other sources (including subsequent fiscal years' revenues).

Bankruptcy

The rights of the Owners of the Notes are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Notes, and the obligations incurred by the County, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

As described herein, the County agrees under its Resolution to fund its Repayment Account until the payment of the principal of its Notes and the interest thereon. The County further agrees under its Resolution to cause to be deposited directly in its Repayment Account, by the dates identified in the Resolution, such amounts equal to the percentages of the principal and interest due on the County's Notes required on each Pledge Period. Any filing of bankruptcy by the County could delay or impair the payment of the Notes. Further, the opinion of Bond Counsel as to the enforceability of the Notes is expressly qualified by the declaration of bankruptcy.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of County of Orange v. Merrill Lynch that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County is not in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes, and these funds and other funds held by the Paying Agent may be invested in various commingled investment pools or other instruments. In the event of a petition for the adjustment of debts of the County under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes do not have a valid and/or prior lien on the Pledged Revenues where such amounts are deposited in a commingled investment pool.

IRS Audit

The IRS has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes, and it is possible that the Notes may be selected for examination under such program. There is no assurance that an IRS examination of the Notes will not adversely affect the market value of the Notes. See "TAX MATTERS" below.

Risk of State or Local Legislation

The County relies on a number of revenue sources that could be reduced or eliminated by State or local legislation, including, among others, sales and use taxes, license and permit fees, fines and penalties, and motor vehicle license fees. There can be no assurance that the State or local government will not adopt legislation to reduce or eliminate one or more of these revenue sources. See "STATE OF CALIFORNIA FINANCES" herein. In addition, a number of statutes and constitutional amendments have been adopted as measures that qualified for the ballot through California's initiative process as described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS," below. There can be no assurance that other initiative measures will not be adopted affecting the revenues of the County.

Impact of the American Recovery and Reinvestment Act on the County

On February 17, 2009, the President of the United States signed the ARRA into law. The ARRA intends to stimulate the economy by reducing taxes and creating jobs directly and indirectly through the funding of various infrastructure projects and other programs by up to $828 billion. One of the stated purposes of the ARRA is to stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and state and local tax increases.

The County stands to benefit both directly and indirectly from the ARRA. The ARRA includes a variety of funding mechanisms including block grants, competitive grants and loans. The ARRA also includes increases to some existing formula-based grants and payments.

The ARRA provides funds for the Energy Efficiency and Conversation Block Grant program, which would help state and local governments implement innovative practices to improve energy efficiency, lower energy usage, and reduce greenhouse gas emissions. Additional energy-efficiency programs funded by the ARRA that may benefit the County include grants to encourage electric transportation, federal aid to help state and local governments purchase efficient alternative fuel vehicles, and various grants and loans to state and local governments for diesel emissions reduction projects.

The ARRA also includes funding for road, highway and transit infrastructure improvements, including funding for upgrades and repairs to modernize existing transit systems.

The ARRA also provides funding for health information technology projects, including projects to computerize health records to cut costs and reduce medical errors.

States and local governments are also expected to receive financial aid under the ARRA. The ARRA includes a temporary increase in the Federal Matching Assistance Program for Medicaid, funds for training and employment services, expansion of the Food Stamp Program, funds for child support enforcement, funds for block grants for the Temporary Assistance for Needy Families, and an increase to local law enforcement grants. While some of these funds will go directly to the State and not to the County, the ARRA may provide some relief to the State's current budget crisis, which, in turn, may help prevent some of the cuts proposed to County-operated health and welfare programs.

The specific benefits to the County from the ARRA have not been quantified at this time. The County will continue to monitor the impacts of the ARRA on its finances, and may modify budgets to adapt to the effects of the ARRA as necessary.

Security

Military conflicts and terrorist activities may adversely impact the operation of the County. In addition, the County may experience a decrease with respect to its revenues because of any change in economic circumstances as a result of future military conflicts or terrorist activities. Such a reduction in revenues may include, but is not limited to, a decline in airport, transient occupancy tax, parking tax, business tax and sales tax revenues.

The County is subject to safety and security measures and inspections on a continuing basis. The County does not represent that any existing or additional safety and security measures will be adequate in the event that terrorist activities are directed against the County or that costs of security measures will not be greater than presently anticipated.

Investment of Funds

All investments, including the Permitted Investments and other investments made by the County, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Resolution or by the County could have a material adverse effect on the security of the Notes.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

Section 1 (a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1 (b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition, or (3) any bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000 by 55% of the voters of the district or county, as appropriate, voting on the proposition. Section 2 of Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment" ("Full Cash Value"). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors.

Taxpayers in the County may appeal the determination of the County Assessor of the Full Cash Value of their property. At any given point in time, there may be appeals pending in the County. However, despite the well-publicized downturn in the national and California real estate markets, the County has not had a significant increase in assessment appeals. The County's Assessment Appeals Board meets on an annual basis and endeavors to address any need for changes in valuations on a timely basis. However, if the assessed value of a property is reduced as a result of an assessment appeal, the reduction is borne by relevant taxing agencies, including the County. The County's net assessed value actually shows an increase in Fiscal Year 2009-10 over Fiscal Year 2008-09. See "APPENDIX B – COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – FINANCIAL INFORMATION – Ad Valorem Property Taxes."

Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above. The voters of the State subsequently approved various measures that further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

Section 4 of Article XIII A provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Article XIII B of the State Constitution

State and local government agencies in the State are each subject to annual "appropriations limits" imposed by Article XIII B of the State Constitution ("Article XIII B"). Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are generally authorizations to spend "proceeds of taxes," which include, but are not limited to, tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed "the cost reasonably borne by that entity in providing the regulation, product, or service" (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not "proceeds of taxes," appropriated for debt service on indebtedness existing prior to the passage of Article XIII B or authorized by the voters or appropriations required to comply with certain mandates of courts or the federal government.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, a county's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIII B. If county revenues during any two consecutive fiscal years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rates or fee schedules within the two subsequent fiscal years.

For Fiscal Year 2008-09 the County's appropriations limit was approximately $41,764,182, and its actual appropriations in Fiscal Year 2008-09 subject to this limit were approximately $10,014,438. For Fiscal Year 2009-10 the County's appropriations limit is approximately $42,111,802 million, and its budgeted expenditures subject to this limit are approximately $10,529,091. The County is subject to and is operating in conformity with Article XIIIB.

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, California voters approved Proposition 218, which added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The voter approval requirements of Proposition 218 reduce the County Board of Supervisors' flexibility to deal with fiscal problems by raising revenue, and no assurances can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements. County management is not aware of any challenge or claim that any current fee, tax or assessment is not in compliance with Proposition 218.

Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees or charges.

The assessments subject to the provisions of Proposition 218 include maintenance assessments imposed in County service areas and special districts. The annual amount of revenues that are received by the County and deposited into the County's General Fund which may be considered to be property related fees and charges under Article XIIID is not material to the ability to repay the Notes.

The County is unable to predict whether and to what extent Proposition 218 may be further interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Proposition 62

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1 %, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al*. In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

There is a possibility that certain taxes increased after the effective date of Proposition 62 without voter approval might be challenged and invalidated. The County believes that it has not levied any such taxes or fees affecting the General Fund that would be covered by Proposition 62. It is not known at this time if any possible future challenges to the County would be successful, and if so, whether it would affect the revenues of the General Fund, or the County's ability to repay the principal of and interest on the Notes at Maturity.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in Fiscal Year 2007-08, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the finances of the County.

Assessment Appeals and Assessor Reductions

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal).

In addition to reductions in assessed value resulting from Proposition 8 appeals, Proposition 8 also allows assessors to reduce assessed value unilaterally to reflect reductions in market value. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value. In addition to reductions in assessed value resulting from Proposition 8 appeals, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated.

The County is likely to be affected by a reduction in taxable property assessed values due to successful property owner appeals and/or unilateral reductions by the county assessor. See APPENDIX B – "COUNTY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION."

Future Initiatives and Change in Laws

Article XIII A, Article XIII B and Propositions 62, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues. In addition, the State legislature could amend or enact laws resulting in a reduction of moneys available to the County, or enact legislation with the approval of the electorate amending the State Constitution, which could result in a reduction of moneys available to the County.

TAX MATTERS

In the opinion of The Weist Law Firm, Bond Counsel to the County, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E – FORM OF BOND COUNSEL OPINION.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, Owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board of Supervisors described above. No ruling has been sought from the Internal Revenue Service (the “Service”) or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Notes is commenced, under current procedures, the Service is likely to treat the Board of Supervisors as the “taxpayer,” and the Owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the Board of Supervisors may have different or conflicting interests from the Owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

Notice 94-84, 1994-2 C.B. 559, states that the Service is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the “original issue discount”). The Notes may be executed as short-term debt obligations. For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Service provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes.

However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes if the Notes are executed as short-term debt obligations and if the taxpayer elects original issue discount treatment.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the principal amount on the Notes payable at maturity (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of the Notes, or the tax status of interest on the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County is to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to assure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after initial delivery, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if they fail to do so, to make any required rebate payment from moneys received or accrued during Fiscal Year 2009-10. To the extent that any rebate cannot be paid from such moneys, the law of California is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculations of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner, or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals or clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Service or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Service. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Notes in the event of an audit examination by the Service. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the Service's positions with which the County legitimately disagrees may not be practicable. Any action of the Service, including but not limited to selection of the Notes for audit, or the course of result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Beneficial Owners to incur significant expense and in the latter case, may not be chargeable to, or reimbursable by, the County.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Notes are subject to the approval of The Weist Law Firm, Bond Counsel. See "APPENDIX E – FORM OF BOND COUNSEL OPINION." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County by the Office of the County Counsel ("County Counsel").

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under provisions of the California Financial Code, the Notes are legal investments for commercial banks in the State to the extent that the Notes, in the informed opinion of the investor bank, are prudent for the investment of funds of its depositors and, under provisions of the California Government Code, are eligible to secure deposits of public moneys in the State.

RATING

The County has obtained a rating of "SP-1+"on the Notes from Standard & Poor's Ratings Group, a division of The McGraw Hill Companies ("S&P"). Certain information was supplied by the County to S&P to be considered in evaluating the Notes. The rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if in its judgment, circumstances so warrant. Other than as provided in the Continuing Disclosure Certificate, the County undertakes no responsibility either to bring to the attention of the owners of any Notes any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal, or to provide any other information regarding events affecting the County. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of and the ability to trade the Notes.

LITIGATION

No litigation is pending or threatened against the County concerning the validity of the Notes, and a certificate of the County Counsel to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The County is not aware of any litigation pending or threatened against the County questioning the political existence of the County or contesting the County's ability to levy and collect ad valorem taxes or contesting the County's ability to issue and repay the Notes. Other than as otherwise addressed in this Official Statement, the aggregate amount of the uninsured liabilities of the County and the timing of any anticipated payments of judgments which may result from suits and claims will not, in the opinion of the County Administrator, impair the County's ability to repay the Notes. Other than as provided in the Continuing Disclosure Certificate, there are no requirements by the County to inform or update information respecting events affecting the County.

UNDERWRITING

The Notes are being purchased for public offering by Kinsell, Newcomb & De Dios, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the County at a price of $10,049,400.00 (representing the principal amount of the Notes, plus original issue premium of $70,300.00, less an Underwriter's discount of $20,900.00). The Underwriter will be obligated to purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions to be satisfied by the County. The Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The County will agree to provide notices, during the time the Notes are outstanding, of the occurrence of certain enumerated events, if material, in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The specific nature of the notices of material events and certain other terms of the continuing disclosure obligation are described in "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE." As of the date hereof, the County is in compliance with its continuing disclosure undertakings, and the County is not otherwise required to provide information respecting events affecting the County.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Projections, forecasts, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR DO NOT OCCUR.

FINANCIAL ADVISOR

Cooperman Associates has acted as Financial Advisor (the "Financial Advisor") to the County for this issuance of the Notes. The Financial Advisor has participated in the preparation of certain of the financial and statistical information in this Official Statement and believes the information contained therein to be accurate and from reliable sources. The Financial Advisor does not make any representations as to the accuracy, adequacy, timeliness or completeness of any of the information and undertakes no obligation to update any of the information contained herein.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective purchasers of the Notes. Summaries and explanations of the Notes, the Resolution, and statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for a full and complete statement of their provisions. This Official Statement is not to be construed as a contract between the County and any purchasers or owners of the Notes.

The County regularly prepares a variety of reports, including audits, budgets and related documents, as well as certain monthly activity reports. Any owner of a Note may obtain a copy of any such report, as available, from the County by writing to County of Siskiyou, Auditor/Controller, PO Box 8, 311 4th St., Yreka CA 96097. The County maintains a website at www.co.siskiyou.ca.us. However, the information presented there is not part of this Official Statement, is not herein incorporated by reference and should not be relied upon in making an investment decision with respect to the Notes.

AUTHORIZATION AND APPROVAL

All data contained herein have been taken or constructed from County records and other sources. Appropriate County officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading. An appropriate County official will execute a certificate to this effect upon delivery of the Notes. This Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Board of Supervisors of the County.

COUNTY OF SISKIYOU

By: /s/ Wayne Hammar
Treasurer-Tax Collector

APPENDIX A

CASH FLOW PROJECTIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

COUNTY OF SISKIYOU
2008-2009 ACTUAL MONTHLY CASH FLOWS
(000s omitted)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Balance	4,549	11,778	9,473	7,827	6,364	4,714	8,896	4,475	3,335	2,029	4,651	2,198	4,549
RECEIPTS													
Property Taxes	487	0	0	419	71	4,971	80	0	0	3,665	0	496	10,189
Sales Taxes	0	62	53	42	56	105	47	63	13	34	36	48	559
Other Taxes	0	0	1	125	86	151	160	23	3	27	200	41	817
Licenses and Permits	51	52	48	41	43	47	75	78	255	57	65	43	855
Fines and Forfeitures	3	157	183	14	153	291	136	3	154	147	182	234	1,657
Use of Money & Property	365	6	188	46	0	4	79	0	188	1	0	25	902
State Aid	0	217	266	210	277	887	2,784	276	439	288	3,474	193	9,311
Federal Aid	574	52	24	53	387	0	3	76	2	0	73	16	1,260
Charges for Services	32	205	788	260	108	744	250	618	741	311	432	767	5,256
Transfers In	0	0	0	0	0	0	0	0	0	494	0	637	1,131
Other Revenue	0	974	956	431	4,985	2,438	1,454	1,343	1,303	667	559	2,948	18,058
TRAN Proceeds	9,320	0	0	0	0	0	0	0	0	0	0	0	9,320
TOTAL RECEIPTS	10,832	1,725	2,507	1,641	6,166	9,638	5,068	2,480	3,098	5,691	5,021	5,448	59,315
DISBURSEMENTS													
Salaries & Benefits	971	2,930	2,134	2,002	2,272	2,191	2,906	2,000	2,223	2,005	2,007	2,252	25,893
Services & Supplies	2,632	1,100	2,019	1,102	5,544	3,265	423	1,620	2,181	1,064	807	3,432	25,189
Transefers/Advances	0	0	0	0	0	0	1,500	0	0	0	0	0	1,500
Transfer to TRAN Repay Acct.	0	0	0	0	0	0	4,660	0	0	0	4,660	0	9,320
TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	279	279
TOTAL DISBURSEMENTS	3,603	4,030	4,153	3,104	7,816	5,456	9,489	3,620	4,404	3,069	7,474	5,963	62,181
Ending Balance	11,778	9,473	7,827	6,364	4,714	8,896	4,475	3,335	2,029	4,651	2,198	1,683	1,683
TRAN Repayment Account													
Beginning Balance	0	0	0	0	0	0	0	4,660	4,660	4,660	4,660	9,320	0
Tranfers In	0	0	0	0	0	0	4,660	0	0	0	4,660	0	9,320
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	9,320	9,320
Ending Balance	0	0	0	0	0	0	4,660	4,660	4,660	4,660	9,320	0	0

Source: County Auditor-Controller

COUNTY OF SISKIYOU
2009-2010 PROJECTED MONTHLY CASH FLOWS
Actual thru August 31, 2009; Projected thereafter
(000s omitted)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Balance	1,683	84	25	6,163	5,186	5,319	4,744	4,787	3,634	2,316	5,464	2,693	1,683
RECEIPTS													
Property Taxes	0	0	0	419	71	5,059	0	0	0	3,679	0	410	9,638
Sales Taxes	0	62	53	42	56	105	47	62	14	33	36	93	603
Other Taxes	0	0	1	125	86	151	235	53	3	61	128	141	984
Licenses and Permits	45	53	49	42	44	48	77	80	260	58	66	44	866
Fines and Forfeitures	3	157	183	14	153	291	136	3	153	147	182	234	1,656
Use of Money & Property	0	6	188	46	0	4	79	0	188	0	0	25	536
State Aid	25	217	266	710	277	386	2,784	276	439	288	3,474	193	9,335
Federal Aid	0	268	24	53	387	0	3	76	2	0	73	16	902
Charges for Services	27	202	785	260	105	688	248	618	739	308	428	760	5,168
Transfers In	1,000	1,200	0	0	0	200	0	0	0	494	0	596	3,490
Other Revenue	0	474	983	447	5,050	3,005	1,512	1,337	1,332	1,181	685	2,991	18,997
TRAN Proceeds	0	0	10,000	0	0	0	0	0	0		0	0	10,000
TOTAL RECEIPTS	1,100	2,639	12,532	2,158	6,229	9,937	5,121	2,505	3,130	6,249	5,072	5,503	62,175
DISBURSEMENTS													
Salaries & Benefits	864	903	2,181	1,630	1,951	2,866	2,537	1,902	2,313	1,612	1,478	2,509	22,746
Services & Supplies	1,835	1,795	2,013	1,505	4,145	2,646	2,341	1,756	2,135	1,488	1,365	2,316	25,340
Other Disbursements	0	0	0	0	0	0	0	0	0	1	0	0	1
Transfers Out	0	0	2,200	0	0	0	200	0	0	0	0	0	2,400
Transfer to TRAN Repay Acct.	0	0	0	0	0	5,000	0	0	0	0	5,000	0	10,000
TRAN Interest	0	0	0	0	0	0	0	0	0	0	0	250	250
TOTAL DISBURSEMENTS	2,699	2,698	6,394	3,135	6,096	10,512	5,078	3,658	4,448	3,101	7,843	5,075	60,737
Ending Balance	84	25	6,163	5,186	5,319	4,744[a]	4,787	3,634	2,316	5,464	2,693	3,121	3,121
TRAN Repayment Account													
Beginning Balance	0	0	0	0	0	0	5,000	5,000	5,000	5,000	5,000	10,000	0
Tranfers In	0	0	0	0	0	5,000	0	0	0	0	5,000	0	10,000
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	10000	10,000
Ending Balance	0	0	0	0	0	5,000	5,000	5,000	5,000	5,000	10,000	0	0

[a] The County projects that its largest Cash Deficit will occur on December 15, 2009, in the amount of $10.194 million.
The County will have $5.512 million in expenses by December 15 before realizing any revenues for the month.
Source: County Auditor-Controller

APPENDIX B

COUNTY OF SISKIYOU
FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

DESCRIPTION OF THE COUNTY

General Information

Siskiyou County is located in inland northern California, adjacent to the Oregon border between Del Norte County on the west and Modoc County on the east. As the fifth largest county in California by area, Siskiyou County features spectacular natural beauty and scenic cities and towns including Yreka, Mt. Shasta, Weed, Dunsmuir, McCloud, & Tulelake as well as Butte Valley, Scott Valley, Shasta Valley, & the Klamath River Corridor.

Siskiyou County is geographically widely diverse. From towering Mount Shasta (elev. 14,179 ft/4,322 m) near the center of the County, to lakes and dense forests, as well as desert, chaparral, and memorable waterfalls, the county is home to world-famous trout-fishing rivers and streams, such as the Sacramento and McCloud Rivers. Mount Shasta itself has a winter sports center. Pastoral Scott Valley in the western part of the county has many wide, tree-lined meadows, supporting large cattle ranches. The county's water is viewed as sufficiently pure and abundant that the county is a source of significant amounts of bottled water, including CG Roxanne and CCDA Waters, distributed throughout the country.

Population

The following table sets forth the historic population of the County, the State and the United States.

TABLE B-1
COUNTY OF SISKIYOU
POPULATION OF CITIES WITHIN THE COUNTY

City	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Dorris	886	887	885	888	887	884	878	867	859	863
Dunsmuir	1,923	1,923	1,915	1,904	1,895	1,884	1,867	1,837	1,823	1,825
Etna	781	782	779	777	774	772	767	754	748	752
Fort Jones	660	663	662	663	665	667	667	659	654	655
Montague	1,456	1,456	1,457	1,462	1,476	1,496	1,506	1,503	1,489	1,494
Mount Shasta	3,621	3,661	3,659	3,666	3,677	3,679	3,657	3,612	3,583	3,608
Tulelake	1,020	1,021	1,019	1,014	1,008	1,002	993	976	965	967
Weed	2,978	2,978	3,015	3,014	2,985	2,971	2,923	3,007	3,015	3,024
Yreka	7,290	7,297	7,283	7,364	7,363	7,331	7,258	7,302	7,401	7,443
Total Incporporated	20,615	20,668	20,674	20,752	20,730	20,686	20,516	20,517	20,537	20,631
Unincorporated	23,686	23,821	23,930	24,108	24,441	24,803	25,112	25,090	25,188	25,342
SISKIYOU COUNTY	44,301	44,489	44,604	44,860	45,171	45,489	45,628	45,607	45,725	45,973
CALIFORNIA	33,873,086	34,430,970	35,063,959	35,652,700	36,199,342	36,676,931	37,086,191	37,472,074	37,883,992	38,292,687
UNITED STATES	282,171,936	285,039,803	287,726,647	290,210,914	292,892,127	295,560,549	298,362,973	301,290,332	304,059,724	307,052,927

Source: California Department of Finance, Demographic Research Unit. Data as of January 1.

Employment

The following information sets forth the Labor Market information for the County of Siskiyou.

TABLE B-2
COUNTY OF SISKIYOU
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

INDUSTRY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Civilian Labor Force	17,590	19,140	18,980	19,100	19,360	19,050	18,760	18,790	18,980	19,470
Civilian Employment	15,760	17,700	17,450	17,390	17,520	17,240	17,060	17,280	17,370	17,470
Civilian Unemployment	1,830	1,440	1,530	1,710	1,850	1,810	1,700	1,510	1,610	1,990
Civilian Unemployment Rate	10.4%	7.5%	8.1%	8.9%	9.5%	9.5%	9.1%	8.0%	8.5%	10.2%
Total, All Industries	14,160	14,430	14,180	13,990	13,970	13,750	13,620	13,850	13,920	13,800
Total Farm	1,070	1,080	850	770	630	680	640	680	660	610
Total Nonfarm	13,100	13,350	13,330	13,230	13,330	13,060	12,980	13,170	13,260	13,190
Total Private	9,280	9,500	9,460	9,330	9,340	9,200	9,090	9,260	9,200	9,050
Goods Producing	1,520	1,620	1,550	1,470	1,470	1,510	1,490	1,530	1,520	1,440
Mining and Logging	260	260	180	220	200	180	160	150	140	120
Construction	410	430	440	430	480	500	510	580	570	520
Manufacturing	850	930	930	830	800	830	820	800	810	790
Durable Goods	730	800	770	720	670	690	670	670	650	590
Nondurable Goods	120	140	150	110	130	140	150	130	160	200
Service Providing	11,580	11,730	11,770	11,750	11,860	11,550	11,490	11,640	11,740	11,760
Private Service Producing	7,760	7,880	7,910	7,860	7,870	7,680	7,600	7,730	7,690	7,610
Trade, Transportation & Utilities	2,500	2,480	2,640	2,620	2,500	2,450	2,490	2,470	2,500	2,460
Wholesale Trade	170	180	220	200	220	220	220	210	230	260
Retail Trade	1,820	1,790	1,860	1,880	1,750	1,690	1,730	1,720	1,720	1,680
Transportation, Warehousing & Utilities	510	510	570	540	540	540	550	550	550	530
Information	250	250	240	230	240	240	230	240	220	220
Financial Activities	440	470	490	460	450	470	470	480	450	380
Professional & Business Services	740	790	650	640	630	610	620	660	750	720
Educational & Health Services	1,630	1,670	1,670	1,650	1,660	1,680	1,660	1,650	1,690	1,760
Leisure & Hospitality	1,900	1,940	1,920	1,940	2,080	1,950	1,850	1,930	1,800	1,780
Other Services	300	280	290	310	310	290	280	300	280	300
Government	3,820	3,850	3,860	3,900	4,000	3,870	3,890	3,910	4,050	4,140
Federal Government	720	730	750	780	790	750	750	720	740	770
State & Local Government	3,100	3,120	3,120	3,120	3,210	3,120	3,140	3,190	3,310	3,370
State Government	430	420	450	440	460	390	380	420	460	490
Local Government	2,670	2,690	2,670	2,680	2,750	2,720	2,760	2,770	2,860	2,880

Source: Employment Development Department, Labor Market Information Division. Data utilizes the March 2008 Benchmark

The following table sets forth the major employers located in the County as of 2008:

TABLE B-3
COUNTY OF SISKIYOU
MAJOR EMPLOYERS, 2008

EMPLOYER NAME	LOCATION	INDUSTRY
Behavioral Health Service	Yreka	County Government-Public Health Programs
Ccda Waters LLC	Mount Shasta	Water Companies-Bottled, Bulk, Etc
College Of The Siskiyous	Weed	Schools-Universities & Colleges Academic
County Sheriff	Yreka	Sheriff
Dunsmuir Police Department	Dunsmuir	Police Departments
Electro-Guard Inc.	Mount Shasta	Manufacturers
Fairchild Medical Center	Yreka	Hospitals
Jackson Street Elementary School	Yreka	Schools
Klamath National Forest	Yreka	Government-Forestry Services
Mercy Medical Center Mt. Shasta	Mount Shasta	Hospitals
Mt. Shasta Resort	Mount Shasta	Resorts
Raley’s	Yreka	Grocers-Retail
Roseburg Forest Products	Weed	Plywood & Veneers
Siskiyou County Alcohol & Drug	Yreka	Drug Abuse & Addiction Info & Treatment
Siskiyou County Coroner	Yreka	Sheriff
Siskiyou County Public Works	Yreka	Grading Contractors
Siskiyou County Road Department	Yreka	Grading Contractors
Siskiyou Golden Fair	Yreka	Associations
Siskiyou Lake LLC	Mount Shasta	Resorts
Sugar Creek Ranch	Callahan	Guide Service
Sunwest Inc.	Yreka	Convalescent Homes
Timber Products Co.	Yreka	Softwood Veneer & Plywood (Mfrs)
Union Pacific Railroad Co.	Dunsmuir	Railroads
US Forestry Department	Happy Camp	Government-Forestry Services
Walmart	Yreka	Department Stores

Source: Employment Development Department, Labor Market Information Division

The following table sets forth unemployment data for the County, State and United States:

TABLE B-4
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Siskiyou County	10.4%	7.5%	8.1%	9.0%	9.5%	9.5%	9.1%	8.0%	8.5%	10.2%
California	5.3%	4.9%	5.4%	6.7%	6.8%	6.2%	5.4%	4.9%	5.4%	7.2%
United States	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Siskiyou County	17.6%	18.1%	18.5%	15.6%	14.5%	13.9%	14.0%	n/a
California	10.6%	11.0%	11.5%	11.0%	11.3%	11.6%	12.1%	n/a
United States	76.0%	8.1%	8.5%	8.9%	9.4%	9.5%	9.4%	n/a

Source: Employment Development Department, Labor Market Information Division

Commercial Activity

The following table sets forth taxable transactions in the County for the calendar years 2004 through 2008, which are the latest data available.

TABLE B-5
COUNTY OF SISKIYOU
TAXABLE TRANSACTIONS
(In Thousands)

	2004	2005	2006	2007	2008[1]
Retail Stores					
Apparel stores	2,407	2,352	2,584	2,962	1,215
General merchandise stores	44,578	46,211	51,847	53,169	24,535
Food stores	46,408	44,525	36,084	29,567	13,619
Eating and drinking places	39,891	40,889	42,873	44,475	19,575
Home furnishings and appliances	6,466	6,841	6,716	6,959	3,424
Building materials	42,628	46,000	44,264	36,846	16,277
Motor vehicles and parts	41,157	42,249	39,395	41,748	14,215
Service stations	52,230	66,338	79,841	94,360	50,272
Other retail stores	33,153	36,124	36,907	41,535	22,427
Retail Stores Totals	308,918	331,529	340,511	351,621	165,559
All Other Outlets	140,459	156,749	171,682	167,590	78,272
Totals All Outlets	449,377	488,278	512,193	519,211	243,831

[1] Through end of Second Quarter, 2008
Source: California State Board of Equalization

TABLE B-6
COUNTY OF SISKIYOU
BUILDING PERMIT VALUATIONS

	RESIDENTIAL							
	SINGLE FAMILY		MULTIFAMILY					
Year	Units	Valuation	Units	Valuation	Alt. & Add. $	Total Residential Valuation	Nonresidential Valuation	Total
2008	141	$18,965,551	6	$ 632,360	$2,738,782	$22,336,693	$ 8,488,835	$30,825,528
2007	180	24,889,947	2	222,936	3,979,608	29,092,491	5,592,423	34,684,914
2006	244	33,382,845	6	747,839	4,392,267	38,522,951	6,064,581	44,587,532
2005	333	47,743,718	4	589,194	3,641,383	51,974,295	7,245,118	59,219,413
2004	180	37,748,281	8	1,453,529	4,890,587	44,092,397	13,701,301	57,793,698

Source: County of Siskiyou

Agriculture

The County is comprised of approximately 4,038,843 acres, of which approximately 1,153,246 acres are in farms. The value of agricultural production in the County for calendar years 2004 through 2008 is presented in the following table.

TABLE B-7
COUNTY OF SISKIYOU
VALUE OF AGRICULTURAL PRODUCTION

PRODUCE	2004	2005	2006	2007	2008
Field Crops	56,299,365	61,744,953	65,870,120	65,868,219	89,153,766
Seed Crop	1,552,500	1,552,500	1,130,500	3,754,900	3,125,000
Livestock	32,195,637	24,109,130	22,601,110	24,528,613	21,476,217
Vegetable Crops	10,122,515	11,844,833	11,916,038	18,460,240	22,210,979
Milk and Wool	4,895,606	4,423,000	2,822,300	3,709,125	4,384,072
Nursery Crops	22,922,500	40,460,428	54,827,000	41,484,961	74,180,113
Organic	2,397,232	3,503,527	4,200,069	11,575,278	17,404,499
Timber	51,565,369	47,567,015	47,924,733	59,343,592	27,042,757
TOTALS	181,950,724	195,205,386	211,291,870	228,724,928	258,977,403

Source: Siskiyou County Department of Agriculture, 2009 Crop and Livestock Report

Transportation

The County is served by a well-developed transportation network which includes road, rail, and bus services.

Highways. The County is intersected by several major highways. Interstate 5, the primary north-south vehicular transportation corridor on the West Coast, traverses the County from north to south, from the Oregon border through Yreka, Weed, Dunsmuir and Shasta Lake. East-west highways include U.S. Route 97 from the Oregon border to Weed, State Route 89, south from Mc Cloud towards Mt. Lassen, and State Route 96 from Yreka toward the Pacific coast.

Railroads. Union Pacific Railroad operates north-south rail lines generally parallel with Interstate 5, and there is AMTRAK service available at the Dunsmuir station, with connecting bus service to Weed and Yreka, for the Coastal Daylight and Starlight trains to Seattle and Los Angeles.

Airports. The County operates five general aviation airports at Butte Valley, Happy Camp, Scott Valley, Weed and the County Airport at Montague. All airports can accommodate light twin-engine aircraft and the County Airport is suitable for aircraft up to narrow body airline jets.

Bus Service. The County operates the STAGE bus line (Siskiyou Transit and General Express) with service between Yreka, Mc Cloud, Mt. Shasta and Weed, along the Interstate 5 corridor. Service is also available to Montague, Scott Valley, Happy Camp and Lake Shastina. Access to nationwide interstate bus service through Greyhound Bus Lines is available at the Weed depot.

Health Services

There are 2 privately operated not for profit acute care hospitals with a combined total of approximately 60 beds, and 9 private licensed community not-for-profit operated clinics located within the County. The County operates federally qualified health center clinics that provide services to all residents of the County regardless of their ability to pay. Primary care and specialty clinics provide diagnostic and treatment services for patients with acute and chronic medical conditions. A wide range of women's health services, including family planning, gynecology and obstetrical care, is offered as well as assessment and treatment for a variety of communicable diseases.

Education and Community Services

Public school education in the County is available through twenty elementary school districts, two unified school districts, three high school districts and the County Office of Education. As of fiscal year 2007-08, these districts offered instruction at one kindergarten through grade 12 school, twenty-six elementary schools, two middle schools, two junior high schools, eight high schools, one special education school, four continuation schools, seventeen community day schools and one school operated by the juvenile court system. School enrollment in Fiscal Year 2007-08 numbered approximately 6,275 in public schools. In addition, there are two charter schools within the County with a total enrollment of 305 students.

Higher education is available at College of the Siskiyous, which is a public community college located in Weed with a branch campus in Yreka. It is part of the California Community Colleges System and has an enrollment of approximately 3,000 students, including part-time students. Among the major buildings are the Ford Theater for theatrical performances, the Herscheln Meredith Stadium for football and track and field competitions, a fire academy and health services buildings. Academic programs range from two to four years, with nursing, firefighting, theatrical, performing arts, media communications, music and visual arts being among the more prominent and important subject areas. It lies in the service area of California State University Chico, and is one of only ten community colleges in California that provides on-campus dormitories for students.

The County operates an eleven branch library system. There are no City operated libraries, but there are additional libraries at the College of the Siskiyous and at several County public schools.

Media Services

Siskiyou County is covered by Redding, CA and Medford, OR television stations (depending on the satellite or cable provider and the location of the customer in the County), which provide residents with national network coverage. The County is also served by Yreka Community Television ("YCTV"), which was created in 1978 by the Yreka City council as an all-volunteer access station. It is presently located at the City of Yreka corporate yard. YCTV serves Yreka and Montague, as well as various rural sections of northern Siskiyou County through the cable provider Northland Cable. In 1990, a grant from the McConnell Foundation made continued growth and success possible. Industrial broadcast equipment and cameras, which were then state of the art, brought the station up to basic broadcast standards. Through the years, various donations have expanded the capabilities of YCTV. Computer stations were added, making it possible to broadcast a marquee twenty-four hours a day. In 1997, volunteers and city employees, with generous donations from local groups and businesses, remodeled a portable classroom donated by the local school system. Recently the City of Yreka budgeted the funds to employ YCTV's first full-time Station Manager. YCTV covers many area school and other youth events, as well as working with law enforcement, 4H and other area groups. The station volunteers are extremely proud of the ever-expanding library of historical programs. They are forever working to capture local history that might otherwise be lost.

The County also offers numerous opportunities for recreation. Some popular activities are fishing, hunting, white-water rafting and winter activities at Mt. Shasta Ski Park.

County Employees

The number of persons employed by the County, the collective bargaining agents, if any, which represent them, and the dates of expiration of the various collective bargaining agreements are as follows:

Bargaining Unit	No. of Employees	Contract Expiration Date
Department Heads (Appointed)	13	6/30/10
Department Heads (Elected)	6	6/30/11
Assistant Department Heads	14	6/30/09[1]
Confidential Group	14	6/30/09[1]
Correctional Officers	35	6/30/11
Probation/Juvenile Correctional Officers	20	6/30/11
AFSCME – Miscellaneous	350	6/30/11
AFSCME – Management	50	6/30/11
AFSCME – Professional	96	6/30/11
Sheriff's Management Unit	6	6/30/11
Deputy Sheriff's Association	60	6/30/11
Tradecraft	75	6/30/11

[1] Contract Negotiations are in progress.

FINANCIAL INFORMATION

The County is required by State law to adopt on or before August 30 each year a fiscal line item budget setting forth estimated expenditures, revenues, and fund balances available so that appropriations during the next fiscal year will not exceed available financing. However, the County has, by resolution, extended on a permanent basis or for a limited period, this date from August 31 to October 2. Set forth below is a summary of the County budget process.

First, after release of the Governor's Proposed Budget in January, the County Administrator prepares a preliminary forecast of the County's budget based on current year expenditures, the assumptions and projections contained in the Governor's Proposed Budget and other projected revenue trends.

Second, the County Administrator presents the County's Proposed Budget to the Board for adoption. Absent the adoption of a final County budget by June 30, the current existing budget is continued into the new fiscal year until a final budget is adopted.

Third, between January and the time the State adopts its own budget, representatives of the County Administrator monitor, review and analyze the State budget and all adjustments made by the State legislature. The County makes adjustments to its Adopted Budget throughout the year based on the State's Budget and other factors.

In order to ensure that the budget remains in balance throughout the fiscal year, the County Administrator monitors actual expenditures and revenue receipts each month. In the event of a projected year-end deficit, steps are taken, in accordance with the State Constitution, to reduce expenditures. On a quarterly basis, the Auditor-Controller's and County Administrator's staff prepares a report that details the activity within each budget category and provides summary information on the status of the budget. Actions that are necessary to ensure a healthy budget status at the end of the fiscal year are recommended in the quarterly budget status reports. Other items which have major fiscal impacts are also reviewed quarterly. The County's ability to increase its revenues is limited by State laws that prohibit the imposition of fees to raise general revenue, except to recover the costs of regulation or provisions of services. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS".

See "STATE OF CALIFORNIA FINANCES" herein for a discussion of recent State budget actions which could have an adverse affect on the receipt of certain revenues by the County.

Fiscal Year 2008-09 Final Budget

The County's budget for Fiscal Year 2008-09 approved total General Fund appropriations, including operating transfers to other funds, of approximately $54.3 million. Such appropriations were for basic County services including public protection, health and sanitation, and public assistance. These three areas comprised approximately 39% of the County's total General Fund expenditures. The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2008-09, approximately 30% of the County's General Fund revenue consisted of payments from the State and 5% consisted of payments from the Federal government. The portion of the County's revenue that is not dependent upon State, Federal or other restricted sources is considered to be "discretionary." Approximately 65% of the County's General Fund revenue consists of wholly discretionary revenue. The County uses the discretionary portion of General Fund revenue to match, if necessary, external sources of revenue and to fund the cost of general government services, including the costs of public protection not funded by trial court funding from the State of California or moneys from the Public Safety Sales Tax (Proposition 172).

Proposition 172 was approved by the voters of California, permanently extending a 1/2-cent sales tax for public safety statewide. Sales tax receipts for the County from this 1/2-cent levy were $2,167,641 in Fiscal Year 2003-04, $2,106,402 in Fiscal Year 2004-05, $2,447,466 in Fiscal Year 2005-06, $2,507,485 in Fiscal Year 2006-07, $2,491,275 in Fiscal Year 2007-08 and $2,231,436 in Fiscal Year 2008-09.

Fiscal Year 2009-10 Adopted Budget

The County adopted its Final Budget for Fiscal Year 2009-10 on September 8 2009. The budget includes total General Fund appropriations of approximately $32 million. Such appropriations are for primary County services including public protection, health and sanitation, and public assistance. These three areas comprise approximately 41% of the County's total anticipated General Fund expenditures. The budget includes no reduction of estimated tax revenues (consisting primarily of supplemental and documentary transfer taxes, sales tax and transient occupancy taxes), as compared to the initial proposed budget. Accordingly, the County Board of Supervisors utilized $618,120 from designations to offset the revenue reductions at the County's budget hearings. County staff is in the process of finalizing category amounts to reflect this minor adjustment. A continuing decline of the economy could further negatively impact local revenues. Adjustments to the budget will be made as necessary to address such declines.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2009-10, approximately 34% of the County's General Fund revenue consists of payments from the State and 5% consists of payments from the Federal government. The portion of the County's revenue that is not dependent upon State, Federal or other restricted sources is considered to be "discretionary." Approximately 61% of the County's General Fund revenue consists of wholly discretionary revenue. The County uses the discretionary portion of General Fund revenue to match, if necessary, external sources of revenue and to fund the cost of general government services, including the costs of public protection not funded by trial court funding from the State of California or moneys from the Public Safety Sales Tax (Proposition 172). Public safety sales tax receipts for the County from the extension of Proposition 172 are budgeted at $2,500,000 in Fiscal Year 2009-10.

Siskiyou County Pooled Investment Fund

Funds held by the County in the Investment Pool (the "County Pool") are invested in accordance with the Treasurer's Investment Policy Statement prepared by the County Treasurer-Tax Collector as authorized by Section 53601 of the Government Code of California. The Investment Policy is updated and submitted to the Board of Supervisors at least annually and the most recent update was approved on May 19, 2009. A complete copy of the County's current Investment Policy is available upon request from the County Treasurer-Tax Collector.

The County Pool represents moneys entrusted to the Treasurer by the County, school and community college districts and special districts within the County. State law requires that all moneys of the County, school districts, and certain special districts be held by the Treasurer.

The Treasurer accepts funds only from agencies located within the County. Moneys deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Income is distributed to the pool participants quarterly based on their average daily cash balance.

The Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition and value of investments of the portfolio will change over time depending on cash flow demands, as investments mature, or are sold, and as new investments are purchased and with fluctuations in interest rates generally. Funds on deposit with the Treasurer are managed in accordance with the following objectives; first, preservation of principal of each participant through the purchase of high quality investments; second, meeting the liquidity demands of pool participants; and third, achieving a market value of return.

The portfolio structure of the County Pool as of August 31, 2009, was as follows:

TABLE B-8
COUNTY OF SISKIYOU
COMPOSITION OF COUNTY INVESTMENT POOL

Instrument	Par Value	Market Value	Book Value	Percent of Pool
Managed Pool Investments	$17,878,977	$17,901,941	$17,878,977	27.42%
Money Markets	3,265,662	3,265,662	3,265,662	5.01%
Federal Agency Issues-Coupon	44,000,000	45,105,680	44,049,084	67.57%
TOTAL	$65,144,639	$66,273,283	$65,193,723	100.00%

Source: County Auditor-Controller

The weighted average days to maturity as of August 31, 2009 was 792 days.

The County believes that the County Pool is prudently invested and that the investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

For additional information concerning County investments, see "APPENDIX C – AUDITED FINANCIAL STATEMENTS, FISCAL YEAR ENDING JUNE 30, 2008."

Ad Valorem Property Taxes

General. Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (i) filing a civil action against the taxpayer; (ii) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for recording in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law allows exemptions from ad valorem property taxation of $7,000 of full value of owner occupied dwellings. However, the State reimburses all local taxing authorities for the loss of revenues imputed on these exemptions. The State Constitution and various statutes provide exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, nonprofit hospitals, and charitable institutions.

The California Community Redevelopment Law authorizes redevelopment agencies to issue debt payable from the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, in such project areas, local taxing authorities realize tax revenues only on the assessed valuations for the year the Redevelopment Agency was formed. .

Under California law currently in effect, County tax collections are presently allocated approximately 21.35% to the County, 6.00% to cities, 0.79% to dependent special districts, 3.80% to independent special districts and 68.06% to schools.

The assessed valuations within the County for the past 10 Fiscal Years are shown in the table below.

TABLE B-9
COUNTY OF SISKIYOU
ASSESSED VALUATIONS

Fiscal Year	Secured	Unsecured	Unitary	Exemptions	Net Taxable Valuation
2000-01	$2,296,021,743	$180,258,762	$240,968,303	$71,703,833	$2,645,544,975
2001-02	2,426,731,651	178,481,543	242,540,303	83,712,703	2,764,040,794
2002-03	2,571,062,331	194,300,684	240,850,982	90,212,259	2,916,001,738
2003-04	2,713,619,092	196,244,074	229,144,606	94,716,468	3,044,291,304
2004-05	2,904,376,159	177,763,460	222,100,471	98,910,634	3,205,329,456
2005-06	3,151,659,202	193,516,781	223,853,374	106,613,644	3,462,415,713
2006-07	3,482,877,333	207,575,260	222,135,160	116,037,587	3,796,550,166
2007-08	3,773,418,849	208,924,050	248,726,882	132,046,272	4,099,023,509
2008-09	4,045,175,610	213,556,019	268,844,530	154,982,228	4,372,593,931
2009-10	4,149,813,901	212,417,843	287,398,405	168,457,135	4,481,173,014

Source: County of Siskiyou County Assessor

A summary of tax levies and collections within the County is shown in the table below.

TABLE B-10
COUNTY OF SISKIYOU
SUMMARY OF TAX LEVIES AND COLLECTIONS[1)]

Fiscal Year Ending June 30th	Secured & Unitary Levy	Secured & Unitary Collections	Percent of Secured Levy Collected	Unsecured Levy	Unsecured Collections	Percent of Unsecured Levy Collected
2000	$25,603,425	$24,539,967	95.85%	$2,072,482	$2,006,870	96.83%
2001	$26,443,280	$25,312,606	95.72%	$1,984,939	$1,852,875	93.35%
2002	$27,873,118	$26,787,963	96.11%	$1,903,222	$1,804,141	94.79%
2003	$29,007,011	$27,888,796	96.15%	$2,004,620	$1,960,288	97.79%
2004	$30,297,067	$29,334,518	96.82%	$2,062,996	$2,031,497	98.47%
2005	$32,080,886	$31,187,826	97.22%	$1,876,921	$1,804,201	96.13%
2006	$34,591,823	$33,624,672	97.20%	$2,016,749	$1,962,324	97.30%
2007	$39,025,220	$37,611,789	96.38%	$2,124,605	$2,056,426	96.79%
2008	$41,779,475	$40,223,973	96.28%	$2,297,242	$2,230,134	97.08%
2009	$44,648,806	$42,662,634	95.55%	$2,257,490	$2,216,602	98.19%
2010	$45,828,874	n/a	n/a	n/a	n/a	n/a

Source: County Treasurer-Tax Collector.
[1] Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

The Teeter Plan. The County utilizes the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency, including cities, levying property taxes in its county may receive 100% of the amount of uncollected taxes credited to its fund in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest, as collected, that would have been due to the local agency. However, although a local agency could receive the total levy for its property taxes without regard to actual collections funded from a reserve established and held by the county for this purpose, the basic legal liability for property tax deficiencies at all times remains with the local agency.

Pursuant to the State law, the County is required to establish a tax losses reserve fund to cover losses that may occur as a result of sales of tax-defaulted property. Once the tax losses reserve fund reaches a level of 1% of the total of all taxes and assessments levied on the secured roll for that year, any additional penalties and interest normally credited to the tax losses reserve fund may be credited to the County General Fund as provided in the State Revenue and Taxation Code. State law permits any county to draw down the tax losses reserve fund to a balance equal to one percent of the total of all taxes and assessments levied on the secured roll for that year, or 25% of the current year delinquent secured tax levy. As of June 30, 2009 the balance in the tax losses reserve fund was $419,599.87

Once adopted by a county, the Teeter Plan remains in effect unless the county orders its discontinuance or prior to the commencement of any subsequent Fiscal Year the county receives a petition for its discontinuance adopted by resolution of two-thirds of the participating revenue districts in the county. Further, the county may by resolution adopted not later than July 15 of any subsequent Fiscal Year after a public hearing, discontinue the Teeter Plan as to any tax levying or assessment levying agency if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to appeal by property owners. Assessment appeals are annually filed with the Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner. Each assessment appeal could result in a reduction of the taxable value of the real property, personal property or possessory interest of the property which is the subject of the appeal. Alternatively, an appeal may be withdrawn by the applicant or the Assessment Appeals Board may deny or modify the appeal at a hearing or by stipulation.

In Fiscal Year 2008-09 there have been three (3) assessment appeals resolved affecting the assessment roll values for Fiscal Year 2008-09. These appeals affected the assessments for three (3) parcels which had an aggregate original assessed value of $223,608. The aggregate assessed value for these parcels was reduced by $2,000 representing a .0000457% decline in the total assessed valuation within the County.

Effect of Foreclosures on Property Tax Collections. As described above, once an installment of property tax becomes delinquent, penalties are assessed commencing on the applicable delinquency date until the delinquent installment(s) and all assessed penalties are paid. In the event of foreclosure and sale of property by a mortgage holder, all past due property taxes, penalties and interest is required to be paid before the property can be transferred to a new owner. In addition, as required under the Teeter Plan, the County maintains a tax losses reserve fund, to cover potential losses that may result if tax-defaulted property is sold by the County for less than the amount of the taxes owed. The County annually conducts sales of tax-defaulted properties and aggressively pursues its legal remedies when taxes are delinquent on given property.

Largest Taxpayers

The 20 largest taxpayers in the County by net taxable value for all properties, for the Fiscal Year 2009-10 are shown below.

TABLE B-12
COUNTY OF SISKIYOU
TWENTY LARGEST TAXPAYERS

Owner	Property Use	Taxable Value
PacificCorp	Utility	$171,548,420
CG Roxanne, LLC	Water Bottling	$ 87,435,000
Siskiyou Telephone Company	Utility	$ 39,180,585
CCDA Waters, LLC	Water Bottling	$ 35,293,220
Roseburg Forest Products	Lumber Mill	$ 27,503,122
Pacific Gas & Electric Co.	Utility	$ 20,446,939
Timber Products, Co.	Lumber Mill	$ 12,990,000
Yreka Junction Investors LP	Retail/Shopping Center	$ 12,273,249
AT&T	Utility	$ 11,834,138
Hearst Corporation	Residential	$ 11,811,594
Fruit Growers Supply Co.	Logging	$ 11,391,482
Wal-Mart Stores Inc #1630	Retail	$ 11,260,998
Nor Cal Products, Inc.	Manufacturing	$ 9,840,000
Union Pacific Railroad Co.	Transportation	$ 7,951,649
Michigan California Lumber	Timber	$ 7,638,889
ABS Development Company	Hotel/Restaurant	$ 6,986,233
Cal Ore Telephone Co.	Utility	$ 6,806,326
Six C's Enterprises Inc.	Motel/Restaurant	$ 6,322,326
Roseburg Resources Co.	Timber Land Management	$ 5,963,525
Meadowlark Assisted Living	Assisted Living	$ 5,708,871
TOTAL		$510,186,566
2009-2010 County Taxable Value		$4,481,173,014
Percentage of Tax Base		11.39%

Source: County Assessor's Office.

County Indebtedness

The following table represents all long-term bonded indebtedness of the County, regardless of source of payment. However, substantial portions of the County's annual debt service requirements are supported by revenues that are generated outside of the County's General Fund. Please see APPENDIX C – AUDITED FINANCIAL STATEMENTS, FISCAL YEAR ENDING JUNE 30, 2008 for a detailed description of County debt and which funds and revenue sources are used to support the annual debt service payments.

TABLE B-13
COUNTY OF SISKIYOU
SCHEDULE OF PRINCIPAL AND INTEREST ON LONG TERM DEBT

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2010	$ 262,342	$ 1,137,625	$ 1,399,967
2011	295,684	1,126,017	1,421,701
2012	329,135	1,112,455	1,441,590
2013	367,700	1,096,932	1,464,632
2014	411,480	1,079,141	1,490,621
2015	455,282	1,058,773	1,514,055
2016	504,309	1,035,818	1,540,127
2017	525,031	1,009,971	1,535,002
2018	579,321	980,922	1,560,243
2019	638,747	948,661	1,587,408
2020	703,217	912,883	1,616,100
2021	767,935	873,278	1,641,213
2022	842,804	829,835	1,672,639
2023	917,831	781,941	1,699,772
2024	1,003,021	729,590	1,732,611
2025	1,088,480	672,163	1,760,643
2026	624,012	609,654	1,233,666
2027	669,724	575,609	1,245,333
2028	720,722	538,909	1,259,631
2029	776,813	499,241	1,276,054
2030	838,202	456,295	1,294,497
2031	899,798	409,754	1,309,552
2032	961,605	359,611	1,321,216
2033	922,742	305,862	1,228,604
2034	991,215	252,095	1,243,310
2035	1,064,687	194,237	1,258,924
2036	1,038,400	133,672	1,172,072
2037	1,123,700	70,457	1,194,157
2038	9,100	2,041	11,141
2039	9,500	1,622	11,122
2040	10,000	1,184	11,184
2041	10,400	725	11,125
2042	10,900	245	11,145
	$ 20,373,839	$ 19,797,218	$ 40,171,057

Financial Operations

The following table summarizes the County’s financial operations for the past five (5) fiscal years:

TABLE B-14
COUNTY OF SISKIYOU
HISTORICAL OPERATING RESULTS, GENERAL FUND

Fiscal Year Ended June 30:	2004	2005	2006	2007	2008
REVENUES					
Taxes	$8,709,619	$9,634,500	$10,104,066	$11,180,535	$11,738,494
Licenses and Permits	1,040,606	1,052,149	1,081,651	929,160	914,602
Fines and Forfeitures	1,852,131	1,969,046	1,778,429	1,735,028	1,898,062
Use of Money and Property	96,056	711,652	875,655	1,039,001	1,026,373
Intergovernmental	7,939,717	10,739,590	12,420,435	13,591,314	16,330,829
Charges for Services	4,052,642	3,615,839	4,851,397	4,827,041	5,544,438
Other Revenue	604,950	219,096	1,031,165	336,928	258,845
Total Revenues	24,295,721	27,941,872	32,142,798	33,639,007	37,711,643
Operating Expenses					
General Government	6,108,350	6,245,632	7,279,609	6,819,018	7,117,931
Public Protection	8,388,990	8,450,398	24,953,673	24,681,134	27,625,939
Health and Welfare	42,721	38,986	42,715	40,966	3,048,400
Public Assistance	291,994	272,831	333,187	317,942	378,974
Education	1,113,966	1,058,311	932,850	1,069,354	1,242,758
Culture and Recreation	105,697	123,513	98,949	106,129	247,318
Public Ways and Facilities	11,649	6,953	3,532	2,887	11,757
Debt Service-Principal	237,625	0	109,309	103,424	133,780
Debt Service-Interest	17,025	149,583	205,538	233,091	230,473
Capital Outlay	238,563	217,972	589,573	1,044,734	1,225,206
Total Expenditures	16,556,580	16,564,179	34,548,935	34,418,679	41,262,536
Excess of Revenues Over (Under) Expenditures	7,739,141	11,377,693	(2,406,137)	(779,672)	(3,550,893)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,703,553	3,748,138	16,368,921	15,372,521	17,157,163
Transfers Out	(11,759,337)	(12,448,133)	(15,420,897)	(13,964,063)	(14,715,770)
Issuance of Debt	0	0	205,435	-	209,775
Total Other Financing Sources (Uses)	(10,055,784)	(8,699,995)	1,153,459	1,408,458	2,651,168
Net Change in Fund Balance	(2,316,643)	2,677,698	(1,252,678)	628,786	(899,725)
Fund Balances - Beginning	5,423,694	3,114,632	5,864,366	4,611,688	5,240,474
Adjustments	7,581	72,036	0	0	1
Fund Balances - Ending	$3,114,632	$5,864,366	$4,611,688	$5,240,474	$4,340,750

Source: Data extracted and summarized from the County's Audited Financial Statements

The following table summarizes the County's financial position at the end of each of the past five (5) fiscal years:

TABLE B-15
COUNTY OF SISKIYOU
HISTORICAL BALANCE SHEETS, GENERAL FUND

Restricted Cash	261,830	-	-	-	252,782
Accounts Receivable	967,148	539,867	1,460,257	1,192,178	1,390,706
Interest Receivable	-	167,915	63,669	64,052	104,731
Taxes receivable	-	1,066,251	410,886	95,500	176,033
Due from Other Funds	-	704,643	308,752	681,558	98,488
Inventory	-	-	-	-	7,773
Total Assets	5,171,432	7,801,545	6,983,274	7,391,080	7,268,519
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	898,910	732756	812,476	810,229	921,075
Accrued Salaries & Benefits	328,056	358,367	810,070	607,578	1,180,099
Compensated Absences	72,037	-	-	-	-
Deposits Payable	-	234,880	231,094	214,407	252,782
Deferred Revenue	495,967	-	-	518,392	573,813
Unearned Revenue	-	611,176	517,946	-	-
Other Liabilities	261,830	-	-	-	-
Total Liabilities	2,056,800	1,937,179	2,371,586	2,150,606	2,927,769
FUND BALANCES:					
Reserved for:			-		
Encumbrances	79,587	75,458	357,012	1,185,155	460,207
Other	421,184	421,184	957,971		704,340
Pledged Account		234,880	231,094	214,407	252,782
Unreserved:					
Designated	2,341,021	2,341,021	2,191,121	2,171,808	2,323,816
Undesignated	272,840	2,791,823	874,490	1,669,104	599,605
Total Fund Balances	3,114,632	5,864,366	4,611,688	5,240,474	4,340,750
Total Liabilities & Fund Balances	$5,171,432	$7,801,545	$6,983,274	$7,391,080	$7,268,519

Source: Data extracted and summarized from the County's Audited Financial Statements

The following table summarizes the County's General Fund Budgets for Fiscal Years ending June 30, 2008, 2009 and 2010:

TABLE B-16
COUNTY OF SISKIYOU
OPERATING BUDGETS, GENERAL FUND

Fiscal Year Ending June 30:	2008			2009	2010
	Adopted Budget	Modified Budget	Actual	Modified Budget	Adopted Budget
Operating Revenues					
Taxes	$12,503,633	$12,503,633	$11,738,494	$12,010,200	$11,797,100
Licenses and Permits	902,500	902,500	914,602	1,097,500	862,000
Fines and Forfeitures	1,810,325	1,806,565	1,898,062	2,107,400	1,910,800
Use of Money and Property	1,072,675	1,072,890	1,026,373	1,149,350	1,131,741
Intergovernmental	17,202,230	17,217,441	16,330,829	12,097,367	13,263,788
Charges for Services	5,210,896	5,196,537	5,544,438	5,756,118	5,808,830
Other Revenue	110,555	177,089	258,845	54,381	35,290
Total Revenues	38,812,814	38,876,655	37,711,643	34,272,316	34,809,549
Operating Expenses					
General Government	9,306,560	8,874,325	7,117,931	7,557,360	6,851,086
Public Protection	28,692,011	29,047,072	27,625,939	28,120,269	27,696,848
Health and Welfare	3,282,612	3,191,783	3,048,400	47,000	48,899
Public Assistance	347,417	406,796	378,974	438,912	362,345
Education	1,332,093	1,339,719	1,242,758	1,276,388	1,096,615
Culture and Recreation	300,861	300,861	247,318	116,564	94,105
Public Ways and Facilities	11,801	11,751	11,757	15,485	30,729
Debt Service-Principal	223,750	223,750	364,253	-	-
Capital Outlay	802,092	1,157,074	1,225,206	-	-
Total Expenditures	44,299,197	44,553,131	41,262,536	37,571,978	36,180,627
Excess of Revenues Over (Under) Expenditures	(5,486,383)	(5,676,476)	(3,550,893)	(3,299,662)	(1,371,078)
OTHER FINANCING SOURCES (USES)					
Transfers In	16,897,318	17,059,681	17,157,163	17,461,988	15,183,431
Transfers Out	(14,554,448)	(14,889,177)	(14,715,770)	(16,207,743)	(13,812,353)
Issuance of Debt		0	209,775		
Total Other Financing Sources (Uses)	2,342,870	2,170,504	2,651,168	1,254,245	1,371,078
Net Change in Fund Balance	(3,143,513)	(3,505,972)	(899,725)	(2,045,417)	$0
Fund Balances - Beginning	5,240,475	5,240,475	5,240,475	2,045,417 [1]	n/a
Fund Balances - Ending	$2,096,962	$1,734,503	$4,340,750	$0	n/a

[1] Anticipated Fund balance budgeted as Revenue

Source: Data extracted and summarized from the County's Audited Financial Statements and Budgets

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2008

[THIS PAGE INTENTIONALLY LEFT BLANK]

COUNTY OF SISKIYOU,
CALIFORNIA

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2008

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

COUNTY OF SISKIYOU, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

INTRODUCTORY SECTION

- Letter of Transmittal
- List of Officials

THIS PAGE INTENTIONALLY LEFT BLANK

County of Siskiyou

LEANNA DANCER
AUDITOR-CONTROLLER-RECORDER
P.O. BOX 8
YREKA, CALIFORNIA 96097-0008
OFFICE 530-842-8060 ● FAX 530-842-8077
www.co.siskiyou.ca.us

JENNIELEE EBEJER
Asst. Auditor-Controller-Recorder

RUSTY NEISWANGER
County Recording Supervisor

March 6, 2009

To the Board of Supervisors and Citizens of Siskiyou County:

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Siskiyou for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the County of Siskiyou. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of Siskiyou has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of Siskiyou's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of Siskiyou's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Smith & Newell, CPA, a firm of licensed certified public accountants, has audited the County of Siskiyou's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Siskiyou for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded, that there was a reasonable basis for rendering an unqualified opinion that the County of Siskiyou's financial statements for the fiscal year ended June 30, 2008 and are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County of Siskiyou was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Siskiyou's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Siskiyou's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The County of Siskiyou, incorporated in 1852, is located in the north central part of the state adjacent to the Oregon border. The County of Siskiyou currently occupies 274,428,000 acres of land and water of which only 172,889,640 acres are publicly held. The County also serves a population of 44,301.

County government functions as a local government body to serve the needs of its residents. As geographical and political subdivisions of the state, counties serve a dual role, providing municipal services in the unincorporated areas and acting as administrative agents for state and federal government programs and services. As a general-law county, State law binds the County of Siskiyou as to the number and duties of county elected officials. The County has five districts that are approximately equal in population with boundaries adjusted every ten years following the federal census. Policymaking and legislative authority are vested in the County Board of Supervisors that consists of an elected supervisor from each of the five districts. Supervisors are elected to four-year staggered terms in even year elections. The County has six elected department heads. The elected department heads are the Auditor-Controller-Recorder, County Clerk, Assessor, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector.

The County provides a wide range of services to its residents, including public protection through the Sheriff's Department, Fire Services, District Attorney's office, medical and health services, public assistance programs, sanitation services, the construction and maintenance of roads and infrastructure, environmental services, parks, libraries, and a variety of other general governmental services. Every resident of the County, directly or indirectly, benefits from these services. Most services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas. The County is experiencing serious financial difficulty due to continued State financial problems beginning in 2001/2002. While the 2007/2008 fiscal year was to have been a better financial year, we have experienced slow payments from the State including those that are passed through from the Federal Government. As a result, our fund balance came in very low in comparison to what we would have expected and budgeting with receivables became necessary. The County was able to replace $500,000 from the General Fund to the Accumulated Outlay fund and redirect Tobacco Settlement funds from operations and back to ACO, Sewer and Water and Other Health Service funds in 2005/2006 per Board resolution. However, for the 2008/2009 budget, those funds have once again been redirected to operations of the general fund. Budget plans for subsequent years continued to direct Tobacco Settlement funds as dictated by Board resolution to the three funds referred to above.

The governmental reporting entity consists of the county and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The following blended component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes: Siskiyou County Air Pollution District, Siskiyou County Flood Control & Water Conservation District, County Service Area #3, County Service Area #4, County Service Area #5, Local Transportation Administration, Regional Transportation Planning, McCloud Fire Zone, Hammond Ranch Fire Zone, Children & Families First Commission, Mt. Shasta Vista Fire Zone and Pleasant Valley Fire Protection Zone. These component units are included in the County's reporting entity because of the significance of their financial or operational relationship and their mutual governing body. Additional information on all of these entities can be found under Note 1 in the Notes to the Financial Statements. The Community Services Council has established itself in a non-profit status during the fiscal year 2005/2006. Their change of status has allow them to access other funding not available to governmental agencies and to better serve the County as a whole.

Community Services Council has been a part of the County financials since inception. During the 2005/2006 fiscal year, the Board of Supervisors approved the separation of the Community Services Council and the establishment of such as a 501(c) (3). Subsequently, the Board also authorized the pass through of revenues previously recognized and expended from the 2126 fund to the newly incorporated Community Services Council. Revenues are recognized in 2126 and expenditures are reflected as 752500 Contribution to Others.

The County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Supervisors. Activities of the general and special revenue funds are included in the annual appropriated budget. The government also maintains an encumbrance accounting system to assist departments in accomplishing budgetary control. Unencumbered annual appropriations lapse at year-end. Expansion of these controls is planned in the 08/09 fiscal year with the implementation of an electronic bill payment system.

The legal level of control for appropriations is exercised at the department cost center, within fund level. Cost centers are established based on function and funding source. Appropriations at this level may only be adjusted during the year with the approval of the Board. Management may make adjustments at their discretion below that level within each class of expenditures such as Salaries & Benefits or Services & Supplies. Such adjustments by the Board and management are reflected in the revised budgetary data presented in the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of Siskiyou operates. The following touch on a few of those issues and factors.

STATE BUDGET-

The November 2, 2004 election resulted in the overwhelming passage by California voters of Proposition 1A which focuses on the protection of Local Government Revenues. The law ensures local property tax and sales tax revenues remain with local government thereby protects local funding for public safety, health, libraries, parks, and other locally delivered services. It also prohibits the State from reducing local governments' property tax proceeds and allows the provisions to be suspended only if the

Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension. The suspended funds must be repaid within three years. Prop 1A also requires local sales tax revenues to remain with local government and be spent for local purposes and requires the State to fund legislative mandates on local governments or suspend their operation. The conditions for the Governor to declare such a state of emergency clearly exist towards the end of 07/08 and for sure in the 08/09 fiscal year

While budgeting for the 2007/2008 and subsequent fiscal years is directly impacted by the fact that the County cannot predict whether the State will continue to encounter budgetary difficulties in upcoming years, the passage of Proposition 1A provides a level of security for future years. The County also cannot predict the impact future State budgets will have on the County's finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. However, Prop 1A legislation affords the first attempt at providing a stable environment within which counties can operate. Current and future State budgets will be affected by national and State economic conditions and other factors that the County cannot control, but we will experience a significant decrease in financial vulnerability. The County's approach to the budget crisis at the state is to continue to be conservative with expenditures and attempt to match service to the public with funds made available. Primary focus is on health and public protection. Prior budgets have included the depletion of some designations and reserves in the amount of $1.2 million in 2003/2004 and $1.8 million in 2004/2005. Portions of those designations have been replaced.

Based on the State of California's severe financial situation, we have participated in the Tax Revenue Anticipation Note as a large borrower for the first time by borrowing $9.4 million to carry our cash flow needs for the 2-4 months of no payments as indicated by the state. Intergovernmental revenues account for over half of all governmental funds' revenue. Reductions in revenues, or even slowed payment of revenues due to the County will have a significant impact on the County of Siskiyou.

The County of Siskiyou is bracing for a minimum of 3 years of financially difficult times based on state and federal conditions. As we budget for 08/09, we are unsure of several items including the suspension of Prop 1A and the elimination of the Williamson Act funds. This would mean $770,000 in general fund dollars for the Williamson Act and a shift of property tax dollars of up to 8% from the county, the cities and special districts to schools. Other revenues are partially funded by federal funds but pass through state coffers. This allows the opportunity for the state to slow down payments of federal dollars to the point of affecting the county's cash flow. The cash flow of the County has been being monitored closely for well over one year and we continue to brainstorm ideas to better manage what little we are receiving.

NATURAL RESOURCE ISSUES -

The efforts to recover the Coho salmon, as an endangered species continue and certain issues of impact within the County still remain. The County is working closely with both state and federal agencies in regard to the recovery and permitting plan that will allow our agriculture industry to financially survive the impact. The County continues to be heavily involved with the North Coast Water Quality Control Board in developing and implementing TMDL plans for improving water quality in the Shasta, Scott, Klamath, and Lost Rivers. In addition, the County is in the early stages of developing a cohesive and consistent county-wide strategy that would greatly minimize the contentiousness of water issues.

An additional area of involvement is the fire and fuels issue on the public forestlands. Since over 60% of the County resides in public ownership, the impact is significant. Previous federal policy has allowed forests to become overgrown in base fuels putting the forests in an extreme fire danger situation.

Timber harvesting has been impacted for some time. In addition to that, the overgrowth of our forests has also reduced access and the County's ability to draw tourists for recreational purposes. The fires of 2008 brought home all of these problems. Like the water issue, the County has initiated the development of an overall multifaceted strategy for fuel reduction, particularly on federal lands.

Wildlife projects have also been initiated by the County. The County sponsored and is helping to develop an artificial propagation program for salmon to assist in buffering and restoring weakened stocks. The County is also in the process of developing a deer management plan to help restore our once abundant deer herds.

Finally, with all these issues, the consultation and cooperation with local citizens and businesses is imperative. Whatever the issue in natural resources, without local input solutions will remain elusive and extremely divisive. There is strong commitment and considerable effort on behalf of the Siskiyou County Natural Resources staff to help insure maximum public awareness, knowledge and involvement.

TIMBER -

YEAR	VOLUME (NET MBF)	SISKIYOU'S % STATE	% OF SISKIYOU'S VOL. FROM GOVT.	TOTAL VALUE
1990	405,476	10.07	50.19	$81,685,954
1991	257,654	8.09	38.50	$47,426,815
1992	243,106	8.18	33.62	$63,875,656
1993	162,917	5.67	18.85	$62,460,640
1994	180,277	7.78	28.37	$62,684,046
1995	187,365	8.13	15.86	$62,903,537
1996	178,701	7.86	24.05	$63,935,125
1997	250,804	10.45	25.45	$83,427,613
1998	189,237	9.05	24.52	$59,346,549
1999	198,817	9.27	21.76	$57,845,413
2000	193,408	9.84	18.45	$63,797,993
2001	134,829	8.41	8.33	$36,224,679
2002	187,215	11.08	11.03	$40,458,236
2003	230,871	13.88	16.79	$45,481,123
2004	239,349	14.03	10.17	$51,565,369
2005	207,726	12.04	19.31	$47,567,015
2006	198,832	12.19	20.99	$47,924,733

*Source: State Board of Equalization, Annual Timber Harvest Report

The harvest volume schedules indicate a significant reduction Statewide since 1978 (over 60%). The State Board of Equalization has statistics on the individual counties beginning in 1990, and Siskiyou County is consistently the second- or third-largest timber producing County in the State. From the chart above, it is clear that timber harvest has increased since 2002 and appears to have stabilized with the more business friendly Federal Administration which may change after the 2008 General Election. Of great concern is the fact that timber resources on Federal land are not being managed properly, and harvest levels have been reduced significantly.

A better indicator of economic activity would be the number of mills in the forest products industry (sawmills, veneer operations, bark products, and wood treatment). In 1989, we found there to be 14 mills of varying size; as of today that number has fallen to seven.

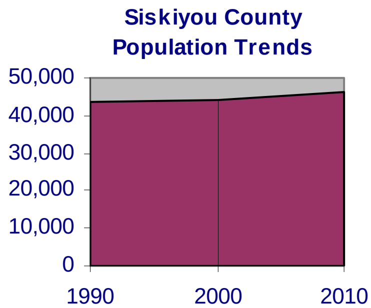
RECREATION AND TOURISM -

Siskiyou County's land mass of 6,300 square miles provides unparalleled opportunities for recreational experiences, and with approximately 70% of this property in state or federal ownership, access is virtually unlimited. Visitors and residents alike enjoy a myriad of activities, i.e., hunting, fishing, camping, snow sports, bird watching, etc., and the spectacular views only add to the County's Northern California mystique. Siskiyou County is indeed supportive of the tourism and its recreational related economy, and it continues to provide budgetary allocations to organizations that promote and provide visitor awareness and information.

POPULATION -

Siskiyou County's population reached 44,301 residents as of January 1, 2005. Over the past five years, the population has remained relatively stable showing approximately a 2% growth. The majority of our current residents, 47 percent, live within our nine cities. Yreka is our largest city with 7,300 residents.

Population 1990-2010



FUTURE GOALS

Siskiyou County is faced with a number of pressing issues, and many of our goals have a direct relationship to those concerns:

- Play a proactive role in protecting the County's interests in the legal process related to dam de-commissioning and FERC re-licensing.
- Work with the State to obtain and stabilize funding for State-required mandates.
- Develop recruitment and retention strategies for county employees.
- Continue efforts to develop long-term funding streams related to the Secure Schools and Community Self-Determination Act of 2000, as well as address issues related to healthy forests and socio-economic impacts and alternatives.
- Address pressing infrastructure needs.
- Continue to work on the County's emergency management response, i.e., emergency operations plan, resources, and training.
- Continue efforts to stabilize and enhance the County's financial picture, improvement of revenues, etc.

CASH MANAGEMENT POLICIES AND PRACTICES -

Except for the amounts held with trustees under bond indenture or other restrictive agreements, the County Treasurer invests cash and the funds in the pooled investment account. Funds are invested in accordance with investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy, in order of priority, are safety of principal, liquidity, and yield. In addition, the policy also addresses the soundness of the financial institutions in which the county will deposit funds, the types of investments permitted by the California Government Code, and the percentage of the portfolio that may be invested in the various investment instruments. The Treasury Oversight Committee is responsible for reviewing and monitoring the portfolios compliance with the Treasury Investment Policy.

As of June 30, 2008, the weighted average maturity of the treasury pool was 767 days. Approximately 44 percent of the securities in the pool had maturities of zero to one year, 14 percent had maturities of one to three years, and 42 percent had maturities of three to five years.

At June 30, 2008, the county's investments had a book value of $83,562,903.96 and a market value of $84,143,841.51.

The County has a cash handling policy that was jointly developed by the Auditor and Treasurer. All departments are subject to the controls outlined in the policy and all audits are performed in accordance with it.

INSURANCE -

The County's workers' compensation coverage is purchased through the CSAC-EIA Primary Workers' Compensation Program. Coverage begins at $1, and the county pays an annual premium for all coverage. County departments contribute amounts to the internal service fund based on actual loss history over the last 5 years (80% of the annual premium) and departmental salaries (20% of the annual premium).

The County's general liability program is purchased through CSAC-EIA Primary General Liability Program. Coverage begins at $10,000.00 per claim; the county is self-insured for the first $10,000. County departments contribute amounts to the internal service fund based on actual loss history over the last 7 years (80% of the annual premium) and departmental salaries (20% of the annual premium).

The County's medical malpractice insurance is purchased through CSAC-EIA, with a deductible of $5,000 per claim. The County is entirely self-insured for short-term disability and unemployment claims.

ECONOMIC STIMULUS -

The County of Siskiyou has successfully established an expanded enterprise zone that will provide tax benefits to business locating within our county. The Board of Supervisors has committed $125,000 per year to the development of this enterprise zone for the next 15 years.

As part of an informal cooperative agreement, the County, in conjunction with all nine cities, Chambers of Commerce and the Siskiyou County Economic Development Council are working together on several existing projects and potential projects to help jump start our economy where we can become less dependent upon State programs and more self reliant. As these projects develop, these arrangements should become more concrete and result in the County working together as a whole for the betterment of our citizens.

ACKNOWLEDGEMENTS

This Annual Financial Report was achieved through the combined efforts of numerous individuals. Again, the County departments have worked hard to accommodate changes we have asked for and moved into the new GASB 34 reporting model and subsequent fund changes to streamline reporting and electronic billing. The result of the 2007/2008 audit evaluation reflects the pride departments take in doing their job and guarding the assets of our taxpayers.

Sincerely,

Leanna Dancer

Leanna Dancer
Auditor-Controller-Recorder

COUNTY OF SISKIYOU, CALIFORNIA
COUNTY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2008

BOARD OF SUPERVISORS

Jim Cook	District I
LaVada Erickson	District II
Michael Kobseff	District III
Bill Overman	District IV
Marcia Armstrong	District V

COUNTY OFFICERS

Administrative Officer	Brian McDermott
Agricultural Commissioner	Patrick Griffin
Airports, Director of	Thomas Anderson
Assessor	Mike Mallory
Auditor-Controller	Leanna Dancer
Behavioral Health Director	Lauri Hunner
Child Support Services	Susan Pritchett
Civil Defense Director	Brian McDermott
County Clerk	Colleen Setzer
Coroner	Rick Riggins
County Counsel	Thomas Guarino
District Attorney	James “Kirk” Andrus
Farm Advisor - Yreka	Steve Orloff
Fire Warden	Burney Paul
Health Officer	Dr. Pearlman
Human Service Director	Michael Noda
Librarian - County	Elizabeth Emry
Museum Curator	Michael Hendryx
Planning Director	Terry Barber
Probation Officer	Adele Arnold
Public Administrator	James “Kirk” Andrus
Public Defender	Lael Kayfetz
Public Works, Director of	Scott Sumner
Recorder	Leanna Dancer
Sealer - Weights & Measures	Patrick Griffin
Sheriff	Rick Riggins
Tax Collector - Treasurer	Wayne Hammar
Veteran’s Service Officer	Michael Murphy

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

THIS PAGE INTENTIONALLY LEFT BLANK

SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Supervisors and Grand Jury
County of Siskiyou
Yreka, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Siskiyou, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. 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 audit provides 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year 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 March 6, 2009, on our consideration of the County'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 important for assessing the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, the Schedule of Funding Progress, and the Budgetary Comparison Schedules as listed in the table of contents, 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 inquiries 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the major fund budgetary comparison schedules, the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Smith & Newell

Smith & Newell CPA's
Yuba City, California
March 6, 2009

1425 BUTTE HOUSE ROAD YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)

THIS PAGE INTENTIONALLY LEFT BLANK

Management's Discussion & Analysis

As management of the County of Siskiyou, we offer readers of the County of Siskiyou's financial statements this narrative overview and analysis of the financial activities of the County of Siskiyou for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the County of Siskiyou exceeded its liabilities at the close of the most recent fiscal year by $92,014,959 (net assets). Of this amount a negative $20,324,949 (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors. A significant change appears here from last year as significant activity has occurred during the last year. The two most significant of these was the issuance of Pension Obligation Bonds that were to fund the County's unfunded liability with CalPers.

  The pension obligation was recorded in accordance with generally accepted accounting principles in prior years as an off balance sheet liability and not included in our financials in the past. It was addressed as part of our actuarial from CalPers as part of our annual rate. The pay off of this unfunded liability with the sale of Pension Obligation Bonds has allowed the County to control its long term liability for retirement purposes and, lacking any changes to benefits, will allow our unfunded liability to be reduced to zero at the end of the bond term.

  The second significant impact to the County's combined financial statements was the "purchase" of the Yreka Landfill from the City of Yreka. The purchase was an acquisition of the landfill site and the accrued closure/post closure liability. Since the liability assumed exceeded the value of payments paid or to be paid to the County, the net effect was a decrease in net assets of the Sanitation fund. The asset portion of the balance sheet reflects an increase to Accounts receivable and a corresponding increase to unearned revenue in the Business-Type Activities. The purchase of the landfill from the city involves an annual payment of $175,000 each year for 25 years. This quantifies the special assessment for the City of Yreka that equates to the annual renewal the Board of Supervisors does that adds $63 per appropriate parcel for all other special assessments established for other parcels within the County for the maintenance and operation of the landfills within our district.

- The government's total net assets decreased by $26,630,750. This decrease as discussed above is primarily attributable to the issuance of Pension Obligation Bonds and the acquisition of the Yreka Landfill. It was felt that future funding could be in jeopardy so a conservative approach regarding expenses was taken by the County, along with actively pursuing revenues due the County. Cash has increased by $8.35 million as a direct result of this pursuit in the governmental activities. Accounts receivable for governmental activities decreased by $4.3 million based on the active pursuit of monies owed to the County. The purchase of the Yreka Landfill reflects a significant increase in receivables in the Business Type Activities due to the agreement with the City of Yreka for $175,000 per year for 25 years per the purchase agreement and their cash has increased by $1.8 million due in part to a lump sum payment for the landfill and an increase in dump fees.

Loan's Receivable also increased due to CDBG business and housing rehabilitation grant dollars awarded to the County that have been distributed into the community in the form of loans.

- As of the close of the current fiscal year, the County of Siskiyou's governmental funds reported combined ending fund balances of $25,003,317 a decrease of $361,732 in comparison with the prior year. Approximately 55.07% of this total amount is available for spending at the government's discretion (unreserved, undesignated fund balance), which represents a 18.15% decrease over last year. Please refer to discussion regarding changes due to Pension Obligation Bonds above and Note 3.

- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was $599,605, or 1.45 percent of total general fund expenditures reflecting a 35.92% decrease in unreserved and undesignated fund balance. The designated portion of fund balance is $2,323,816 and the reserved portion of fund balance is $1,417,329 for a total reserved/designated balance of $3,741,145 or 9.07 percent of total general fund expenditures. This is a decrease of 2.09% compared to the fiscal year ending June 30, 2007.

- The County of Siskiyou's total debt increased by $25,961,986. Of that amount, the County issued $16,620,000 in pension obligation bonds to cover the unfunded liability with CalPERS allowing the rates to stabilize and to have that portion of our liability not previously reflected in our financials paid off at the end of the 30 year term. The net transaction included a reduction of $48,333 for an underwriters discount and a net reduction in cost of issuance of $61,796. The balance of the County's governmental activities debt consists of revenue bonds for Carrick Water in CSA #5, loans from California Infrastructure Bank for construction of a 40 bed juvenile hall facility, capitalized leased equipment and our long-term obligation for compensated absences. Compensated Absences will vary from year to year based on employee use of vacation and comp time and total number of employees. Business-type debt consists of FAA loans for airport upgrades, California Integrated Waste Management, California Infrastructure loans to finance landfill closures and transfer station construction as well as the closure/post closure debt and the liability for compensated absences related to business type activities. Business-type debt consists of a total increase of $9,324,684. In evaluating Note 3E, please note that the closure/post closure liability was increased by an adjustment of $9,353,280. This adjustment was to record the Yreka Landfill closure cost of $5,167,732, the Yreka Landfill postclosure cost of $3,918,845 and the inflation factor adjustments for the closed landfills of $266,703. Note H explains that the total closure/post closure liability is for one active landfill site and twelve closed landfill sites. The liabilities are based on estimates used ranging from 25 to 100 percent of total permitted site capacity filled.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Siskiyou's basic financial statements. The County of Siskiyou's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County of Siskiyou's finances, in a manner similar to a private-sector business.

The ***statement of net assets*** presents information on all of the County of Siskiyou's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County of Siskiyou is improving or deteriorating.

The ***statement of activities*** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Siskiyou that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County of Siskiyou include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The business-type activities of the County of Siskiyou include Sanitation, Siskiyou Transit & General Express, Aviation, and internal service funds.

The government-wide financial statements include not on the County of Siskiyou itself (known as the primary government), but also a legally separate Siskiyou County Children's and Families First as a component unit. These component unites are included in the County's financial reporting because of the significance of their financial or operational relationship and their mutual governing body.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Siskiyou, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Siskiyou can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities n the government-wide financial statements. By doing so readers may better understand the long-tern impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County of Siskiyou maintains several individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road, Human Services, Public Health, Behavioral Health and Welfare funds and are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County of Siskiyou adopts an annual appropriate budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General fund and major special revenue funds to demonstrate compliance with this budget.

Proprietary funds. The County of Siskiyou maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County of Siskiyou uses enterprise funds to account for Aviation, Sanitation, and STAGE (Siskiyou Transportation and General Express) operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County of Siskiyou's various functions. The County of Siskiyou uses internal service funds to account for a variety of insurance such as Unemployment, Liability, Worker's Compensation, Medical, Vision and Dental. Other internal service funds include Fuel Service, Communications and Outlying WAN Maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Siskiyou Transit & Express (STAGE), Aviation, and Sanitation fund that are considered major funds of the County of Siskiyou. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County of Siskiyou's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County of Siskiyou's progress in developing, executing and monitoring it's budgeting processes.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Siskiyou, assets exceed liabilities by $92,014,959 at the close of the most recent fiscal year.

By far the largest portion of the County of Siskiyou's net assets (99.6 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. Net assets invested in capital assets, net of related debt increased from $91,147,598 at June 30, 2007, to $91,677,341at June 30, 2008. Although the investment in capital assets increased by $558,979, total debt related to capital acquisition also increased by $29,236 for the year ended June 30, 2008. The County of Siskiyou uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the County of Siskiyou's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate those liabilities.

An additional portion of the County of Siskiyou's net assets (22.46 percent or $20,662,567) represents resources that are subject to external restrictions on how they may be used. The remaining deficit of unrestricted net assets is ($20,324,949) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County of Siskiyou is able to report positive balances in net assets for the government as a whole, but not for the Business Activities due to the number of loans outstanding and the closure/post closure liability in those funds.

The total government's net assets were decreased by $26,630,750 during the current fiscal year.

Government Activities. Governmental activities decreased the County's net assets by $21,262,174. The Governmental activities reflected a smaller negative change in net assets of ($4,253,913) before the non routine payment of $16,500,000 to retire the pension obligation and the net loss of $508,261 in internal service funds mostly attributable to the Underground Tank Removal.

Business-type activities. Business-type activities decreased the County's net assets by $5,868,576. The Business-type activities reflected a positive change in net assets of $1,887,185, before the prior period adjustment of ($7,255,761) which was primarily due to the Yreka Landfill closure/post closure liability assumed by the County.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the county's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for budgeting purposes at the end of the fiscal year.

At June 30, 2008, the County's governmental funds reported combined ending fund balances of $25,003,317 a decrease of $361,732 in comparison with the prior year. Approximately 55.07% of the combined fund balance, $13,771,614 constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has been committed:

1. To cover encumbrances reflecting the outstanding contractual obligations for goods and services.
2. To reflect amounts held to fund future trust closure.
3. To reflect those amounts which are long-term receivables.
4. To reflect funds the County has set aside for subsequent year increases in PERS.
5. To reflect funds the County has made available to pay federal penalties for Child Support Services.
6. To reflect funds the County has set aside for Welfare Programs.
7. To reflect funds the County has set aside for septage pond maintenance.
8. To reflect donated discretionary funds of the Sheriff.
9. To reflect donated discretionary funds for the Health Department.
10. To reflect donated funds for Library programs
11. To reflect funds the County has set aside for worker's compensation fraud investigation.

The following governmental funds reflected deficit fund balances at year-end:

- The Human Services fund had a deficit fund balance of $2,457,400, which was caused by delays in reimbursements from the State.
- The Health Services fund had a fund balance deficit of $314, which is expected to be eliminated in future years through fee increases.
- The Bioterrorism Program had a fund balance deficit of $46,930, which is expected to be eliminated in future years through more timely receipt of grant funding reimbursements from the State.
- The Public Authority IHSS had a fund balance deficit of $260,239, which is expected to be eliminated through pursuit of more timely revenue receipt from the State, cost containment and expense oversight.
- The McCloud Fire Zone fund had a fund balance deficit of $2,189. The County has advanced this zone over $100,000 while they were to have gone back to vote to increase their special tax. In the 08/09 fiscal year, their budget was cut to match their revenues and cover this loss. That may mean they are out of business for a period during the spring of 2009.

- The Shasta McCloud Rail Project fund had a fund balance deficit of $2,163. This is revenue that was posted to this account as 08/09 revenue to the 4205 fund but should have been posted to the 4208 which is the Lake Siskiyou Trail Project. When corrected, it was accrued back to the previous year in error. Based on that, the above note on the Lake Siskiyou Trail Project actually has a deficit balance on June 30, 2008 of $140,314.

- The Lake Siskiyou Trail Project fund had a fund balance deficit of $138,151, which is expected to be eliminated through timely receipt of grant funding reimbursement which does not seem to be possible from these grant sources.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise funds have a net deficit of ($2,403,301). Of the enterprise funds, STAGE has shown a net increase of $1,688,459 to net assets and a $1,12,462 operating loss. Non-operating revenues $1,688,459 from a variety of sources, the largest of which is Local Transportation, cover this loss. The Aviation fund has reflected a $845,324 operating loss and $720,233 in non-operating revenues.

Sanitation has reflected a net operating gain of $1,665,045 for the fiscal year. With a beginning balance of ($3,757,538) and a prior period adjustment of ($8,791,990) relating to the closure/post closure associated with the Yreka Landfill, the restated beginning balance was ($12,549,528). The final net asset amount for the fund is ($10,689,235). Numerous events have had a significant impact on the net assets of this fund. Black Butte Landfill in the Mount Shasta area, while having numerous years of landfill service space, began having ground water problems and were required to be closed prematurely. The effect of this closing involved the actual closing of the site and the construction of a transfer site for collection purposes in the south county area. The acquisition of the landfill and the related prior period adjustment are addressed specifically in Note 3H.

A new fee structure has been calculated and put into place which has improved the cash situation of the fund and is assisting with the closure process for the Yreka Landfill cells. It is the intent of management to close this landfill and create a transfer site as was done at Black Butte. The prior period adjustment referenced above has assumed that the landfill will continue to be used for its full useful life of 59 years. Once officially closed, there will be another adjustment to reflect this change in use.

Solutions to the negative net assets of this fund have been put into place. Black Butte has been shut down and closure completed. A transfer site was completed with the assistance of loans from the California Infrastructure Bank ($2,000,000) and the California Integrated Waste Management Board ($500,000). Numerous other cost cutting measures have been implemented involving the closing of smaller transfer sites throughout the County. The department continues to evaluate the operations for the means to recover from this deficit.

In the meantime, covering the deficit within the treasury has been dealt with as a 5 year investment at the existing pooled rate for the amount of $800,000. The Treasurer has agreed to advance the funds to Sanitation as an investment of the pool and at an appropriate interest rate that would be earned on a similar investment outside of the County family. The time frame for full repayment is 5 years. This has been taken into consideration when setting the user fee rates.

The net assets of the internal services funds' decreased from $1,642,358 to $1,134,097 Most of the decrease related to the following;

- The split of Automotive Services and Fuel Services where Auto Service became a service-to-service department within the general fund. Fuel Services is being charged the entire cost plan premium and this will self correct over the next two years.
- Communications fund balance decreased by $61,773 and is attributable to increases in salaries and services and supplies costs.
- Liability expenses were hit hard in 07/08 and will again in 08/09 due to the underground tank removal project. We expect to see a large portion of these funds returned to us in the next couple of years. Premiums were not set to handle this project adequately because while working on one project, a tank was found that the county was not aware of.

The following proprietary funds reflected deficit net assets at year end:

- The Sanitation fund had a net asset deficit of $10,689,235, which is expected to be eliminated in future years through increased user charges and retirement of closure/post closure liability and related debt payoff.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- $432,235 in miscellaneous decreases in general governmental activities
- $355,061 in increases allocated to public protection
- $90,829 in decreases allocated to health and welfare
- $59,379 in increases allocated to public assistance
- $7,576 in increases allocated to education, culture and recreation, and public ways and facilities

While these budgetary changes were the result of anticipating what changes would occur in state funding levels, the following reflects the actual amounts spent compared to final budget approval:

- $1,756,394 under budget in miscellaneous general governmental activities
- $1,421,133 under budget in public protection
- $143,383 under budget in health and welfare
- $27,822 under budget in public assistance
- $150,498 under budget in education, culture and recreation, and public ways and facilities.

The final revenues for the General Fund were lower in total than final budget estimates by $1,165,012.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for governmental and business type activities as of June 30, 2008, amounts to $91,677,344 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Currently, all land, buildings and general equipment fixed assets have been appropriately booked as appropriate under GASB 34 requirements along with their accumulated depreciation.

Debt Administration. At the end of the current fiscal year, the County had total long-term obligations outstanding of $35,192,248. The County refinanced the unfunded actuarial liability for retirement which will close in July. The net proceeds of the pension obligation bond that was issued was $16.2 million. This liability was not reflected in our financials previously. In addition, the acquisition of the Yreka Landfill required a prior period adjustment to reflect the Closure/Post Closure liability.

Economic Factors and Next Year's Budget

The State of California's financial difficulty over the past few years has been very difficult on the County. For the 07/08 budget, the County was left considerably whole with regard to State revenues. At the end of 07/08, we were notified that all monies coming from the State of California would be deferred 2 to 4 months. That turned out to be closer to 5 to 7 months. Payments continued to flow slowly where, for example, EPSDT dollars that are advanced were received for the first and second quarter on November 3, 2008. The State of California has not passed a budget that has any true value and should be considered to still be unstable financially. The budget process went relatively smooth during the 07/08 cycle but I continue to have concerns regarding their projections.

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Leanna Dancer, Siskiyou County Auditor-Controller-Recorder, P.O. Box 8, Yreka, CA 96097.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 33,369,079	$ 2,733,523	$ 36,102,602
Cash and investments with fiscal agent	8,324	-	8,324
Restricted cash and investments	252,782	644,546	897,328
Accounts receivable	7,468,020	4,365,667	11,833,687
Interest receivable	336,288	26,657	362,945
Taxes receivable	627,645	-	627,645
Inventory	756,316	38,997	795,313
Loans receivable	2,648,580	-	2,648,580
Capital assets			
Non depreciable	4,777,937	525,405	5,303,342
Depreciable, net	81,390,831	7,259,869	88,650,700
Total capital assets	86,168,768	7,785,274	93,954,042
Total Assets	131,635,802	15,594,664	147,230,466
LIABILITIES			
Accounts payable	9,831,352	270,169	10,101,521
Accrued salaries and benefits	2,164,543	50,198	2,214,741
Accrued interest expense	3,736	-	3,736
Accrued claims liability	22,202	-	22,202
Deposits payable	265,379	-	265,379
Unearned revenue	3,215,680	4,200,000	7,415,680
Long-term liabilities			
Due within one year	3,307,949	306,130	3,614,079
Due in more than one year	18,406,701	13,171,468	31,578,169
Total Liabilities	37,217,542	17,997,965	55,215,507
NET ASSETS			
Invested in capital assets, net of related debt	83,893,211	7,784,130	91,677,341
Restricted for			
Debt service	298,916	-	298,916
Capital projects	2,788,103	-	2,788,103
Courts	3,843,482	-	3,843,482
Grants, taxes, and fees	13,732,066	-	13,732,066
Unrestricted	(10,137,518)	(10,187,431)	(20,324,949)
Total Net Assets	$ 94,418,260	$ (2,403,301)	$ 92,014,959

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SISKIYOU, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 24,156,092	$ 3,550,499	$ 3,764,847	$ -
Public protection	30,831,799	5,296,890	8,426,514	-
Health and welfare	26,058,905	831,338	20,222,497	-
Public assistance	19,635,442	19,642	11,026,381	-
Education	1,251,965	16,561	88,660	-
Culture and recreation	247,897	4,094	139,500	-
Public ways and facilities	14,785,438	5,188,771	11,565,554	2,033,315
Interest on long-term debt	1,036,369	-	-	-
Total Governmental Activities	118,003,907	14,907,795	55,233,953	2,033,315
Business-type activities:				
STAGE	1,537,137	192,738	2,774,096	-
Sanitation	2,181,177	2,012,313	175,154	-
Aviation	848,064	450	630,898	-
Total Business-type Activities	4,566,378	2,205,501	3,580,148	-
Total	$ 122,570,285	$ 17,113,296	$ 58,814,101	$ 2,033,315

General revenues:
Taxes:
Property taxes
Sales and use taxes
Transient occupancy taxes
Property transfer taxes
Timber yield taxes
Franchise taxes
Unrestricted grants and contributions
Tobacco settlement
Interest and investment earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Prior period adjustment

Net Assets - Beginning, Restated

Net Assets - Ending

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (16,840,746)	$ -	$ (16,840,746)
(17,108,395)	-	(17,108,395)
(5,005,070)	-	(5,005,070)
(8,589,419)	-	(8,589,419)
(1,146,744)	-	(1,146,744)
(104,303)	-	(104,303)
4,002,202	-	4,002,202
(1,036,369)	-	(1,036,369)
(45,828,844)	-	(45,828,844)
-	1,429,697	1,429,697
-	6,290	6,290
-	(216,716)	(216,716)
-	1,219,271	1,219,271
(45,828,844)	1,219,271	(44,609,573)
10,791,827	-	10,791,827
5,294,522	-	5,294,522
499,002	-	499,002
217,061	-	217,061
442,899	-	442,899
342,316	-	342,316
2,306,869	-	2,306,869
150,000	-	150,000
2,397,521	214,610	2,612,131
2,124,653	1,989,533	4,114,186
24,566,670	2,204,143	26,770,813
(21,262,174)	3,423,414	(17,838,760)
115,680,434	2,965,275	118,645,709
-	(8,791,990)	(8,791,990)
115,680,434	(5,826,715)	109,853,719
$ 94,418,260	$ (2,403,301)	$ 92,014,959

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Road	Human Services	Public Health
ASSETS				
Cash and investments	$ 5,230,166	$ 6,916,550	$ 1,550	$ 1,039,577
Cash with fiscal agent	7,840	-	-	-
Restricted cash	252,782	-	-	-
Accounts receivable	1,390,706	609,232	29,048	289,888
Interest receivable	104,731	63,953	14,933	3,479
Taxes receivable	176,033	-	146,772	74,737
Due from other funds	98,488	-	-	45,772
Loans receivable	-	-	-	-
Inventory	7,773	716,510	-	-
Total Assets	$ 7,268,519	$ 8,306,245	$ 192,303	$ 1,453,453
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 921,075	$ 890,417	$ 165,483	$ 87,925
Accrued salaries and benefits	1,180,099	334,876	238,462	136,528
Interest payable	-	-	-	-
Deposits payable	252,782	-	12,597	-
Due to other funds	-	-	1,662,572	-
Deferred revenue	573,813	-	-	-
Unearned revenue	-	-	570,589	30,843
Total Liabilities	2,927,769	1,225,293	2,649,703	255,296
FUND BALANCES				
Reserved for:				
Encumbrances	460,207	360,270	128,046	82,992
Other	704,340	69,505	-	-
Inventory	-	716,510	-	-
Pledged account	252,782	-	-	-
Long-term receivable	-	-	-	-
Courts	-	-	-	-
Unreserved, reported in:				
General				
Designated	2,323,816	-	-	-
Undesignated	599,605	-	-	-
Special revenue funds				
Designated	-	-	48,861	295,882
Undesignated	-	5,934,667	(2,634,307)	819,283
Capital projects funds				
Designated	-	-	-	-
Undesignated	-	-	-	-
Debt service funds				
Undesignated	-	-	-	-
Total Fund Balances	4,340,750	7,080,952	(2,457,400)	1,198,157
Total Liabilities and Fund Balances	$ 7,268,519	$ 8,306,245	$ 192,303	$ 1,453,453

The notes to the basic financial statements are an integral part of this statement.

Behavioral Health Services	Welfare Fund	Other Governmental Funds	Total
$ 3,330,088	$ 1,717,364	$ 13,119,257	$ 31,354,552
-	-	484	8,324
-	-	-	252,782
669,623	-	218,294	3,206,791
16,634	-	115,979	319,709
109,712	-	422	507,676
-	1,892,037	-	2,036,297
-	-	2,648,580	2,648,580
-	-	-	724,283
$ 4,126,057	$ 3,609,401	$ 16,103,016	$ 41,058,994
$ 1,896,548	$ 3,609,401	$ 262,385	$ 7,833,234
260,006	-	3,121	2,153,092
-	-	2,120	2,120
-	-	-	265,379
-	-	349,787	2,012,359
-	-	-	573,813
-	-	2,614,248	3,215,680
2,156,554	3,609,401	3,231,661	16,055,677
349,699	-	1,186,014	2,567,228
-	-	-	773,845
-	-	-	716,510
-	-	-	252,782
-	-	34,332	34,332
-	-	3,843,482	3,843,482
-	-	-	2,323,816
-	-	-	599,605
200,000	-	104,436	649,179
1,419,804	-	4,653,904	10,193,351
-	-	70,529	70,529
-	-	2,679,742	2,679,742
-	-	298,916	298,916
1,969,503	-	12,871,355	25,003,317
$ 4,126,057	$ 3,609,401	$ 16,103,016	$ 41,058,994

COUNTY OF SISKIYOU, CALIFORNIA
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total Fund Balance - Total Governmental Funds	$ 25,003,317
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	86,149,721
Other long term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or reported as deferred in the governmental funds.	
Accounts receivable	4,224,697
Taxes receivable	119,969
Deferred revenue	573,813
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Capital leases payable	(205,002)
Bonds payable	(16,571,071)
Loans payable	(1,874,355)
Compensated absences	(3,048,539)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not paid with expendable available financial resources. In the statement of activities however, expense and liabilities are reported regardless of when financial resources are available.	
Accounts payable	(1,088,387)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	1,134,097
Net Assets of Governmental Activities	$ 94,418,260

The notes to the basic financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Road Fund	Human Services	Public Health
REVENUES				
Taxes	$ 11,738,494	$ -	$ 2,990,602	$ 532,160
Licenses and permits	914,602	-	-	228,507
Fines and forfeitures	1,898,062	-	250	3,804
Use of money and property	1,026,373	341,962	71,095	30,657
Intergovernmental	16,330,829	9,407,559	12,653,925	2,447,447
Charges for services	5,544,438	453,580	14,514	314,410
Other revenues	258,845	19,766	11,151	588
Total Revenues	37,711,643	10,222,867	15,741,537	3,557,573
EXPENDITURES				
Current:				
General government	7,117,931	-	-	-
Public protection	27,625,939	-	-	-
Health and welfare	3,048,400	-	-	4,223,939
Public assistance	378,974	-	17,254,626	-
Education	1,242,758	-	-	-
Culture and recreation	247,318	-	-	-
Public ways and facilities	11,757	7,713,585	-	-
Debt service:				
Principal	133,780	-	-	-
Interest and other charges	230,473	-	-	-
Capital outlay	1,225,206	3,623,396	354,720	19,339
Total Expenditures	41,262,536	11,336,981	17,609,346	4,243,278
Excess of Revenues Over (Under) Expenditures	(3,550,893)	(1,114,114)	(1,867,809)	(685,705)
OTHER FINANCING SOURCES (USES)				
Transfers in	17,157,163	318,177	8,201	1,005,233
Transfers out	(14,715,770)	(27,860)	(1,374,296)	(257,650)
Debt proceeds	209,775	-	-	-
Bond issue costs	-	-	-	-
Total Other Financing Sources (Uses)	2,651,168	290,317	(1,366,095)	747,583
Net Change in Fund Balances	(899,725)	(823,797)	(3,233,904)	61,878
Fund Balances - Beginning	5,240,475	7,904,749	776,504	1,136,279
Fund Balances - Ending	$ 4,340,750	$ 7,080,952	$ (2,457,400)	$ 1,198,157

The notes to the basic financial statements are an integral part of this statement.

Behavioral Health Services	Welfare Fund	Other Governmental Funds	Total
$ 939,941	$ -	$ 436,126	$ 16,637,323
-	-	94,923	1,238,032
19,919	-	384,317	2,306,352
7,985	-	863,674	2,341,746
17,402,687	-	9,040,688	67,283,135
112,937	-	558,282	6,998,161
2,225	-	1,585,426	1,878,001
18,485,694	-	12,963,436	98,682,750
-	-	16,512,365	23,630,296
-	-	2,086,328	29,712,267
17,112,749	-	1,146,270	25,531,358
-	-	2,069,076	19,702,676
-	-	5,103	1,247,861
-	-	-	247,318
-	-	625,323	8,350,665
-	-	180,616	314,396
-	-	799,320	1,029,793
192,686	-	579,428	5,994,775
17,305,435	-	24,003,829	115,761,405
1,180,259	-	(11,040,393)	(17,078,655)
1,135,348	-	828,996	20,453,118
(822,604)	-	(3,253,863)	(20,452,043)
-	-	16,620,000	16,829,775
-	-	(113,927)	(113,927)
312,744	-	14,081,206	16,716,923
1,493,003	-	3,040,813	(361,732)
476,500	-	9,830,542	25,365,049
$ 1,969,503	$ -	$ 12,871,355	$ 25,003,317

COUNTY OF SISKIYOU, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds	$ (361,732)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	5,994,775
Contributed assets	278,105
Depreciation expense	(6,937,368)
Net effect of various adjustments	(2,501)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed. There were no significant proceeds.	(6,298)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal retirements	314,396
Debt proceeds (net of bond issue costs)	(16,715,848)
Amortization of bond issue costs	(3,798)
Some revenues reported in the statement of activities will not be collected for several months after the County's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	
Change in accounts receivable	(2,292,714)
Change in taxes receivable	5,539
Change in deferred revenue	18,574
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in accounts payable	(806,875)
Change in compensated absences	(238,168)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(508,261)
Change in Net Assets of Governmental Activities	$ (21,262,174)

The notes to the basic financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			
	STAGE	Sanitation	Aviation	Totals
ASSETS				
Current Assets:				
Cash and investments	$ 815,867	$ 1,878,227	$ 39,429	$ 2,733,523
Accounts receivable	-	4,205,769	159,898	4,365,667
Interest receivable	7,597	18,854	206	26,657
Inventory	38,997	-	-	38,997
Total Current Assets	862,461	6,102,850	199,533	7,164,844
Noncurrent Assets:				
Restricted cash	-	644,546	-	644,546
Capital assets:				
Non-depreciable	-	22,553	502,852	525,405
Depreciable, net	1,912,207	246,995	5,100,667	7,259,869
Total capital assets	1,912,207	269,548	5,603,519	7,785,274
Total Noncurrent Assets	1,912,207	914,094	5,603,519	8,429,820
Total Assets	2,774,668	7,016,944	5,803,052	15,594,664
LIABILITIES				
Current Liabilities:				
Accounts payable	22,400	55,503	192,266	270,169
Accrued salaries and benefits	38,427	11,771	-	50,198
Interest payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	4,200,000	-	4,200,000
Compensated absences payable	37,549	25,539	-	63,088
Loan payable	-	241,898	1,144	243,042
Estimated claims liability	-	-	-	-
Total Current Liabilities	98,376	4,534,711	193,410	4,826,497
Noncurrent Liabilities:				
Loan payable	-	2,045,493	-	2,045,493
Closure/postclosure liability	-	11,125,975	-	11,125,975
Total Noncurrent Liabilities	-	13,171,468	-	13,171,468
Total Liabilities	98,376	17,706,179	193,410	17,997,965
NET ASSETS				
Invested in capital assets, net of related debt	1,912,207	269,548	5,602,375	7,784,130
Unrestricted	764,085	(10,958,783)	7,267	(10,187,431)
Total Net Assets	$ 2,676,292	$ (10,689,235)	$ 5,609,642	$ (2,403,301)

The notes to the basic financial statements are an integral part of this statement.

Governmental Activities Internal Service Funds
$ 2,014,527
36,532
16,579
32,033
2,099,671
-
-
19,047
19,047
19,047
2,118,718
909,731
11,451
1,616
23,938
-
15,683
-
22,202
984,621
-
-
-
984,621
19,047
1,115,050
$ 1,134,097

COUNTY OF SISKIYOU, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			
	STAGE	Sanitation	Aviation	Totals
OPERATING REVENUES				
Charges for services	$ 192,738	$ 2,012,313	$ 450	$ 2,205,501
Other revenues	231,937	1,755,511	2,085	1,989,533
Total Operating Revenues	424,675	3,767,824	2,535	4,195,034
OPERATING EXPENSES				
Salaries and benefits	870,635	289,991	-	1,160,626
Services and supplies	506,558	1,789,350	144,490	2,440,398
Depreciation	159,944	23,438	703,369	886,751
Total Operating Expenses	1,537,137	2,102,779	847,859	4,487,775
Operating Income (Loss)	(1,112,462)	1,665,045	(845,324)	(292,741)
NON-OPERATING REVENUE (EXPENSES)				
Interest income	26,825	98,245	89,540	214,610
Intergovernmental	2,774,096	175,154	630,898	3,580,148
Interest expense	-	(78,398)	(205)	(78,603)
Total Non-Operating Revenue (Expenses)	2,800,921	195,001	720,233	3,716,155
Income (Loss) Before Transfers	1,688,459	1,860,046	(125,091)	3,423,414
Transfers in	-	7,759	-	7,759
Transfers out	-	(7,512)	(247)	(7,759)
Change in Net Assets	1,688,459	1,860,293	(125,338)	3,423,414
Total Net Assets - Beginning	987,833	(3,757,538)	5,734,980	2,965,275
Prior Period Adjustment	-	(8,791,990)	-	(8,791,990)
Total Net Assets - Beginning, Restated	987,833	(12,549,528)	5,734,980	(5,826,715)
Total Net Assets - Ending	$ 2,676,292	$(10,689,235)	$ 5,609,642	$ (2,403,301)

The notes to the basic financial statements are an integral part of this statement.

Governmental Activities
Internal Service Funds
$ 1,182,752
1,053,144
2,235,896
261,297
2,495,024
35,960
2,792,281
(556,385)
55,775
-
(6,576)
49,199
(507,186)
-
(1,075)
(508,261)
1,642,358
-
1,642,358
$ 1,134,097

COUNTY OF SISKIYOU, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			
	STAGE	Sanitation	Aviation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 425,656	$ 3,800,500	$ (152,488)	$ 4,073,668
Payments to suppliers	(712,760)	(1,660,491)	(65,562)	(2,438,813)
Payments to employees	(846,875)	(276,598)	-	(1,123,473)
Net Cash Provided (Used) by Operating Activities	(1,133,979)	1,863,411	(218,050)	511,382
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental revenue received	2,774,096	175,154	630,898	3,580,148
Transfers from other funds	-	7,759	-	7,759
Transfers to other funds	-	(7,512)	(247)	(7,759)
Interfund loans received	2,426	-	-	2,426
Net Cash Provided (Used) by Noncapital Financing Activities	2,776,522	175,401	630,651	3,582,574
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,392,361)	(94,762)	(669,275)	(2,156,398)
Proceeds on capital debt	-	561,290	-	561,290
Principal paid on capital debt	-	(240,256)	(1,144)	(241,400)
Interest paid on capital debt	-	(78,398)	(205)	(78,603)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,392,361)	147,874	(670,624)	(1,915,111)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	20,519	85,469	90,807	196,795
Net Cash Provided (Used) by Investing Activities	20,519	85,469	90,807	196,795
Net Increase (Decrease) in Cash and Cash Equivalents	270,701	2,272,155	(167,216)	2,375,640
Balances - Beginning of year	545,166	250,618	206,645	1,002,429
Balances - End of year	$ 815,867	$ 2,522,773	$ 39,429	$ 3,378,069
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (1,112,462)	$ 1,665,045	$ (845,324)	$ (292,741)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	159,944	23,438	703,369	886,751
Decrease (increase) in:				
Accounts receivable	981	(4,167,324)	(155,023)	(4,321,366)
Inventory	(3,412)	-	-	(3,412)
Increase (decrease) in:				
Accounts payable	(202,790)	(67,525)	78,928	(191,387)
Accrued salaries and benefits	15,967	4,765	-	20,732
Unearned revenue	-	4,200,000	-	4,200,000
Closure/Postclosure liability	-	196,384	-	196,384
Compensated absences payable	7,793	8,628	-	16,421
Estimated claims liability	-	-	-	-
Net Cash Provided (Used) by Operating Activities	$ (1,133,979)	$ 1,863,411	$ (218,050)	$ 511,382

The notes to the basic financial statements are an integral part of this statement.

Governmental Activities Internal Service Funds
$ 2,201,468
(1,748,504)
(265,757)
187,207
-
-
(1,075)
23,938
22,863
1,452
-
-
-
1,452
44,214
44,214
255,736
1,758,791
$ 2,014,527
$ (556,385)
35,960
(34,428)
37,253
774,640
1,662
-
-
(6,122)
(65,373)
$ 187,207

COUNTY OF SISKIYOU, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2008

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	$ 34,900,894	$ 5,492,091
Taxes receivable	-	2,498,141
Due from other funds	-	2,029,014
Total Assets	34,900,894	10,019,246
LIABILITIES		
Due to other funds	-	2,029,014
Agency obligations	-	7,990,232
Total Liabilities	-	10,019,246
NET ASSETS		
Net assets held in trust for pool participants	$ 34,900,894	$ -

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SISKIYOU, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Investment Trust Funds
ADDITIONS	
Contributions:	
Contributions to investment pool	$ 9,505,021
Total Additions	9,505,021
DEDUCTIONS	
Distributions from investment pool	8,395,130
Total Non-Operating Revenues (Expenses)	8,395,130
Increase (Decrease) in Net Assets	1,109,891
Net Assets - Beginning	33,791,003
Net Assets - Ending	$ 34,900,894

The notes to the basic financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including law and justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable or other organizations whose component units nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the County's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of Siskiyou Auditor-Controller's Office, P.O. Box 8, Yreka, CA 96097.

Component units that are blended into the reporting activity types of the County's report are presented below:

California Children and Families First

The California Children and Families First Commission was established by California Health and Safety Code 130100 and funding is delineated under Revenue and Taxation Code 301312 which is a surtax placed on cigarettes. The Board of Supervisors appoints the Board of Commissioners, and also occupy a majority of commissioner positions. Therefore, the activities of the Commission are blended with the primary government.

Flood Control and Water Conservation District

The Flood Control and Water Conservation District was established to provide for flood control and water conservation in the County. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

Air Pollution Control District

The Air Pollution Control District was established to provide better air quality to residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

County Service Areas #3, #4 and #5

These County Service Areas were established to provide County services. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the Districts are blended with the primary government.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Local Transportation Administration

The Local Transportation Administration was established to provide local transportation services to County residents. The Board of Supervisors appoints the Administration's Board and also occupy two positions. Therefore, the activities of the Administration are blended with the primary government.

Regional Transportation Planning

The Regional Transportation Planning was established to provide regional transportation planning to County residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the entity are blended with the primary government.

Hammond Ranch Fire Zone

The Hammond Ranch Fire Zone was established to provide fire protection to Hammond Ranch residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

McCloud Fire Zone

The McCloud Fire Zone was established to provide fire protection to McCloud residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

Mount Shasta Vista Fire Zone

The Mount Shasta Vista Fire Zone was established to provide fire protection to Mount Shasta Vista residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

Pleasant Valley Fire Zone

The Pleasant Valley Fire Zone was established to provide fire protection to Pleasant Valley residents. The District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, the activities of the District are blended with the primary government.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all of the nonfiduciary activities of the County, and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include (1) charges paid by the recipients of goods and services offered by the program, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and welfare, public assistance, education, and recreation services.

- The Road Fund is a special revenue fund used to account for revenues and expenditures for streets and road expansion.

- The Human Services Fund is a special revenue fund used to account for revenues and expenditures for social welfare.

- The Public Health Fund is a special revenue fund used to account for revenues and expenditures for public health services.

- Behavioral Health Services Fund is a special revenue fund used to account for revenues and expenditures for behavioral health programs.

- The Welfare Fund is a special revenue fund used to account for revenues and expenditures for social welfare.

The County reports the following major proprietary funds:

- The STAGE Fund is an enterprise fund used to account for activity related to providing county residents with public transportation services.

- The Sanitation Fund is an enterprise fund used to account for activity related to providing customers with sanitation facilities and services.

- The Aviation Fund is an enterprise fund used to account for activity related to providing customers with airport facilities and services.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The County reports the following additional fund types:

- Internal Service Funds account for the County's fleet maintenance, communications, self lease, and self insurance programs which provide services to other departments on a cost reimbursement basis.

- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of five separate funds; Special Districts Governed by Local Boards, School Funds, Debt Service Funds, College Funds, and Trial Court and PSA II. These funds account for assets, primarily cash and investments, in the County's investment pool, owned by legally separate entities such as school and community colleges, special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County is obligated to disburse monies from the funds on demand.

- Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County include two separate components.

  Accrued Trust Funds - Accounts for property tax receipts awaiting apportionment to other local governmental agencies and investment earnings awaiting apportionment to other local government agencies.

  County Departmental Agency - Accounts for all assets under the control of County departments which are held in a fiduciary capacity.

C. Basis of Accounting and Measurement Focus

The government-wide, proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, because agency funds only report assets and liabilities, they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues reported in the governmental funds to be available if they are collected within forty-five days after the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Governmental capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, grants, entitlements, special assessments and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period when they meet the measurable and available criteria. Fines, licenses and permits, and charges for services are considered to be measurable and available only when the County receives cash.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

For its business-type activities and enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. All cash and investments, except cash with fiscal agent, of the proprietary fund types are pooled with the County's pooled cash and investments.

E. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investment transactions are recorded on the trade date. Investments are reported at fair value which is determined using selected bases annually. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2008, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General Fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

In the government-wide and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 45 days since they would be considered both measurable and available.

G. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

See Note 3 for details of interfund transactions, including receivables and payables at year end.

H. Inventory

Inventories are stated at cost (first-in, first-out basis) for governmental funds and proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Inventory recorded by proprietary funds include supplies for internal service funds. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

I. Loans Receivable

For the purpose of the governmental fund financial statements, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items). Capital assets are defined by the County as assets with a cost of more than $2,500 and an estimated useful life of more than three years. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as exhaustible capital assets in the governmental or business-type activities column. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Depreciable Asset	Estimated Lives
Equipment	3-25 years
Structures and improvements	5-50 years
Infrastructure	20-75 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

K. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue. In addition, loans receivable for which repayment is deferred or for which the balance may be forgiven if certain terms and conditions of the loans are met have also been offset by unearned revenue.

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria.

See Note 3 for details of unearned/deferred revenues at year end.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of loans, capital leases, tax allocation bonds payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide financial statements.

M. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation leave. In the government-wide financial statements, the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The County includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Fund Balances/Net Assets

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.

- Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

In the governmental fund financial statements reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change.

As of June 30, 2008, reservations of fund balance included:

Encumbrances - to reflect the outstanding contractual obligations for which goods and services have not been received.

Other - to reflect the amount of resources held which is reserved for various County projects.

Inventory - to reflect the portion of assets that do not represent available spendable resources.

Pledged account - to reflect the portion of cash which is legally pledged for a specific program and does not represent available spendable resources.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balances/Net Assets (Continued)

Courts - to reflect the amount of resources held by the County which can only be expended by the Courts for Courthouse improvements.

Long-term receivable - to reflect the amount due on loans that is long-term in nature. Such amounts do not represent available spendable resources.

As of June 30, 2008, designations of fund balance were reported in the following governmental funds:

General Fund - to reflect managements intent to expend certain funds to support increased PERS retirement expenditures code enforcement, family support, child support services, and specific investments.

Special revenue funds - to reflect management's intent to expend certain funds to support the County's Human Services, Public Health, Behavioral Health Services, Sheriff Public Protection, Other Health Services, and Library.

Capital projects funds - to reflect management's intent to expend certain funds for capital outlay.

O. Property Tax

The State of California's (State) Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed 1 percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value, as defined by Article XIIIA, and may be adjusted by no more than 2 percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1 percent tax levy among the County, cities, school districts, and other districts.

The County of Siskiyou is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction.

The County of Siskiyou levees, bills, and collects taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due Dates	November 1 (1st installment) February 1 (2nd installment)	July 1
Delinquent dates	December 10 (1st installment) April 10 (2nd installment)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within thirty days after fiscal year-end.

The County of Siskiyou apportions secured property tax revenue in accordance with the alternate methods of distribution, as prescribed by Section 4717 of the California Revenue and Taxation code. Under the Teeter Plan, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County is legally required to maintain a minimum balance of 1 percent of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was $392,270 at June 30, 2008. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon an Auditor-Controller approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's apportionment methodology and accounted for in an agency fund.

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

Q. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Government Funds – By Character
- Current (further classified by function)
- Debt Service
- Capital Outlay

Proprietary Fund – By Operating and Nonoperating

R. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Fund Balances/Net Assets

Adjustments resulting from errors or a change to comply with the provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance/net assets. During the current year an adjustment to net assets was required to correct a prior year misstatement of closure/post closure liability in the Sanitation Fund.

The impact of the restatements on the net assets on the government-wide financial statements as previously reported is presented below:

	Business-Type Activities
Net Assets, June 30, 2007, as previously reported	($ 3,757,538)
Adjustment associated with:	
Correction of closure/post closure	(8,791,990)
Total Adjustments	(8,791,990)
Net Assets, July 1, 2007, as restated	($ 12,549,528)

The impact of the restatements on the net assets on the fund financial statements as previously reported is presented below:

	Sanitation Fund
Net Assets, June 30, 2007, as previously reported	($ 3,757,538)
Adjustment associated with:	
Correction of closure/post closure liability	(8,791,990)
Total Adjustments	(8,791,990)
Net Assets, July 1, 2007, as restated	($ 12,549,528)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balance/Net Assets

The following major governmental fund had a deficit fund balance:

> The Human Services fund had a deficit fund balance of $2,457,400, which is expected to be eliminated in the future through cost containment and future reimbursements.

The following nonmajor governmental funds had deficit fund balances:

> The Health Services fund had a fund balance deficit of $314, which is expected to be eliminated in future years through more timely receipt of grant funding reimbursements from the State.
>
> The Bioterrorism Program had a fund balance deficit of $46,930, which is expected to be eliminated in future years through more timely receipt of grant funding reimbursements from the state.
>
> The Public Authority IHSS fund had a deficit fund balance of $260,239, which is expected to be eliminated in the future through cost containment and future reimbursements.
>
> The McCloud Fire Zone fund had a fund balance deficit of $2,189, which is expected to be eliminated in future years through more timely receipt of grant funding reimbursements.
>
> The Shasta McCloud Rail Project fund had a deficit fund balance of $2,163, which is expected to be eliminated in the future through cost containment and future reimbursements.
>
> The Lake Siskiyou Trail Project fund had a fund balance deficit of $138,151, which is expected to be eliminated through timely receipt of grant funding reimbursement.

The following major Enterprise fund had deficit net assets:

> The Sanitation fund had a net asset deficit of $10,689,235, which is expected to be eliminated in future years through increased user charges and retirement of closure/post closure liability.

The following internal service funds had deficit net asset balances:

> The Automotive fund fund had a net asset deficit of $58,934, which is expected to be eliminated in the future through increased cost allocations.
>
> The Liability fund had a net asset deficit of $17,698, which is expected to be eliminated in the future through increased cost allocations.

C. Gann Spending Limitation

Under Article XIIIB of the California Constitution (the Gann Spending Limitation), the County is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

D. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 50

The County implemented GASB Statement No. 50, Pension Disclosures. This statement, an amendment of GASB Statement No. 25 and No. 27, enhances the information disclosed in the notes to the financial statements or presented as required supplementary information (RSI). Statement No. 50 is intended to improve the transparency and decision usefulness of reported information about pensions by state and local governmental plans and employers, and conforms to the applicable changes adopted in Statement No. 45.

NOTE 3: DETAILED NOTES

A. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. All cash and investments with the exception of deposits with fiscal agents and investments with fiscal agents are considered a part of the investment pool.

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net assets value of involuntary participation in the investment pool totaled $34,900,894 at June 30, 2008.

As of June 30, 2008, the County's cash and investments are reported in the financial statements as follows:

Primary government	$ 37,008,254
Investment trust funds	34,900,894
Agency funds	5,492,091
Total Cash and Investments	$ 77,401,239

As of June 30, 2008, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	$ 59,881
Deposits (less outstanding warrants)	(262,732)
Deposits with fiscal agents	261,106
Total Cash	58,255
Investments:	
In Treasurer's Pool	77,342,984
Total Investments	77,342,984
Total Cash and Investments	$ 77,401,239

Cash

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts, money market accounts, and deposits with fiscal agents) was ($262,732) and the bank balance was $7,833,664. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk For Deposits - Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than $100,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first $100,000 of the County's deposits are insured by the Federal Deposit Insurance Corporation and the balance in excess of $100,000 is fully collateralized.

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments

As of June 30, 2008, the County had the following investments:

	Interest Rates	Maturities 0-1 year	1-5 years	Over 5 years	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool						
Government Agencies	3.95-5.863%	$ 7,837,196	$ 45,741,792	$ -	$ 53,578,988	3.20
Corporate Bonds	6.00%	-	1,060,558	-	1,060,558	3.96
Local Agency Investment Fund (LAIF)	Variable	12,400,000	-	-	12,400,000	-
California Asset Management Program (CAMP)	Variable	10,063,438	-	-	10,063,437	-
Internal Loans	Variable	240,000	-	-	240,000	-
Total Pooled Investments		30,540,634	46,802,350	-	77,342,984	2.27
Total Investments		$ 30,540,634	$ 46,802,350	$ -	$ 77,342,984	2.27

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the maturity of its investments to 5 years or less. Of the County's $77,342,984 investment portfolio, over 39% of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than 5 years.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and County investment policy limit investments in commercial paper to the rating of A1 by Standards and poor's or P1 by Moody's Investors Service. State law also limits investments in corporate bonds to the rating of A by both Standards & Poor's and Moody's Investors Service. The County does not have credit limits on U.S. government securities or U.S. government agency securities.

Investment at June 30, 2008	Standard & Poor's Rating	% of Portfolio
Federal Farm Credit Bank	AAA	13.33%
Federal Home Loan Bank	AAA	35.68%
Federal Home Loan Mortgage Corporation	AAA	12.94%
Federal National Mortgage Association	AAA	7.33%
Corporate Bonds	AAA	1.37%
LAIF	Unrated	16.03%
CAMP	Unrated	13.01%
Internal Loans	Unrated	0.31%
Total		100.00%

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the County's investments in commercial paper to 40% of its investment pool and 10% per issuer and corporate notes and negotiable certificates of deposit to 30% of its investment pool and 10% per issuer. Approximately 69% of the County's investments at year-end are in U.S. Government Agencies securities. There is no limitation on amounts invested in these types of issues.

Investment in Local Agency Investment Fund - The County of Siskiyou is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was $12,400,000, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day was $70,024,464,150. Of that amount, 85.28 percent is invested in non-derivative financial products and 14.72 percent in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State Statutes, has oversight responsibility for LAIF.

COUNTY OF SISKIYOU, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

County Investment Pool Condensed Financial Information

A condensed statement of net assets and changes in net assets for the investment pool for the year ended June 30, 2008, follows:

	Internal Participants	External Participants	Total Pool
Statement of Net Assets			
Cash on hand	$ 59,881	$ -	$ 59,881
Deposits (Less outstanding warrants)	(329,499)	-	(329,499)
Deposits with fiscal agents	327,873	-	327,873
Investments	42,442,090	34,900,894	77,342,984
Net Assets Held for Pool Participants	$ 42,500,345	$ 34,900,894	$ 77,401,239
Statement of Changes in Net Assets			
Net assets at July 1, 2007	$ 32,923,488	$ 33,791,003	66,714,491
Net changes in investments by pool participants	9,576,857	1,109,891	10,686,748
Net Assets at June 30, 2008	$ 42,500,345	$ 34,900,894	$ 77,401,239

B. Restricted Cash and Investments

The County reflects cash and investments held to fund closure and post-closure costs of the Yreka landfill as restricted assets of $577,779 and to fund post closure costs of the County's twelve closed landfills as restricted assets of $66,767 in the Sanitation Enterprise fund.

C. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2008
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	$ 3,925,231	$ -	$ -	$ -	$ 3,925,231
Construction in progress	415,384	522,835	-	(85,513)	852,706
Total Capital Assets, Not Being Depreciated	4,340,615	522,835	-	(85,513)	4,777,937
Capital Assets, Being Depreciated:					
Buildings and improvements	24,855,142	88,867	-	85,513	25,029,522
Equipment	27,099,085	2,551,886	(851,291)	-	28,799,680
Infrastructure	145,516,908	3,109,292	-	-	148,626,200
Total Capital Assets, Being Depreciated	197,471,135	5,750,045	(851,291)	85,513	202,455,402
Less Accumulated Depreciation For:					
Buildings and improvements	(7,117,222)	(430,750)	-	-	(7,547,972)
Equipment	(22,101,627)	(1,798,196)	843,542	(2,499)	(23,058,780)
Infrastructure	(85,713,437)	(4,744,382)	-	-	(90,457,819)
Total Accumulated Depreciation	(114,932,286)	(6,973,328)	843,542	(2,499)	(121,064,571)
Total Capital Assets, Being Depreciated, Net	82,538,849	($ 1,223,283)	(7,749)	83,014	81,390,831
Governmental Activities Capital Assets, Net	$ 86,879,464	($ 700,448)	($ 7,749)	($ 2,499)	$ 86,168,768

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	Balance July 1, 2007	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2008
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	$ 283,896	$ -	$ -	$ -	$ 283,896
Construction in progress	-	669,275	-	(427,766)	241,509
Total Capital Assets, Not Being Depreciated	283,896	669,275	-	(427,766)	525,405
Capital Assets, Being Depreciated:					
Structures and improvements	2,587,558	-	-	-	2,587,558
Equipment	2,538,767	1,487,507	(12,422)	-	4,013,852
Infrastructure	10,245,445	-	-	427,766	10,673,211
Total Capital Assets, Being Depreciated	15,371,770	1,487,507	(12,422)	427,766	17,274,621
Less Accumulated Depreciation For:					
Structures and improvements	(2,496,092)	10,142	-	-	(2,485,950)
Equipment	(1,752,544)	(195,159)	12,066	-	(1,935,637)
Infrastructure	(4,891,431)	(701,734)	-	-	(5,593,165)
Total Accumulated Depreciation	(9,140,067)	(886,751)	12,066	-	(10,014,752)
Total Capital Assets, Being Depreciated, Net	6,231,703	600,756	(356)	427,766	7,259,869
Business-Type Activities Capital Assets, Net	$ 6,515,599	$ 1,270,031	($ 356)	$ -	$ 7,785,274

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	$ 178,760
Public protection	771,073
Health and welfare	336,459
Public Assistance	3,999
Education	7,776
Recreation and culture	824
Public ways and facilities	5,638,477
Subtotal governmental funds	6,937,368
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	35,960
Total Depreciation Expense – Governmental Functions	$ 6,973,328

Depreciation expense was charged to the business-type functions as follows:

STAGE	$ 159,944
Sanitation	23,438
Aviation	703,369
Total Depreciation Expense – Business-Type Functions	$ 886,751

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on Jenny Creek Bridge, Ash Creek Bridge, Shasta River Bridge, Whites Gulch Bridge, Canyon Creek Bridge, and Lake Siskiyou Trail. Construction in progress for business-type activities related primarily to work performed on the Scott Valley Airport, Siskiyou Airport, and Weed Airport projects.

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Collections

Collections of art and historical treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement for capitalization is waived for collections that meet certain criteria. The County has collections of historical treasures that are not capitalized as they meet all of the waiver requirements which are: (1) the collections are held solely for public exhibition, (2) the collections are protected, preserved and cared for, and (3) should any items be sold, the proceeds are used only to acquire other items for the collections. The County's gold is displayed on public properly and in buildings throughout the County. The County's historical artifacts are displayed in various museums, forts, mansions, and other public buildings throughout the County.

D. Unearned/Deferred Revenue

At June 30, 2008, the components of deferred revenue and of unearned revenue were reported as follows:

	Deferred	Unearned	Total
General Fund			
Payments in lieu of taxes for the 2008/2009 fiscal year	$ 513,334	$ -	$ 513,334
State and other agency grant revenue receivable	60,479	-	60,479
Human Services			
Advances from California Department of Social Services	-	570,589	570,589
Public Health			
Advances from the State of California	-	30,843	30,843
Sanitation			
Long term receivable from the City of Yreka at $175,000 per year for future services	-	4,200,000	4,200,000
Non major governmental funds			
Loans receivable (balance may be forgiven)	-	2,614,248	2,614,248
Total Unearned/Deferred Revenue	$ 573,813	$ 7,415,680	$ 7,989,493

E. Long-Term Liabilities

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

Type of Indebtedness	Balance July 1, 2007	Additions	Retirements	Adjustments	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities						
Revenue Bonds	$ 198,600	$ -	$ 2,400	$ -	$ 196,200	$ 2,600
Pension Obligation Bonds	-	16,620,000	135,000	-	16,485,000	100,000
Less deferred amounts:						
Underwriters discount	-	(50,000)	1,667	-	(48,333)	(1,666)
Cost of issuance	-	(63,927)	2,131	-	(61,796)	(2,131)
Pension Obligation Bonds, Net	-	16,506,073	131,202	-	16,374,871	96,203
Capital Leases (Note 3G)	129,006	209,775	133,799	-	205,002	100,316
Loans	1,917,571	-	43,216	-	1,874,355	44,608
Compensated Absences (Note 1M)	2,832,171	2,567,692	2,335,641	-	3,064,222	3,064,222
Total Governmental Activities	$ 5,077,348	$19,283,540	$ 2,646,238	$ -	$ 21,714,650	$3,307,949
Business-Type Activities						
Loans	$ 2,529,936	$ -	$ 241,401	$ -	$ 2,288,535	$ 243,042
Closure/Post Closure (Note 3H)	1,576,311	292,504	96,120	9,353,280	11,125,975	-
Compensated Absences (Note 1M)	46,667	60,754	44,333	-	63,088	63,088
Total Business-Type Activities - Long-Term Liabilities	$ 4,152,914	$ 353,258	$ 381,854	$ 9,353,280	$ 13,477,598	$ 306,130

NOTE 3: DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Estimated claims are liquidated by charges for services collected through individual internal service funds. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred.

	Governmental Activities	Business-type Activities
At June 30, 2008, Revenue Bonds consisted of the following:		
Carrick Water - CSA Revenue Bonds, payable in annual installments of $2,184 to $10,000, with an interest rate of 4.50% and maturity on September 2, 2041. Bond proceeds were used to finance construction of the wastewater collection and treatment system.	$ 196,200	$ -
Total Revenue Bonds	$ 196,200	$ -
At June 30, 2008, Loans consisted of the following:		
California Infrastructure and Economic Development Bank Loan, dated July 1, 2005, payable in annual installments of $40,567 to $101,687, with an interest rate of 3.22% and maturity on August 1, 2034. Loan proceeds were used to finance the construction of a 40-bed juvenile detention hall.	$ 1,874,355	$ -
California Infrastructure and Economic Development Bank Loan, dated December 1, 2002, payable in annual installments of $40,891 to $107,141, with an interest rate of 3.24% and maturity on February 1, 2032. Loan proceeds were used to finance closure/post-closure cost.	-	1,780,725
California Integrated Waste Management Board loan, dated February 1, 2001, payable in annual installments of $33,333, with an interest rate of 0.00% and maturity on February 1, 2016. Loan proceeds were used to finance the State compliance improvement requirements for closure/post-closure costs of Black Butte landfill site.	-	266,666
Siskiyou County Pooled Investment loan, dated January 21, 2005, payable in annual installments of $80,000, with an interest rate of 4.00% and maturity on December 31, 2009. Loan proceeds were used to finance the cash flow deficit of the Solid Waste Department.	-	240,000
California Department of Transportation Airport loan, dated June 18, 1983, payable in annual installments of $1,144, with an interest rate of 6.36% and maturity on June 18, 2009. Loan proceeds were used to finance airport improvements.	-	1,144
Total Loans	$ 1,874,355	$ 2,288,535
At June 30, 2008, Pension Obligation Bonds consisted of the following:		
County of Siskiyou Taxable Pension Obligation Bonds Series 2007, dated September 7, 2007, issued in the amount of $16,620,000, payable in annual installments of $100,000 to $1,115,000, with an interest rate of 6.1% and maturity on June 30, 2037. The bonds were used to advance pay miscellaneous and safety employee pension obligations.	$ 16,485,000	$ -
Total Pension Obligation Bonds	$ 16,485,000	$ -

NOTE 3: DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities (Continued)

The annual aggregate maturities for years subsequent to June 30, 2008, are as follows:

Revenue Bonds

	Governmental Activities		Business-type Activities		
Year Ended June 30	Principal	Interest	Principal	Interest	Total
2009	$ 2,600	$ 8,829	$ -	$ -	$ 11,429
2010	2,700	8,712	-	-	11,412
2011	2,800	8,591	-	-	11,391
2012	2,900	8,465	-	-	11,365
2013	3,000	8,334	-	-	11,334
2014-2018	17,400	39,496	-	-	56,896
2019-2023	21,600	35,217	-	-	56,817
2024-2028	27,000	29,898	-	-	56,898
2029-2033	33,500	23,265	-	-	56,765
2034-2038	41,900	14,994	-	-	56,894
2039-2043	40,800	4.693	-	-	45,493
Total	$ 196,200	$ 190,494	$ -	$ -	$ 386,694

Loans

	Governmental Activities		Business-type Activities		
Year Ended June 30	Principal	Interest	Principal	Interest	Total
2009	$ 44,608	$ 59,636	$ 243,042	$ 73,620	$ 420,906
2010	46,044	58,177	163,598	65,413	333,232
2011	47,526	56,670	85,357	58,866	248,419
2012	49,057	55,115	87,178	57,046	248,396
2013	50,636	53,510	89,064	55,160	248,370
2014-2018	278,714	241,606	409,309	245,146	1,174,775
2019-2023	326,572	192,978	367,363	187,090	1,074,003
2024-2028	382,647	136,001	436,312	118,144	1,073,104
2029-2033	448,350	69,239	407,312	36,254	961,155
2034-2038	200,201	6,498	-	-	206,699
Total	$ 1,874,355	$ 929,430	$ 2,288,535	$ 896,739	$ 5,989,059

Pension Obligation Bonds

	Governmental Activities		Business-type Activities		
Year Ended June 30	Principal	Interest	Principal	Interest	Total
2009	$ 100,000	$ 1,005,585	$ -	$ -	$ 1,105,585
2010	130,000	999,485	-	-	1,129,485
2011	160,000	991,555	-	-	1,151,555
2012	190,000	981,795	-	-	1,171,795
2013	225,000	970,205	-	-	1,195,205
2014-2018	1,770,000	4,594,825	-	-	6,364,825
2019-2023	3,155,000	3,897,290	-	-	7,052,290
2024-2028	3,260,000	2,819,115	-	-	6,079,115
2029-2033	3,510,000	1,892,525	-	-	5,402,525
2034-2038	3,985,000	631,045	-	-	4,616,045
Total	$ 16,485,000	$ 18,783,425	$ -	$ -	$ 35,268,425

NOTE 3: DETAILED NOTES (CONTINUED)

F. Tax Anticipation Note

The County has statutory authority to negotiate temporary loans for periods not to extend beyond the fiscal year. On July 2, 2007, the County entered into the California Statewide Communities Development Authority Pooled Tax Anticipation Note program. The principal amount of the note was $5,000,000 plus interest. The principal and interest were all due and paid in June of 2008. There were no short-term loans outstanding as of June 30, 2008.

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

Beginning Balance	$ -
Additions	5,000,000
Reductions	(5,000,000)
Ending Balance	$ -

G. Leases

Operating Leases

The County leases office buildings and equipment under non-cancellable operating leases. The future minimum lease payments are as follows:

Year Ended June 30	Lease Obligations
2009	$ 835,633
2010	344,880
2011	143,794
2012	123,394
2013	30,848
Total	$ 1,478,549

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2008
Governmental activities	4.65% - 5.45%	$ 205,002
Total		$ 205,002

Equipment and related accumulated depreciation under capital lease are as follows:

	Governmental Activities
Equipment	$ 414,859
Less: accumulated depreciation	(206,100)
Net Value	$ 208,759

As of June 30, 2008, capital lease annual amortization is as follows:

Year Ending June 30	Governmental Activities
2009	$ 112,936
2010	57,420
2011	57,420
Total requirements	227,776
Less interest	(22,774)
Present Value of Remaining Payments	$ 205,002

NOTE 3: DETAILED NOTES (CONTINUED)

H. Closure/Post Closure

During the current year the County of Siskiyou purchased the Yreka landfill from the City of Yreka. The County is responsible for one active landfill site and twelve closed landfill sites. State and Federal laws and regulations require the County to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post -closure costs as an expenditure in each year based on landfill capacity used as of each balance sheet date. The $11,125,975 reported as closure/post-closure liability at June 30, 2008, represents the cumulative amount reported to date based on the estimates used ranging from 25 to 100 percent of total permitted site capacity filled. The estimated remaining life of the Yreka landfill is 59 years.

The County will recognize the remaining estimated cost of closure and post-closure care of $9,331,915 for the active landfill as the remaining estimated capacity is filled. The County will recognize the remaining estimated cost of post-closure care of $1,794,060 for the closed landfills over the remaining post-closure period. These amounts are based on what it would cost to perform all closure and post-closure care in 2008. Actual costs may be higher due to inflation, change in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to provide financial assurance that appropriate resources will be available to finance closure and post-closure care costs in the future. At June 30, 2008, cash and investments of $577,779 was held to fund closure and post-closure costs of the Yreka landfill and $66,767 was held to fund post-closure costs of the County's twelve closed landfills. The County has adopted a pledge of revenue to fund ten of the closed sites. Although the County is not legally required by State or Federal laws to provide funding for its two landfill sites closed prior to 1991, the County has accepted final responsibility for these sites. The annual long term care funding requirements for these sites have not been estimated or accrued, however, management does not believe the annual costs are material to the County. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirement are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

I. Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2008:

	Due From Other Funds	Due To Other Funds
General fund	$ 98,488	$ -
Human Services	-	1,662,572
Public Health	45,772	-
Welfare Fund	1,892,037	-
Nonmajor Governmental Funds	-	349,787
Internal Service Funds	-	23,938
Agency Funds	2,029,014	2,029,014
Total	$ 4,065,311	$ 4,065,311

NOTE 3: DETAILED NOTES (CONTINUED)

I. Interfund Transactions (Continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2008:

	Transfer In	Transfer Out
General Fund	$ 17,157,163	$ 14,715,770
Road Fund	318,177	27,860
Human Services	8,201	1,374,296
Public Health	1,005,233	257,650
Behavioral Health Services	1,135,348	822,604
Nonmajor Governmental Funds	828,996	3,253,863
Sanitation	7,759	7,512
Aviation	-	247
Internal Service Funds	-	1,075
Total	$ 20,460,877	$ 20,460,877

NOTE 4: EMPLOYEES' RETIREMENT PLAN

Plan Description

The County contributes to the miscellaneous plan of the County of Siskiyou and the safety plan of the County of Siskiyou (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous plan members are required to contribute 7 percent of their annual covered salary. Safety plan members are required to contribute 9 percent of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The County has committed to contribute a portion of the required employee contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2007/2008 was 8.569 percent for miscellaneous employees and 17.877 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The County is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administrators.

Annual Pension Cost

For fiscal year 2007/2008, the County's annual pension cost of $2,115,493 for the miscellaneous plan and $1,308,106 for the safety plan was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 13.15 percent for safety plan, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS.

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Annual Pension Cost (Continued)

The table below presents three-year trend information:

Miscellaneous:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	$ 2,606,293	100%	-
June 30, 2007	2,558,909	100%	-
June 30, 2008	2,115,493	100%	-

Safety:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	$ 1,694,698	100%	-
June 30, 2007	1,585,960	100%	-
June 30, 2008	1,308,103	100%	-

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the miscellaneous plan was 90.6 percent funded. The actuarial accrued liability for benefits was $131,414,371, and the actuarial value of assets was $119,084,565, resulting in an unfunded actuarial accrued liability (UAAL) of $12,329,806. The covered payroll (annual payroll of active employees covered by the plan) was $25,081,481, and the ratio of the UAAL to the covered payroll was 49.2 percent.

As of June 30, 2007, the most recent actuarial valuation date, the safety plan was 85.3 percent funded. The actuarial accrued liability for benefits was $50,064,917, and the actuarial value of assets was $42,704,917, resulting in an unfunded actuarial accrued liability (UAAL) of $7,360,000. The covered payroll (annual payroll of active employees covered by the plan) was $6,463,604, and the ratio of the UAAL to the covered payroll was 113.9 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The County has agreed by resolution to pay post-retirement medical, dental, and life insurance benefits for retirees who have been employed by the County for at least five continuous years and are at least age 50 upon retirement. These benefits are financed an a pay-as-you-go basis. At June 30, 2008, 218 employees were covered and the cost of this coverage for the year ended June 30, 2008, was $626,162.

NOTE 6: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (internal service funds) to account for and finance its risk management programs. The County is self insured for unemployment and is covered by the County Supervisors Association of California (CSAC) Excess Insurance Authority for liability and workers' compensation. CSAC Excess Insurance Authority is a public entity risk pool currently operating as a common risk management and insurance program for Counties. Should actual loss among participants be greater than anticipated, the County will be assessed its prorata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its prorata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

NOTE 6: RISK MANAGEMENT (CONTINUED)

All funds of the County participate in the program and make payments to the risk management funds based on actuarial estimates of the amounts needed to pay prior and current year claims, insurance premiums, and to establish a reserve for catastrophic losses. The claims liability of $22,202 reported in the funds at June 30, 2008, is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates of the liabilities for incurred (both reported and unreported), but unpaid claims are actuarially determined.

Changes in the County's claims liability amount for the fiscal years 2006, 2007, and 2008 were as follows:

	Balance at Beginning of Fiscal Year	Current year Claims and Changes in Estimates	Claims Payments	Balanced End of Fiscal Year
2006	$ 48,150	$ 130,920	$ 100,965	$ 78,105
2007	78,105	83,605	74,135	87,575
2008	87,575	75,783	141,156	22,202

The ultimate settlement of specific claims against the County cannot presently be determined and no provision for any other liability that may result has been made in the financial statements.

NOTE 7: OTHER INFORMATION

A. Construction Commitments

The County has signed agreements to construct various capital improvement jobs subsequent to June 30, 2008. The balance owed on these commitments at June 30, 2008, was approximately $319,749.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

C. Subsequent Events

On July 1, 2008, the County invested in a Tax Revenue Anticipation Note (TRAN) for $9,320,000. The interest rate on the Tax Revenue Anticipation Note is 3.00 percent and is to be repaid by June 30, 2009. All proceeds will be held in the Guaranteed Investment Contract (GIC).

As of June 30, 2008, the County's investment pool included investments in corporate notes and in the Local Agency Investment Fund (LAIF). The fair value of some investments in this pool may have declined since the June 30th value listed in these financial statements. Any decrease in fair value will be reflected as a reduction in investment earnings as realized. The amount of this decrease is not expected to exceed investment earnings in any period.

In November 2008, the California Public Employees Retirement System (PERS) reported that in the year ended June 30, 2008, its real estate portfolio declined to $6.08 billion from $9.36 billion, based on independent appraisals of its investments in housing units across the country. If PERS' investment performance does not regain this decline, it is very likely that contribution rates to the pension fund will increase.

D. Joint Agencies

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

NOTE 7: OTHER INFORMATION (CONTINUED)

E. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new standards:

GASB Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions (OPEB) addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. GASB Statement No. 45 is effective for the County's fiscal year ending June 30, 2009.

Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued in November 2006. This Statement establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Statement establishes once any of five specified obligating events occurs, that a government is required to estimate the components of the expected pollution remediation outlays and determine whether the outlays for those components should be recorded as a liability or, if appropriate, capitalized when goods and services are acquired. GASB Statement No. 49 is effective for financial statements for years beginning after December 15, 2007.

Statement No. 51, Accounting and Financial Reporting for Intangible Assets requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. GASB Statement No. 51 is effective for financial statements for years beginning after June 15, 2009.

Statement No. 52, Land and Other Real Estate Held as Investments by Endowments improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. GASB Statement No. 52 is effective for financial statements for years beginning after June 15, 2008.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, flows, and collars), swaptions, forward contracts and futures contracts. GASB Statement No. 53 is effective for financial statements for years beginning after June 15, 2009.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE OF FUNDING PROGRESS - PENSION

The table below shows a three-year analysis of the most recent actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the County Miscellaneous Plan and the Safety Plan:

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios: Actuarial Value	Funded Ratios: Market Value	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2005	$ 112,934,394	$101,522,150	$ 11,412,244	89.9%	92.6%	$ 22,757,565	50.1%
June 30, 2006	121,222,774	109,573,801	11,648,973	90.4%	96.0%	23,846,882	48.8%
June 30, 2007	131,414,371	119,084,565	12,329,806	90.6%	105.2%	25,081,481	49.2%

Safety Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios: Actuarial Value	Funded Ratios: Market Value	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2005	$ 43,835,744	$ 35,721,834	$ 8,113,910	81.5%	84.0%	$ 5,599,853	144.9%
June 30, 2006	46,360,930	38,916,193	7,444,737	83.9%	89.2%	6,024,092	123.6%
June 30, 2007	50,064,917	42,704,917	7,360,000	85.3%	99.0%	6,463,604	113.9%

See accompanying note to the required supplementary information.

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 12,503,633	$ 12,503,633	$ 11,738,494	$ (765,139)
Licenses and permits	902,500	902,500	914,602	12,102
Fines and forfeitures	1,810,325	1,806,565	1,898,062	91,497
Use of money and property	1,072,675	1,072,890	1,026,373	(46,517)
Intergovernmental	17,202,230	17,217,441	16,330,829	(886,612)
Charges for services	5,210,896	5,196,537	5,544,438	347,901
Other revenues	110,555	177,089	258,845	81,756
Total Revenues	38,812,814	38,876,655	37,711,643	(1,165,012)
EXPENDITURES				
Current:				
General government	9,306,560	8,874,325	7,117,931	1,756,394
Public protection	28,692,011	29,047,072	27,625,939	1,421,133
Health and welfare	3,282,612	3,191,783	3,048,400	143,383
Public assistance	347,417	406,796	378,974	27,822
Education	1,332,093	1,339,719	1,242,758	96,961
Culture and recreation	300,861	300,861	247,318	53,543
Public ways and facilities	11,801	11,751	11,757	(6)
Debt service	223,750	223,750	364,253	(140,503)
Capital outlay	802,092	1,157,074	1,225,206	(68,132)
Total Expenditures	44,299,197	44,553,131	41,262,536	3,290,595
Excess of Revenues Over (Under) Expenditures	(5,486,383)	(5,676,476)	(3,550,893)	2,125,583
OTHER FINANCING SOURCES (USES)				
Transfers in	16,897,318	17,059,681	17,157,163	97,482
Transfers out	(14,554,448)	(14,889,177)	(14,715,770)	173,407
Debt proceeds	-	-	209,775	209,775
Total Other Financing Sources (Uses)	2,342,870	2,170,504	2,651,168	480,664
Net Change in Fund Balances	(3,143,513)	(3,505,972)	(899,725)	2,606,247
Fund Balances - Beginning	5,240,475	5,240,475	5,240,475	-
Fund Balances - Ending	$ 2,096,962	$ 1,734,503	$ 4,340,750	$ 2,606,247

See accompanying note to the required supplementary information.

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 452,278	$ 452,278	$ -	$ (452,278)
Use of money and property	80,000	80,000	341,962	261,962
Intergovernmental	17,005,765	17,005,765	9,407,559	(7,598,206)
Charges for services	101,000	(61,648)	453,580	515,228
Other revenues	13,000	25,000	19,766	(5,234)
Total Revenues	17,652,043	17,501,395	10,222,867	(7,278,528)
EXPENDITURES				
Current:				
Public ways and facilities	22,173,125	22,449,720	7,713,585	14,736,135
Capital outlay	181,054	248,265	3,623,396	(3,375,131)
Total Expenditures	22,354,179	22,697,985	11,336,981	11,361,004
Excess of Revenues Over (Under) Expenditures	(4,702,136)	(5,196,590)	(1,114,114)	4,082,476
OTHER FINANCING SOURCES (USES)				
Transfers in	264,766	462,464	318,177	(144,287)
Transfers out	(26,100)	(26,110)	(27,860)	(1,750)
Total Other Financing Sources (Uses)	238,666	436,354	290,317	(146,037)
Net Change in Fund Balances	(4,463,470)	(4,760,236)	(823,797)	3,936,439
Fund Balances - Beginning	7,904,749	7,904,749	7,904,749	-
Fund Balances - Ending	$ 3,441,279	$ 3,144,513	$ 7,080,952	$ 3,936,439

See accompanying note to the required supplementary information.

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 2,970,166	$ 2,970,166	$ 2,990,602	$ 20,436
Fines & forfeitures	-	-	250	250
Use of money and property	12,625	12,625	71,095	58,470
Intergovernmental	18,607,341	18,648,775	12,653,925	(5,994,850)
Charges for services	4,000	4,000	14,514	10,514
Other revenues	10,000	10,000	11,151	1,151
Total Revenues	21,604,132	21,645,566	15,741,537	(5,904,029)
EXPENDITURES				
Current:				
Public assistance	20,665,721	20,498,688	17,254,626	3,244,062
Capital outlay	68,500	363,403	354,720	8,683
Total Expenditures	20,734,221	20,862,091	17,609,346	3,252,745
Excess of Revenues Over (Under) Expenditures	869,911	783,475	(1,867,809)	(2,651,284)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,201	8,201	8,201	-
Transfers out	(1,440,083)	(1,482,128)	(1,374,296)	107,832
Total Other Financing Sources (Uses)	(1,431,882)	(1,473,927)	(1,366,095)	107,832
Net Change in Fund Balances	(561,971)	(690,452)	(3,233,904)	(2,543,452)
Fund Balances - Beginning	776,504	776,504	776,504	-
Fund Balances - Ending	$ 214,533	$ 86,052	$ (2,457,400)	$ (2,543,452)

See accompanying note to the required supplementary information.

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 466,072	$ 466,072	$ 532,160	$ 66,088
Licenses and permits	247,300	246,595	228,507	(18,088)
Fines and forfeitures	4,500	4,500	3,804	(696)
Use of money and property	18,000	18,000	30,657	12,657
Intergovernmental	2,262,600	2,282,762	2,447,447	164,685
Charges for services	163,950	163,950	314,410	150,460
Other revenues	1,000	1,000	588	(412)
Total Revenues	3,163,422	3,182,879	3,557,573	374,694
EXPENDITURES				
Current:				
Health and welfare	4,753,361	4,972,061	4,223,939	748,122
Capital outlay	4,464	65,464	19,339	46,125
Total Expenditures	4,757,825	5,037,525	4,243,278	794,247
Excess of Revenues Over (Under) Expenditures	(1,594,403)	(1,854,646)	(685,705)	1,168,941
OTHER FINANCING SOURCES (USES)				
Transfers in	974,377	983,482	1,005,233	21,751
Transfers out	(247,038)	(245,807)	(257,650)	(11,843)
Total Other Financing Sources (Uses)	727,339	737,675	747,583	9,908
Net Change in Fund Balances	(867,064)	(1,116,971)	61,878	1,178,849
Fund Balances - Beginning	1,136,279	1,136,279	1,136,279	-
Fund Balances - Ending	$ 269,215	$ 19,308	$ 1,198,157	$ 1,178,849

See accompanying note to the required supplementary information.

COUNTY OF SISKIYOU, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 955,432	$ 955,432	$ 939,941	$ (15,491)
Fines and forfeitures	12,000	12,000	19,919	7,919
Use of money and property	15,000	15,000	7,985	(7,015)
Intergovernmental	14,332,689	15,934,442	17,402,687	1,468,245
Charges for services	53,000	53,000	112,937	59,937
Other revenues	16,000	16,000	2,225	(13,775)
Total Revenues	15,384,121	16,985,874	18,485,694	1,499,820
EXPENDITURES				
Current:				
Health and welfare	15,969,662	17,785,074	17,112,749	672,325
Capital outlay	198,182	200,727	192,686	8,041
Total Expenditures	16,167,844	17,985,801	17,305,435	680,366
Excess of Revenues Over (Under) Expenditures	(783,723)	(999,927)	1,180,259	2,180,186
OTHER FINANCING SOURCES (USES)				
Transfers in	1,351,243	1,382,677	1,135,348	(247,329)
Transfers out	(1,029,214)	(1,029,214)	(822,604)	206,610
Total Other Financing Sources (Uses)	322,029	353,463	312,744	(40,719)
Net Change in Fund Balances	(461,694)	(646,464)	1,493,003	2,139,467
Fund Balances - Beginning	476,500	476,500	476,500	-
Fund Balances - Ending	$ 14,806	$ (169,964)	$ 1,969,503	$ 2,139,467

See accompanying note to the required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

A. SCHEDULE OF FUNDING PROGRESS - PENSION

The Schedule of Funding Progress - Pension presents a consolidated snapshot of the County's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

B. BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements:

(1) The County Executive Officer submits to the Board of Supervisors a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

(2) The Board of Supervisors reviews the proposed budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested persons.

(3) Prior to July 1, the budget is adopted through the passage of a resolution.

(4) From the effective date of the budget, which is adopted and controlled at the service budget unit, the amounts stated therein, as proposed expenditures become appropriations to the various County service budget units. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same service budget unit.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for all governmental funds except for debt service funds, the expenditures of which are controlled by provisions of debt agreements. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

C. ENCUMBRANCES

The County uses an encumbrance system as an extension of normal budgetary accounting for the General and other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriation lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

THIS PAGE INTENTIONALLY LEFT BLANK

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Totals
ASSETS				
Cash and investments	$ 6,223,440	$ 6,657,662	$ 238,155	$ 13,119,257
Cash with fiscal agent	-	-	484	484
Accounts receivable	127,638	32,911	57,745	218,294
Interest receivable	61,437	52,010	2,532	115,979
Taxes receivable	422	-	-	422
Loans receivable	2,614,248	34,332	-	2,648,580
Total Assets	$ 9,027,185	$ 6,776,915	$ 298,916	$ 16,103,016
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 192,455	$ 69,930	$ -	$ 262,385
Accrued salaries and benefits	3,121	-	-	3,121
Interest payable	1,270	850	-	2,120
Due to other funds	275,237	74,550	-	349,787
Unearned revenue	2,614,248	-	-	2,614,248
Total Liabilities	3,086,331	145,330	-	3,231,661
FUND BALANCES				
Reserved for:				
Encumbrances	1,182,514	3,500	-	1,186,014
Long-term receivable	-	34,332	-	34,332
Courts	-	3,843,482	-	3,843,482
Unreserved:				
Designated	104,436	70,529	-	174,965
Undesignated	4,653,904	2,679,742	298,916	7,632,562
Total Fund Balances	5,940,854	6,631,585	298,916	12,871,355
Total Liabilities and Fund Balances	$ 9,027,185	$ 6,776,915	$ 298,916	$ 16,103,016

COUNTY OF SISKIYOU, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Totals
REVENUES				
Taxes	$ 436,126	$ -	$ -	$ 436,126
Licenses and permits	94,923	-	-	94,923
Fines and forfeitures	25,101	359,216	-	384,317
Use of money and property	568,423	288,462	6,789	863,674
Intergovernmental	8,901,143	139,545	-	9,040,688
Charges for services	558,282	-	-	558,282
Other revenues	111,349	440,764	1,033,313	1,585,426
Total Revenues	10,695,347	1,227,987	1,040,102	12,963,436
EXPENDITURES				
Current:				
General government	-	5,100	16,507,265	16,512,365
Public protection	2,086,328	-	-	2,086,328
Health and welfare	1,146,270	-	-	1,146,270
Public assistance	2,069,076	-	-	2,069,076
Education	5,103	-	-	5,103
Public ways and facilities	625,323	-	-	625,323
Debt service				
Principal	2,400	-	178,216	180,616
Interest and other charges	8,883	-	790,437	799,320
Capital outlay	329,730	249,698	-	579,428
Total Expenditures	6,273,113	254,798	17,475,918	24,003,829
Excess of Revenues Over(Under) Expenditures	4,422,234	973,189	(16,435,816)	(11,040,393)
OTHER FINANCING SOURCES (USES)				
Transfers in	718,977	-	110,019	828,996
Transfers out	(3,042,291)	(211,572)	-	(3,253,863)
Debt proceeds	-	-	16,620,000	16,620,000
Bond issue costs	-	-	(113,927)	(113,927)
Total Other Financing Sources (Uses)	(2,323,314)	(211,572)	16,616,092	14,081,206
Net Change in Fund Balances	2,098,920	761,617	180,276	3,040,813
Fund Balances - Beginning	3,841,934	5,869,968	118,640	9,830,542
Fund Balances - Ending	$ 5,940,854	$ 6,631,585	$ 298,916	$ 12,871,355

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Fish and Game	Road Prop 1B	Geothermal	General County Fire	Planning Projects
ASSETS					
Cash and investments	$ 22,549	$ 2,698,113	$ 424,326	$ 240,494	$ 48,638
Accounts receivable	605	-	8,570	-	-
Interest receivable	187	12,571	3,688	4,024	-
Taxes receivable	-	-	-	181	-
Loans receivable	-	-	-	-	-
Total Assets	$ 23,341	$ 2,710,684	$ 436,584	$ 244,699	$ 48,638
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 2,442	$ 5,767	$ -	$ 44,023	$ 47,099
Accrued salaries and benefits	-	-	-	-	-
Interest payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	2,442	5,767	-	44,023	47,099
FUND BALANCES					
Reserved for encumbrances	-	-	-	170,726	-
Unreserved:					
Designated	-	-	-	-	-
Undesignated	20,899	2,704,917	436,584	29,950	1,539
Total Fund Balances	20,899	2,704,917	436,584	200,676	1,539
Total Liabilities and Fund Balances	$ 23,341	$ 2,710,684	$ 436,584	$ 244,699	$ 48,638

Health Services	Bioterrorism Program	District Attorney/ Family Support	California Children & Families First	HR 2389 Title III	Used Oil Recycling Grant	Community Services Council	Public Authority IHSS
$ -	$ -	$ -	$ 630,356	$ 4,303	$ 56,400	$ 1,918	$ -
-	-	-	62,653	-	-	29	-
295	745	-	5,427	14,232	347	92	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 295	$ 745	$ -	$ 698,436	$ 18,535	$ 56,747	$ 2,039	$ -
$ 329	$ 2,183	$ -	$ 12,135	$ -	$ 784	$ -	$ 26,383
-	-	-	-	-	-	-	3,121
-	-	-	-	-	-	-	1,270
280	45,492	-	-	-	-	-	229,465
-	-	-	-	-	-	-	-
609	47,675	-	12,135	-	784	-	260,239
-	-	-	95,584	-	-	-	10,036
-	-	-	-	-	-	-	-
(314)	(46,930)	-	590,717	18,535	55,963	2,039	(270,275)
(314)	(46,930)	-	686,301	18,535	55,963	2,039	(260,239)
$ 295	$ 745	$ -	$ 698,436	$ 18,535	$ 56,747	$ 2,039	$ -

Continued (Page 1 of 4)

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Modoc/ Sisikiyou CSBG	Other Health Services	Library Donations	District Attorney Forfeiture Funds	Domestic Violence
ASSETS					
Cash and investments	$ 44,559	$ 150,872	$ 12,604	$ 64,079	$ 4,452
Accounts receivable	34,954	-	-	-	227
Interest receivable	269	1,277	113	561	28
Taxes receivable	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	$ 79,782	$ 152,149	$ 12,717	$ 64,640	$ 4,707
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 8,154	$ -	$ -	$ -	$ -
Accrued salaries and benefits	-	-	-	-	-
Interest payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	8,154	-	-	-	-
FUND BALANCES					
Reserved for encumbrances	80,270	-	-	-	3,072
Unreserved:					
Designated	-	97,548	6,888	-	-
Undesignated	(8,642)	54,601	5,829	64,640	1,635
Total Fund Balances	71,628	152,149	12,717	64,640	4,707
Total Liabilities and Fund Balances	$ 79,782	$ 152,149	$ 12,717	$ 64,640	$ 4,707

Battered Womens Shelter	Probation Challenge Award Fund	Juvenile Hall Donations	Animal Control Facility	Citizens Options for Public Safety Grant	Airport Comprehensive Land Use Plan	Flood Control and Water Conservation District	Air Pollution Control District
$ 28,954	$ 209	$ 388	$ 24,798	$ 198,852	$ 3,256	$ 584,946	$ 87,388
690	-	-	-	-	-	17,383	-
307	2	3	220	2,874	29	5,144	895
-	-	-	-	-	-	85	-
-	-	-	-	-	-	-	-
$ 29,951	$ 211	$ 391	$ 25,018	$ 201,726	$ 3,285	$ 607,558	$ 88,283
$ -	$ -	$ -	$ 882	$ -	$ -	$ 7,546	$ 1,470
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	882	-	-	7,546	1,470
-	-	-	1,451	-	-	10,494	-
-	-	-	-	-	-	-	-
29,951	211	391	22,685	201,726	3,285	589,518	86,813
29,951	211	391	24,136	201,726	3,285	600,012	86,813
$ 29,951	$ 211	$ 391	$ 25,018	$ 201,726	$ 3,285	$ 607,558	$ 88,283

Continued (Page 2 of 4)

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Air Pollution PM 2.5 Grant	Local Transportation Administration	Regional Transportation Planning	Siskiyou Agency for Governmental Entities	County Service Area #3
ASSETS					
Cash and investments	$ 23,090	$ 31,240	$ 17,601	$ 5,677	$ 276,041
Accounts receivable	-	-	-	-	252
Interest receivable	244	273	757	51	2,447
Taxes receivable	-	-	-	-	154
Loans receivable	-	-	-	-	-
Total Assets	$ 23,334	$ 31,513	$ 18,358	$ 5,728	$ 278,894
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 704	$ 305	$ 1,945	$ -	$ -
Accrued salaries and benefits	-	-	-	-	-
Interest payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	704	305	1,945	-	-
FUND BALANCES					
Reserved for encumbrances	-	-	-	-	-
Unreserved:					
Designated	-	-	-	-	-
Undesignated	22,630	31,208	16,413	5,728	278,894
Total Fund Balances	22,630	31,208	16,413	5,728	278,894
Total Liabilities and Fund Balances	$ 23,334	$ 31,513	$ 18,358	$ 5,728	$ 278,894

County Service Area #4	County Service Area #5	CSA # 5 Special Assessment	Hammond Ranch Fire Zone	McCloud Fire Zone	Mt. Shasta Vista Fire Zone	Pleasant Valley Fire Zone	CDBG Grants
$ 13,573	$ 9,966	$ 108,595	$ 23,862	$ 22,872	$ 28,965	$ 17,525	$ 216,123
-	753	-	855	339	155	173	-
120	86	1,150	259	1,092	264	148	1,216
2	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,343,021
$ 13,695	$ 10,805	$ 109,745	$ 24,976	$ 24,303	$ 29,384	$ 17,846	$ 1,560,360
$ -	$ -	$ 18	$ 1,624	$ 26,492	$ 616	$ 1,554	$ -
-	-	-	-	-	-	-	-
-	-	-		-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,343,021
-	-	18	1,624	26,492	616	1,554	1,343,021
-	-	-	-	35,963	-	-	-
-	-	-	-	-	-	-	-
13,695	10,805	109,727	23,352	(38,152)	28,768	16,292	217,339
13,695	10,805	109,727	23,352	(2,189)	28,768	16,292	217,339
$ 13,695	$ 10,805	$ 109,745	$ 24,976	$ 24,303	$ 29,384	$ 17,846	$ 1,560,360

Continued (Page 3 of 4)

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	EDBG Grants	STBG Grants	HOME Grants	PTAA Grants	Totals
ASSETS					
Cash and investments	$ 71,643	$ 23,837	$ 376	$ -	$ 6,223,440
Accounts receivable	-	-	-	-	127,638
Interest receivable	-	-	-	-	61,437
Taxes receivable	-	-	-	-	422
Loans receivable	730,195	541,032	-	-	2,614,248
Total Assets	$ 801,838	$ 564,869	$ 376	$ -	$ 9,027,185
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ 192,455
Accrued salaries and benefits	-	-	-	-	3,121
Interest payable	-	-	-	-	1,270
Due to other funds	-	-	-	-	275,237
Unearned revenue	730,195	541,032	-	-	2,614,248
Total Liabilities	730,195	541,032	-	-	3,086,331
FUND BALANCES					
Reserved for encumbrances	378,668	-	396,250	-	1,182,514
Unreserved:					
Designated	-	-	-	-	104,436
Undesignated	(307,025)	23,837	(395,874)	-	4,653,904
Total Fund Balances	71,643	23,837	376	-	5,940,854
Total Liabilities and Fund Balances	$ 801,838	$ 564,869	$ 376	$ -	$ 9,027,185

Continued (Page 4 of 4)

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fish and Game	Road Prop 1B	Geothermal	General County Fire	Planning Projects
REVENUES					
Taxes	$ -	$ -	$ -	$ 140,358	$ -
License and permits	-	-	-	-	-
Fines and forfeitures	6,879	-	-	-	-
Use of money and property	1,150	12,571	19,753	21,425	-
Intergovernmental	-	2,699,684	69,637	16,568	-
Charges for services	248	-	-	2,700	349,276
Other revenues	-	-	-	8,639	-
Total Revenues	8,277	2,712,255	89,390	189,690	349,276
EXPENDITURES					
Current:					
Public protection	7,673	-	-	478,690	-
Health and welfare	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Public ways and facilities	-	-	-	-	347,737
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	7,305	-	-	-
Total Expenditures	7,673	7,305	-	478,690	347,737
Excess of Revenues Over (Under) Expenditures	604	2,704,950	89,390	(289,000)	1,539
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	176,319	-
Transfers out	-	(33)	-	-	-
Total Other Financing Sources (Uses)	-	(33)	-	176,319	-
Net Change in Fund Balances	604	2,704,917	89,390	(112,681)	1,539
Fund Balances - Beginning	20,295	-	347,194	313,357	-
Fund Balances - Ending	$ 20,899	$ 2,704,917	$ 436,584	$ 200,676	$ 1,539

Health Services	Bioterrorism Program	District Attorney/ Family Support	California Children & Families First	HR 2389 Title III	Used Oil Recycling Grant	Community Services Council	Public Authority IHSS
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,218	2,161	-	33,134	44,148	1,546	104	-
150,000	268,329	-	655,749	1,433,881	55,000	122,013	132,690
-	-	-	-	-	638	5,785	-
-	582	-	1,988	-	38	-	-
152,218	271,072	-	690,871	1,478,029	57,222	127,902	132,690
-	-	-	-	-	45,971	-	-
37,587	77,804	-	684,881	-	-	-	-
-	-	-	-	-	-	126,467	773,240
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,887	-	-	-	-	-	-
37,587	81,691	-	684,881	-	45,971	126,467	773,240
114,631	189,381	-	5,990	1,478,029	11,251	1,435	(640,550)
-	-	-	1,536	-	-	-	241,003
(113,216)	(184,848)	(313,129)	-	(1,580,068)	(1,161)	-	(920)
(113,216)	(184,848)	(313,129)	1,536	(1,580,068)	(1,161)	-	240,083
1,415	4,533	(313,129)	7,526	(102,039)	10,090	1,435	(400,467)
(1,729)	(51,463)	313,129	678,775	120,574	45,873	604	140,228
$ (314)	$ (46,930)	$ -	$ 686,301	$ 18,535	$ 55,963	$ 2,039	$ (260,239)

Continued (Page 1 of 4)

COUNTY OF SISKIYOU, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Modoc/ Siskiyou CSBG	Other Health Services	Library Donations	District Attorney Forfeiture Funds	Domestic Violence
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
License and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	9,791	1,708
Use of money and property	459	5,627	633	2,900	216
Intergovernmental	248,621	-	-	-	-
Charges for services	-	-	-	-	6,854
Other revenues	-	48,974	8,031	-	-
Total Revenues	249,080	54,601	8,664	12,691	8,778
EXPENDITURES					
Current:					
Public protection	-	-	-	-	4,783
Health and welfare	-	-	-	-	-
Public assistance	194,792	-	-	-	-
Education	-	-	5,103	-	-
Public ways and facilities	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	194,792	-	5,103	-	4,783
Excess of Revenues Over (Under) Expenditures	54,288	54,601	3,561	12,691	3,995
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(8,201)	-	-	-	(548)
Total Other Financing Sources (Uses)	(8,201)	-	-	-	(548)
Net Change in Fund Balances	46,087	54,601	3,561	12,691	3,447
Fund Balances - Beginning	25,541	97,548	9,156	51,949	1,260
Fund Balances - Ending	$ 71,628	$ 152,149	$ 12,717	$ 64,640	$ 4,707

Battered Womens Shelter	Probation Challenge Award Fund	Juvenile Hall Donations	Animal Control Facility	Citizens Options for Public Safety Grant	Airport Comprehensive Land Use Plan	Flood Control and Water Conservation District	Air Pollution Control District
$ -	$ -	$ -	$ -	$ -	$ -	$ 106,775	$ -
-	-	-	-	-	-	60,535	34,388
5,723	-	-	-	-	-	-	1,000
2,207	11	21	1,006	28,166	169	208,380	3,060
-	-	-	-	1,311,616	-	1,218	161,600
-	-	-	19,148	-	-	-	1
-	-	-	-	-	-	570	844
7,930	11	21	20,154	1,339,782	169	377,478	200,893
21,974	-	-	11,516	1,141,019	-	116,430	-
-	-	-	-	-	-	-	39,845
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,124	-
21,974	-	-	11,516	1,141,019	-	119,554	39,845
(14,044)	11	21	8,638	198,763	169	257,924	161,048
-	-	-	-	-	-	-	143,961
-	-	-	-	(315,128)	-	(128,670)	(223,462)
-	-	-	-	(315,128)	-	(128,670)	(79,501)
(14,044)	11	21	8,638	(116,365)	169	129,254	81,547
43,995	200	370	15,498	318,091	3,116	470,758	5,266
$ 29,951	$ 211	$ 391	$ 24,136	$ 201,726	$ 3,285	$ 600,012	$ 86,813

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Air Pollution PM 2.5 Grant	Local Transportation Administration	Regional Transportation Planning	Siskiyou Agency for Governmental Entities	County Service Area #3
REVENUES					
Taxes	$ -	$ 75,671	$ -	$ -	$ 111,635
License and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	1,565	2,161	2,449	298	11,788
Intergovernmental	-	-	247,879	-	2,079
Charges for services	-	-	-	-	30,569
Other revenues	-	-	-	-	-
Total Revenues	1,565	77,832	250,328	298	156,071
EXPENDITURES					
Current:					
Public protection	-	-	-	11	-
Health and welfare	8,959	-	-	-	77,969
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Public ways and facilities	-	59,029	218,557	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	8,959	59,029	218,557	11	77,969
Excess of Revenues Over (Under) Expenditures	(7,394)	18,803	31,771	287	78,102
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(12,434)	(4,315)	-	-
Total Other Financing Sources (Uses)	-	(12,434)	(4,315)	-	-
Net Change in Fund Balances	(7,394)	6,369	27,456	287	78,102
Fund Balances - Beginning	30,024	24,839	(11,043)	5,441	200,792
Fund Balances - Ending	$ 22,630	$ 31,208	$ 16,413	$ 5,728	$ 278,894

County Service Area #4	County Service Area #5	CSA # 5 Special Assessment	Hammond Ranch Fire Zone	McCloud Fire Zone	Mt. Shasta Vista Fire Zone	Pleasant Valley Fire Zone	CDBG Grants
$ 1,687	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
681	356	6,630	1,463	6,222	1,461	644	67,817
33	-	-	333,754	-	1,607	-	-
-	1,232	5,904	57,912	42,747	18,076	17,192	-
-	753	-	38,343	-	1,695	342	550
2,401	2,341	12,534	431,472	48,969	22,839	18,178	68,367
1,200	-	-	86,783	140,279	19,328	10,671	-
-	(2,029)	-	-	-	-	-	221,254
-	-	-	-	-	-	-	15,633
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,400	-	-	-	-	-
-	-	8,883	-	-	-	-	-
-	-	-	315,414	-	-	-	-
1,200	(2,029)	11,283	402,197	140,279	19,328	10,671	236,887
1,201	4,370	1,251	29,275	(91,310)	3,511	7,507	(168,520)
-	-	-	-	-	-	-	129,219
-	-	-	-	-	-	-	(79,802)
-	-	-	-	-	-	-	49,417
1,201	4,370	1,251	29,275	(91,310)	3,511	7,507	(119,103)
12,494	6,435	108,476	(5,923)	89,121	25,257	8,785	336,442
$ 13,695	$ 10,805	$ 109,727	$ 23,352	$ (2,189)	$ 28,768	$ 16,292	$ 217,339

Continued (Page 3 of 4)

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	EDBG Grants	STBG Grants	HOME Grants	PTAA Grants	Totals
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 436,126
License and permits	-	-	-	-	94,923
Fines and forfeitures	-	-	-	-	25,101
Use of money and property	69,323	4,500	-	-	568,423
Intergovernmental	326,000	620,935	4,000	38,250	8,901,143
Charges for services	-	-	-	-	558,282
Other revenues	-	-	-	-	111,349
Total Revenues	395,323	625,435	4,000	38,250	10,695,347
EXPENDITURES					
Current:					
Public protection	-	-	-	-	2,086,328
Health and welfare	-	-	-	-	1,146,270
Public assistance	267,740	637,761	3,624	49,819	2,069,076
Education	-	-	-	-	5,103
Public ways and facilities	-	-	-	-	625,323
Debt service					
Principal	-	-	-	-	2,400
Interest and other charges	-	-	-	-	8,883
Capital outlay	-	-	-	-	329,730
Total Expenditures	267,740	637,761	3,624	49,819	6,273,113
Excess of Revenues Over (Under) Expenditures	127,583	(12,326)	376	(11,569)	4,422,234
OTHER FINANCING SOURCES (USES)					
Transfers in	539	26,400	-	-	718,977
Transfers out	(69,056)	(7,300)	-	-	(3,042,291)
Total Other Financing Sources (Uses)	(68,517)	19,100	-	-	(2,323,314)
Net Change in Fund Balances	59,066	6,774	376	(11,569)	2,098,920
Fund Balances - Beginning	12,577	17,063	-	11,569	3,841,934
Fund Balances - Ending	$ 71,643	$ 23,837	$ 376	$ -	$ 5,940,854

Continued (Page 4 of 4)

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008

	Accumulated Capital Outlay	Criminal Justice Construction	Courthouse Construction	Shasta McCloud Rail Project
ASSETS				
Cash and investments	$ 1,780,862	$ 199,448	$ 3,796,936	$ -
Accounts receivable	-	15,182	12,713	-
Interest receivable	15,678	2,499	33,833	-
Loans receivable	-	-	-	-
Total Assets	$ 1,796,540	$ 217,129	$ 3,843,482	$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Interest payable	-	-	-	-
Due to other funds	-	-	-	2,163
Total Liabilities	-	-	-	2,163
FUND BALANCES				
Reserved for:				
Encumbrances	3,500	-	-	-
Long-term receivable	-	-	-	-
Courts	-	-	3,843,482	-
Unreserved:				
Designated	70,529	-	-	-
Undesignated	1,722,511	217,129	-	(2,163)
Total Fund Balances	1,796,540	217,129	3,843,482	(2,163)
Total Liabilities and Fund Balances	$ 1,796,540	$ 217,129	$ 3,843,482	$ -

Sewer/ Water Project	Lake Siskiyou Trail Project	Juvenile Hall Construction	Carrick Water Project	Totals
$ 860,508	$ -	$ -	$ 19,908	$ 6,657,662
-	5,016	-	-	32,911
-	-	-	-	52,010
34,332	-	-	-	34,332
$ 894,840	$ 5,016	$ -	$ 19,908	$ 6,776,915
$ -	$ 69,930	$ -	$ -	$ 69,930
-	850		-	850
-	72,387	-	-	74,550
-	143,167	-	-	145,330
-	-	-	-	3,500
34,332	-	-	-	34,332
-	-	-	-	3,843,482
-	-	-	-	70,529
860,508	(138,151)	-	19,908	2,679,742
894,840	(138,151)	-	19,908	6,631,585
$ 894,840	$ 5,016	$ -	$ 19,908	$ 6,776,915

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Accumulated Capital Outlay	Criminal Justice Construction	Courthouse Construction	Shasta McCloud Rail Project
REVENUES				
Fines and forfeitures	$ -	$ 194,408	$ 164,808	$ -
Use of money and property	78,107	11,263	193,761	-
Intergovernmental	-	-	-	(2,163)
Other revenue	244,869	-	-	-
Total Revenues	322,976	205,671	358,569	(2,163)
EXPENDITURES				
Current:				
General government	6,287	-	(3,061)	-
Capital outlay	14,325	-	50,419	-
Total Expenditures	20,612	-	47,358	-
Excess of Revenues Over (Under) Expenditures	302,364	205,671	311,211	(2,163)
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,855)	(133,994)	-	-
Total Other Financing Sources (Uses)	(17,855)	(133,994)	-	-
Net Change in Fund Balances	284,509	71,677	311,211	(2,163)
Fund Balances - Beginning	1,512,031	145,452	3,532,271	-
Fund Balances - Ending	$ 1,796,540	$ 217,129	$ 3,843,482	$ (2,163)

	Sewer/ Water Project	Lake Siskiyou Trail Project	Juvenile Hall Construction	Carrick Water Project	Totals
	$ -	$ -	$ -	$ -	$ 359,216
	5,330	-	-	1	288,462
	-	141,708	-	-	139,545
	195,895	-	-	-	440,764
	201,225	141,708	-	1	1,227,987
	-	1,874	-	-	5,100
	-	184,954	-	-	249,698
	-	186,828	-	-	254,798
	201,225	(45,120)	-	1	973,189
	-	(59,723)	-	-	(211,572)
	-	(59,723)	-	-	(211,572)
	201,225	(104,843)	-	1	761,617
	693,615	(33,308)	-	19,907	5,869,968
	$ 894,840	$ (138,151)	$ -	$ 19,908	$ 6,631,585

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2008

	Juvenile Hall Ibank Debt Service	Pension Obligation Bonds 2007	Totals
ASSETS			
Cash and investments	$ 117,045	$ 121,110	$ 238,155
Cash with fiscal agent	-	484	484
Accounts receivable	-	57,745	57,745
Interest receivable	83	2,449	2,532
Total Assets	$ 117,128	$ 181,788	$ 298,916
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Total Liabilities	-	-	-
FUND BALANCES			
Unreserved:			
Undesignated	117,128	181,788	298,916
Total Fund Balances	117,128	181,788	298,916
Total Liabilities and Fund Balances	$ 117,128	$ 181,788	$ 298,916

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Juvenile Hall Ibank Debt Service	Pension Obligation Bonds 2007	Totals
REVENUES			
Use of money and property	$ -	$ 6,789	$ 6,789
Other revenues	-	1,033,313	1,033,313
Total Revenues	-	1,040,102	1,040,102
EXPENDITURES			
Current:			
General government	7,265	16,500,000	16,507,265
Debt service:			
Principal	43,216	135,000	178,216
Interest	61,050	729,387	790,437
Total Expenditures	111,531	17,364,387	17,475,918
Excess of Revenues Over (Under) Expenditures	(111,531)	(16,324,285)	(16,435,816)
OTHER FINANCING SOURCES (USES)			
Transfers in	110,019	-	110,019
Debt proceeds	-	16,620,000	16,620,000
Bond issue costs		(113,927)	(113,927)
Total Other Financing Sources (Uses)	110,019	16,506,073	16,616,092
Net Change in Fund Balances	(1,512)	181,788	180,276
Fund Balances - Beginning	118,640	-	118,640
Fund Balances - Ending	$ 117,128	$ 181,788	$ 298,916

INTERNAL SERVICE FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

	Fuel Services	Communi-cations	Outlying WAN Maintenance
ASSETS			
Current Assets:			
Cash and investments	$ -	$ 95,680	$ 28,000
Accounts receivable	-	9,826	-
Interest receivable	-	650	-
Inventory	32,033	-	-
Total Current Assets	32,033	106,156	28,000
Noncurrent Assets:			
Capital assets:			
Depreciable, net	9,255	1,299	-
Total capital assets	9,255	1,299	-
Total Noncurrent Assets	9,255	1,299	-
Total Assets	41,288	107,455	28,000
LIABILITIES			
Current Liabilities:			
Accounts payable	74,070	6,972	-
Accrued salaries and benefits	598	10,843	-
Interest payable	1,616	-	-
Due to other funds	23,938	-	-
Compensated absences payable	-	15,683	-
Estimated claims liability	-	-	-
Total Current Liabilities	100,222	33,498	-
Noncurrent Liabilities:			
Compensated absences payable	-	-	-
Total Noncurrent Liabilities	-	-	-
Total Liabilities	100,222	33,498	-
NET ASSETS			
Invested in capital assets	9,255	1,299	-
Unrestricted	(68,189)	72,658	28,000
Total Net Assets	$ (58,934)	$ 73,957	$ 28,000

Risk Management							
Liability	Unemployment	Workers' Compensation	Medical Insurance	Vision Insurance	Self Fund Dental Insurance	Totals
$ 794,751	$ 104,837	$ 740,011	$ -	$ 25,890	$ 225,358	$ 2,014,527
-	-	-	-	1,140	25,566	36,532
7,220	1,135	5,731	-	208	1,635	16,579
-	-	-	-	-	-	32,033
801,971	105,972	745,742	-	27,238	252,559	2,099,671
8,493	-	-	-	-	-	19,047
8,493	-	-	-	-	-	19,047
8,493	-	-	-	-	-	19,047
810,464	105,972	745,742	-	27,238	252,559	2,118,718
828,162	129	398	-	-	-	909,731
-	-	-	-	10	-	11,451
-	-	-	-	-	-	1,616
-	-	-	-	-	-	23,938
-	-	-	-	-	-	15,683
-	22,202	-	-	-	-	22,202
828,162	22,331	398	-	10	-	984,621
-	-	-	-	-	-	-
-	-	-	-	-	-	-
828,162	22,331	398	-	10	-	984,621
8,493	-	-	-	-	-	19,047
(26,191)	83,641	745,344	-	27,228	252,559	1,115,050
$ (17,698)	$ 83,641	$ 745,344	$ -	$ 27,228	$ 252,559	$ 1,134,097

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fuel Services	Communi-cations	Outlying WAN Maintenance
OPERATING REVENUES			
Charges for services	$ -	$ 372,690	$ -
Other revenues	818,617	-	-
Total Operating Revenues	818,617	372,690	-
OPERATING EXPENSES			
Salaries and benefits	9,441	251,856	-
Services and supplies	856,070	157,158	-
Depreciation	1,424	33,403	-
Total Operating Expenses	866,935	442,417	-
Operating Income (Loss)	(48,318)	(69,727)	-
NON-OPERATING REVENUE (EXPENSES)			
Interest income	-	7,954	-
Interest expense	(6,576)	-	-
Total Non-Operating Revenue (Expenses)	(6,576)	7,954	-
Income (Loss) Before Transfers	(54,894)	(61,773)	-
Transfers out	-	-	-
Change in Net Assets	(54,894)	(61,773)	-
Total Net Assets - Beginning	(4,040)	135,730	28,000
Total Net Assets - Ending	$ (58,934)	$ 73,957	$ 28,000

	Risk Management						
	Liability	Unemployment	Workers' Compensation	Medical Insurance	Vision Insurance	Self Fund Dental Insurance	Totals
	$ 38,517	$ -	$ 4,825	$ -	$ 76,106	$ 690,614	$ 1,182,752
	1,789	83,142	149,596	-	-	-	1,053,144
	40,306	83,142	154,421	-	76,106	690,614	2,235,896
	-	-	-	-	-	-	261,297
	828,040	-	-	-	79,131	574,625	2,495,024
	1,133	-	-	-	-	-	35,960
	829,173	-	-	-	79,131	574,625	2,792,281
	(788,867)	83,142	154,421	-	(3,025)	115,989	(556,385)
	29,364	6,265	4,030	28	1,449	6,685	55,775
	-	-	-	-	-	-	(6,576)
	29,364	6,265	4,030	28	1,449	6,685	49,199
	(759,503)	89,407	158,451	28	(1,576)	122,674	(507,186)
	-	-	-	(1,075)	-	-	(1,075)
	(759,503)	89,407	158,451	(1,047)	(1,576)	122,674	(508,261)
	741,805	(5,766)	586,893	1,047	28,804	129,885	1,642,358
	$ (17,698)	$ 83,641	$ 745,344	$ -	$ 27,228	$ 252,559	$ 1,134,097

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fuel Services	Communi-cations	Outlying WAN Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 818,617	$ 367,113	$ -
Payments to suppliers	(826,829)	(157,959)	-
Payments to employees	(17,949)	(247,818)	-
Net Cash Provided (Used) by Operating Activities	(26,161)	(38,664)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	-	-
Interfund loans received	23,938	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	23,938	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	1,452	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	1,452	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	(5,684)	7,984	-
Net Cash Provided (Used) by Investing Activities	(5,684)	7,984	-
Net Increase (Decrease) in Cash and Cash Equivalents	(6,455)	(30,680)	-
Balances - Beginning of year	6,455	126,360	28,000
Balances - End of year	$ -	$ 95,680	$ 28,000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss	$ (48,318)	$ (69,727)	$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,424	33,403	-
Decrease (increase) in:			
Accounts receivable	-	(5,577)	-
Inventory	37,253	-	-
Increase (decrease) in:			
Accounts payable	(8,012)	(801)	-
Accrued salaries and benefits	(1,799)	3,451	-
Compensated absences payable	(6,709)	587	-
Estimated claims liability	-	-	-
Net Cash Provided (Used) by Operating Activities	$ (26,161)	$ (38,664)	$ -

Risk Management						
Liability	Unemployment	Workers' Compensation	Medical Insurance	Vision Insurance	Self Fund Dental Insurance	Totals
$ 40,306	$ 83,142	$ 154,421	$ -	$ 74,966	$ 662,903	$ 2,201,468
(40,673)	(69,685)	398	-	(79,131)	(574,625)	(1,748,504)
-	-	-	-	10	-	(265,757)
(367)	13,457	154,819	-	(4,155)	88,278	187,207
-	-	-	(1,075)	-	-	(1,075)
-	-	-	-	-	-	23,938
-	-	-	(1,075)	-	-	22,863
-	-	-	-	-	-	1,452
-	-	-	-	-	-	1,452
27,729	5,869	1,796	35	1,435	5,050	44,214
27,729	5,869	1,796	35	1,435	5,050	44,214
27,362	19,326	156,615	(1,040)	(2,720)	93,328	255,736
767,389	85,511	583,396	1,040	28,610	132,030	1,758,791
$ 794,751	$ 104,837	$ 740,011	$ -	$ 25,890	$ 225,358	$ 2,014,527

$ (788,867)	$ 83,142	$ 154,421	$ -	$ (3,025)	$ 115,989	$ (556,385)
1,133	-	-	-	-	-	35,960
-	-	-	-	(1,140)	(27,711)	(34,428)
-	-	-	-	-	-	37,253
787,367	(4,312)	398	-	-	-	774,640
-	-	-	-	10	-	1,662
-	-	-	-	-	-	(6,122)
-	(65,373)	-	-	-	-	(65,373)
$ (367)	$ 13,457	$ 154,819	$ -	$ (4,155)	$ 88,278	$ 187,207

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUNDS

Trust and Agency Funds

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF SISKIYOU, CALIFORNIA

COMBINING STATEMENT OF NET ASSETS

INVESTMENT TRUST FUNDS

June 30, 2008

	Special Districts Governed by Local Boards	School Funds	Debt Service Funds	College Funds	Trial Court and PSA II	Totals
ASSETS						
Cash and investments	$ 2,548,514	$ 14,315,079	$ 1,532,149	$ 16,499,848	$ 5,304	$ 34,900,894
Total Assets	$ 2,548,514	$ 14,315,079	$ 1,532,149	$ 16,499,848	$ 5,304	$ 34,900,894
NET ASSETS						
Net assets held in trust for pool participants	$ 2,548,514	$ 14,315,079	$ 1,532,149	$ 16,499,848	$ 5,304	$ 34,900,894

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Districts Governed by Local Boards	School Districts	Debt Service Funds	College Funds	Trial Court and PSA II	Totals
ADDITIONS						
Contributions:						
Contributions to investment pool	$ 518,555	$ 4,344,014	$ 379,223	$ 4,263,229	$ -	9,505,021
Total Additions	518,555	4,344,014	379,223	4,263,229	-	9,505,021
DEDUCTIONS						
Distributions from investment pool	159,182	7,712,191	98,356	364,771	60,630	8,395,130
Total Non-Operating Revenues (Expenses)	159,182	7,712,191	98,356	364,771	60,630	8,395,130
Increase (Decrease) in Net Assets	359,373	(3,368,177)	280,867	3,898,458	(60,630)	1,109,891
Net Assets - Beginning	2,189,141	17,683,256	1,251,282	12,601,390	65,934	33,791,003
Net Assets - Ending	$ 2,548,514	$ 14,315,079	$ 1,532,149	$ 16,499,848	$ 5,304	$ 34,900,894

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

	Accrued Unapportioned Interest Trust Fund	Accrued Unapportioned Tax Trust Fund	County Departmental Agency Funds	Totals
ASSETS				
Cash and investments	$ 610,821	$ -	$ 4,881,270	$ 5,492,091
Taxes receivable	-	2,498,141	-	2,498,141
Due from other funds	-	-	2,029,014	2,029,014
Total Assets	$ 610,821	$ 2,498,141	$ 6,910,284	$ 10,019,246
LIABILITIES				
Due to other funds	$ -	$ 2,029,014	$ -	$ 2,029,014
Agency obligations	610,821	469,127	6,910,284	7,990,232
Total Liabilities	$ 610,821	$ 2,498,141	$ 6,910,284	$ 10,019,246

COUNTY OF SISKIYOU, CALIFORNIA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions & Adjustments	Deductions & Adjustments	Balance June 30, 2008
Accrued Unapportioned Interest Trust Fund				
ASSETS				
Cash and investments	$ 513,939	$ 96,943	$ 61	$ 610,821
Total Assets	$ 513,939	$ 96,943	$ 61	$ 610,821
LIABILITIES				
Agency obligations	$ 513,939	$ 96,943	$ 61	$ 610,821
Total Liabilities	$ 513,939	$ 96,943	$ 61	$ 610,821
Accrued Unapportioned Tax Trust Fund				
ASSETS				
Cash and investments	$ (1,388,524)	$ 2,085,613	$ 697,089	$ -
Taxes receivable	-	2,498,141	-	2,498,141
Total Assets	$ (1,388,524)	$ 4,583,754	$ 697,089	$ 2,498,141
LIABILITIES				
Due to other funds	$ -	$ 2,029,014	$ -	$ 2,029,014
Agency obligations	(1,388,524)	2,554,740	697,089	469,127
Total Liabilities	$ (1,388,524)	$ 2,554,740	$ 697,089	$ 469,127
County Departmental Agency Funds				
ASSETS				
Cash and investments	$ 7,844,379	$ 1,603,179	$ 4,566,288	$ 4,881,270
Due from other funds	-	2,029,014	-	2,029,014
Total Assets	$ 7,844,379	$ 3,632,193	$ 4,566,288	$ 6,910,284
LIABILITIES				
Agency obligations	$ 7,844,379	$ 3,632,193	$ 4,566,288	$ 6,910,284
Total Liabilities	$ 7,844,379	$ 3,632,193	$ 4,566,288	$ 6,910,284
Total				
ASSETS				
Cash and investments	$ 6,969,794	$ 3,785,735	$ 5,263,438	$ 5,492,091
Total Assets	$ 6,969,794	$ 3,785,735	$ 5,263,438	$ 5,492,091
LIABILITIES				
Agency obligations	$ 6,969,794	$ 6,283,876	$ 5,263,438	$ 7,990,232
Total Liabilities	$ 6,969,794	$ 6,283,876	$ 5,263,438	$ 7,990,232

APPENDIX D

SISKIYOU COUNTY TREASURY INVESTMENT POLICY

Revised May 11, 2009

1.0 PREFACE

1.1 TREASURY MANAGEMENT: Treasurers consolidate the banking, cash management and investment activities of most local governments in their jurisdiction into one operation. Numerous school districts, special districts, and trustees, as well as county government, pool their funds into one account. Thus, instead of many part-time local officials attempting to invest public monies in a volatile and difficult market, county treasurers provide a singular concerted effort, increasing efficiency and reducing expense. The bond market, once considered safe for orphans and widows, is now even difficult to understand by professionals.

Our County Treasury uses a credit review process covering all institutions in which we consider investing and brokerages with whom we do business. We use competitive bidding procedures before placing investments, employ safekeeping agents to guarantee that the terms of each investment decision are carried out before any money changes hands, and maintain an accounts receivable function to ensure timely payment of interest and principal. Additionally, the County Treasury performs all investment accounting and reporting. Duplication of these functions on a district by district level would be cost prohibitive.

1.1 (a) Banking: The economies of scale and lack of duplication found in the investment operation carry over to banking. Again, instead of making individual deposits daily into many commercial accounts, only one is required. The same holds true for check disbursements. Furthermore, it is only necessary to ensure that a sufficient balance is maintained in one checking account, to honor outstanding checks, instead of many. This practice greatly minimizes the amount of public funds on deposit in poorly yielding checking accounts. Finally, all receipting, wire transfer of funds, check reconciliation, banking relations, accounting, reporting and auditing responsibilities are consolidated.

1.1 (b) Loans to Districts: The pooling of all district monies also allows loans to those districts that are temporarily short of funds, thereby avoiding overdraft charges and the embarrassment and inconvenience of returned checks. As an aside, the ability of the pool to make short term loans, as required by Section 6 of Article XVI of the State Constitution, removes the rationale for individual districts issuing debt to meet seasonal cash flow needs. However, as we have seen, this process is not risk free. "Borrowing does not include Bank Overdrafts."

1.1 (c) Investments-Cash Flow Predictability: From an investment perspective, the pooling of funds provides for a far more predictable balance of monies available for investment than would be the case with individual districts. The cash position of individual districts varies significantly from week to week, month to month, and year to year. The pooled concept works because the receipt and disbursement cycles for different entities vary. County receipts and disbursements follow a different pattern than those of special districts and trustee cycles vary depending on the activity. So when school cash positions are low, the county's cash position may be high, and vice versa, thereby providing a more constant amount available for investment. Furthermore, while an individual district's cash position may be difficult to predict, in aggregate, the pooled treasury cash position follows definite patterns that are largely driven by property tax and state budget cycles. This predictability allows county treasuries to invest large blocks of monies for terms greater than a few days or months. Generally, the larger the amount and the longer the term (within reason), the greater the return. These greater returns can be earned without compromising safety.

2.0 INTRODUCTION

This statement is intended to provide guidelines for the prudent investment of surplus funds of the County and to outline the policies for maximizing the efficiency of the County's cash management system. The ultimate goal is to enhance the economic status of the County while protecting its funds. The Treasurer manages the overall portfolio under the prudent person standard which states that:

"Prudent Investors"
Government Code Section 53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

3.0 SCOPE

This investment policy applies to the County's pooled investment fund which encompasses all monies under the direct oversight of the Treasurer. The laws that allow investments in this fund are numerous and the criteria changes often. Although most laws are found in Government Code Sections 53601, 53635 and 16429, these code sections are not fully inclusive. The Treasurer reserves the right to invest under the new and changing laws as passed. This allows for the Treasurer to be in compliance at all times with the laws and the policy. The investment policy is approved by the Board of Supervisors once a year and reviewed and monitored by the Treasury Oversight Committee. The Treasury Oversight Committee also causes an annual audit to be performed on the investment policy to insure compliance with the policy and investments at all times.

4.0 OBJECTIVES

The County's cash management system is designed to accurately monitor and forecast revenues and expenditures enabling the Treasurer to invest funds to the fullest extent possible. The Treasurer maintains a diversified portfolio to accomplish the primary objectives of safety, liquidity, and yield (in that order of priority).

4.1 SAFETY: The safety/risk associated with an investment refers to the potential loss of principal, accrued interest or a combination of these. The County seeks to mitigate credit risk by pre-qualifying and continual monitoring of financial institutions with which it will do business, and by careful scrutiny of the credit worthiness of the investment instruments as well as the institutions. Such resources as Moody's Investor or Standard & Poor's rating services are utilized for this review. The County seeks to mitigate rate risk through diversification of instruments as well as maturities.

4.2 LIQUIDITY: The portfolio will be structured with sufficient liquidity to allow the Treasurer to meet anticipated cash requirements. This will be accomplished through diversity of instruments to include those with active secondary markets, those which can match maturities to expected cash needs, State Local Agency Investment Fund (LAIF), Money Market Funds and Repurchase agreements.

4.3 YIELD: A competitive market rate of return is the third objective of the investment program after the fundamental requirements of safety and liquidity have been met.

5.0 DELEGATION OF AUTHORITY

California Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate the full responsibility to the treasurer of the local agency. This provision includes reporting criteria.

5.1 COUNTY SUPERVISORS: By adopting this policy, the County Supervisors authorize the Treasurer to invest County surplus funds in accordance with California Government Code Section 53600, et. seq. and to invest County bond or COP proceeds in accordance with California Government Code Sections 53601 and 5922.

5.2 COUNTY TREASURER: The execution of investment transactions on a daily basis will be conducted by the Treasurer. The Assistant Treasurer in accordance with the Employee Investment Manual will execute transactions, only as directed by the Treasurer, in the absence of the Treasurer. In addition, in the absence of the Treasurer, the Treasury/Tax Collection Specialists are allowed to invest short-term funds in Treasurer approved pooled investments and money markets in accordance with the Employee Investment Manual. The Treasurer has established a system of controls and a segregation of responsibilities of investment functions to assure maintenance of internal control over the investment function.

5.3 AMEND POLICY: The Treasurer retains the authority to amend the Investment Policy, Guidelines, and Procedures at any time in order to carry out the duties as chief investment officer for the County. Notice of any such required amendment will be given to the Treasury Oversight Committee and the County Supervisors.

6.0 ETHICS AND CONFLICTS OF INTEREST CODES

The County Treasurer and those designated employees shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions. The Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests.

6.1 GIFTS RECEIVED BY MEMBERS OF OVERSIGHT COMMITTEE

There are limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits established by a committee member's own agency, by state law, or by the Fair Political Practices Commission.

Currently, the Board of Supervisors has not set any limits other than those set by current state law, and as such, the members of the Treasury Oversight Committee are subject to the state laws. It is each committee person's responsibility to stay abreast of those laws and limits. Our local election clerk has those laws and the limits subject to this committee available upon request.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

At least once each year the Treasurer will review all financial institutions with which the County conducts business. A list of authorized financial dealers and institutions will be prepared and maintained. This list will include all banks, savings institutions, government securities dealers, and investment advisory firms eligible to conduct business with the County under criteria established by the Treasurer.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

Government Code Section 53601:

The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(e) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(f) Bankers acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the bankers acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6(commencing with Section 11501) of the Public Utilities Code).

(g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:
   (A) Is organized and operating in the United States as a general corporation.
   (B) Has total assets in excess of five hundred million dollars ($500,000,000).
   (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

(2) The entity meets the following criteria:
   (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
   (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
   (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

Government Code Section 53635(a). This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens of managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (g) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the local agency's money that may be invested pursuant to this section may be invested in the outstanding commercial paper of any single issuer.

(3) No more than 10 percent of the outstanding commercial paper of any single issuer may be purchased by the local agency.

(h) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money which may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(i) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(j) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

k) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section.

However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(l) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(m) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(n) Any mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass through certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

Government Code Section 53601.2. As used in this article, "corporation" includes a limited liability company.

LOCAL AGENCY INVESTMENT FUND (LAIF): Government Code Section 16429. The local Agency Investment Fund has been established by the State Treasurer for the benefit of local agencies. The County may invest up to the maximum permitted by LAIF, not to exceed 50 percent of the total portfolio.

MANAGED FUNDS: By virtue of a J.P.A. or other legal authority.

INELIGIBLE INVESTMENTS: Government Code Section 53601.6. (a) A local agency shall not invest any funds pursuant to this article in inverse floaters, range notes, or mortgage derived interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, and following) that are authorized for investment pursuant to subdivision (k) of Section 53601.

9.0 AUTHORIZED AND SUITABLE INVESTMENTS FOR SURPLUS BOND PROCEEDS

California Government Code Sections 5922 and others authorize "Investment Securities," "Permitted Investments," or "Qualified Investments" defined in the bond or COP documentation for each issuance. This Code Section was enacted in recognition of the unique needs inherent in the investment of these proceeds. In addition to the investments authorized for the County's surplus funds in Section 8 above, the bond indenture can expand the investments in accordance with the documents to include investment instruments such as Investment Agreements as defined in the documentation.

This policy recognizes that Section 5922(d) is not limited by Section 53601(1) as does Section 5923.

10.0 COLLATERAL

The issue of collateral requirements is addressed in California Government Code Section 53652. All active and inactive deposits must be secured at all times with eligible securities in securities pools pursuant to Sections 53656 and 53657. Eligible securities held as collateral shall have a market value in excess of the total amount of all deposits of a depository as follows:

- government securities, at least 10 percent in excess
- mortgage backed securities, at least 50 percent in excess
- letters of credit, at least 5 percent in excess

11.0 SAFEKEEPING AND CUSTODY

Security transactions entered into by the County shall be conducted on a deliver-versus-payment (DVP) basis. Any securities purchased in a negotiable bearer, registered or non-registered format shall be in the County's name by book entry, physical delivery or by third party custodian agreement.

12.0 DIVERSIFICATION

In an effort to reduce portfolio risk while attaining market average rates, the County's portfolio will be suitably diversified by type and institution.

12.1 SECURITY TYPE AND INSTITUTION: With the exception of U.S. Treasury securities, federal agency securities, and authorized pools, no more than 50 percent of the total portfolio will be invested in a single security type and no more than 15 percent with a single financial institution. Investments are further limited by specific language relating to each investment type as stated in Section 8 of this Policy.

12.2 MAXIMUM MATURITIES: To the extent possible, the Treasurer will attempt to match investments with anticipated cash flow requirements. The County's surplus portfolio will not be directly invested in securities which mature more than five years from the date of purchase without the express authority of the County Board of Supervisors either specifically or as part of an investment program approved by the County Board of Supervisors no less than three months prior to the investment. Reserve funds of bond or COP issues may be invested in instruments exceeding the five years (maturity of such investments should coincide as nearly as practicable with expected use of funds). The Treasurer may not invest funds set aside for the repayment of any notes issued by the County for a term that exceeds the term of the notes.

13.0 INTERNAL CONTROLS

A system of internal controls will be maintained to assure compliance with Federal and State regulations and prudent cash management procedures.

13.1 OVERSIGHT COMMITTEE: The committee may meet once a year on the second Monday of May to review procedures, elect officers, and monitor adherence to this Investment Policy. Any member of the committee, however, may request an additional meeting, if deemed necessary, as long as all Brown Act requirements are satisfied. The Committee was appointed in accordance with California Government Code Section 27132.

13.2 ANNUAL AUDIT: The County's Treasury Oversight Committee shall cause an annual audit to be conducted to ensure treasurer compliance with Government Code Section 27133.

13.3 OVERSIGHT MEMBER EMPLOYMENT AND POLITICAL ACTIVITY RESTRICTIONS

Government Code Section 27132.1. A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

Government Code Section 27132.2. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

Government Code Section 27132.3. A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

14.0 PERFORMANCE STANDARDS

The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs.

15.0 REPORTING

15.1 MONTHLY REPORTS: The Treasurer will provide detailed reports of the investments in the portfolio on a monthly basis to each of the Supervisors on the Board of Supervisors, Treasury Oversight Committee members, County Administrator and the County Auditor within 30 days of the end of the reporting month.

15.2 ANNUAL REPORT: This Investment Policy will be presented annually to both the Treasury Oversight Committee and to the Board of Supervisors for their review and approval.

15.3 QUARTERLY REPORTS: The Treasurer shall send reports to the California Debt and Investment Advisory Commission no later than 60 days after the close of the 2nd and 4th quarters. (Government Code Section 53646)

16.0 COSTS The Treasurer will calculate and apportion the costs of the overall management of the pool to such agencies as follows:

- The actual cost of providing treasury investment services will be charged against the unapportioned interest, per Government Codes 53684 and 27013.
- Interest earned on the pooled fund, net of the actual Treasury costs, is apportioned by the Auditor quarterly based on the average daily cash balance in each fund.

17.0 CONDITIONS FOR AGENCIES FOR DEPOSIT WITH VOLUNTARY FUNDS

Government Code Section 27133 (g). The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes are as follows:

- Written notification of intent to deposit
- Written notification of the amount to be deposited
- Requesting agency's cash flow requirements in writing
- Provide a copy of requesting agency's most recent investment report

18.0 REQUESTS FOR WITHDRAWAL – ALL POOL PARTICIPANTS – VOLUNTARY & INVOLUNTARY

The criteria for the Treasurer to consider requests for withdrawals from the pool are as follows:

- Written notification of the intent to withdraw $100,000.00 or more for investment purposes must be delivered to the Treasurer in writing at least one week prior to the actual date of withdrawal
- Written notification of the amount to be withdrawn
- Written notification of the fund destination of transfer/resolution
- Written indication of the reason for withdrawal of funds

19.0 BROKER AND DEALER SELECTION CRITERIA

Below is the criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments from. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rule Making Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

19.1 CRITERIA FOR SELECTION: The Treasurer shall maintain a list of financial institutions authorized to provide investments services. Institutions shall provide their most recent "Consolidated Report of Conditions" at the request of the treasurer's office. At a minimum, the treasurer shall conduct an annual evaluation of each institutions credit worthiness to determine whether it should be on the qualified institution listing.

19.2 BROKER QUALIFICATIONS:

- Be a member of the National Association of Security Dealers, with a registered Series 7 license.
- Have expertise and experience in institutional sales.
- Shall submit at least three names of other counties or cities they have done business with previously.

This policy is subject to change as the laws change. This provision will keep the Treasurer in compliance with the law at all times. The policy will still only be reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors annually.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF BOND COUNSEL OPINION

October __, 2009

Siskiyou County Board of Supervisors
201 4th Street
Yreka, CA 96097

County of Siskiyou
2009-2010 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Siskiyou (the "County") in connection with the issuance by the County of $_________ aggregate principal amount of notes, issued pursuant to a resolution of the Board of Supervisors of the County adopted on September 15, 2009 (the "Resolution"), and designated "County of Siskiyou 2009-2010 Tax and Revenue Anticipation Notes" (the "Notes"). The Notes are dated October __, 2009, are payable June 30, 2010, and bear interest at the rate of _.__% per annum.

Both the principal of and interest on the Notes are payable at maturity in lawful money of the United States of America at the Office of the Treasurer-Tax Collector of the County of Siskiyou in Yreka, California. The Notes are issued in accordance with the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State of California (constituting Sections 53850 through 53858, inclusive).

We have reviewed the Resolution, the Tax Certificate of the County, dated the date hereof (the "Tax Certificate"), an opinion of counsel to the County, certificates of the County and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to herein.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), provides that certain requirements must be met subsequent to the issuance and delivery of the Notes in order that interest thereon be and remain excluded from the gross income of the owners thereof for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. The County has covenanted in the Tax Certificate and the Resolution (hereinafter defined) to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded pursuant to section 103 of the Code from the gross income of the owners thereof for Federal income tax purposes.

We call attention to the fact that the rights and obligations under the Notes, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the County. The principal of and interest on the Notes are payable from the Pledged Revenues (as that term is defined in the Resolution), and to the extent not so paid, are payable from any other moneys of the County lawfully available therefor.

2. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is such interest included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

Faithfully yours,

THE WEIST LAW FIRM

per

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Siskiyou (the "County") in connection with the issuance of $________ aggregate principal amount of County of Siskiyou 2009-2010 Tax And Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County on September 15, 2009. The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and in order to assist Kinsell, Newcomb & De Dios, Inc., 2776 Gateway Road, Carlsbad, CA 92009 (the "Underwriter") in complying with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including persons holding Notes through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Holder" shall mean the person in whose name any Notes shall be registered.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, which has been approved by the SEC as the central repository for ongoing disclosure by municipal issuers.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Repository" shall mean the MSRB through the facilities of EMMA, or such repository as shall be designated by the SEC as the as the central repository for ongoing disclosure by municipal issuers from time to time.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies.

2. non-payment related defaults.

3. modifications to rights of Holders.

4. optional, contingent or unscheduled calls.

5. defeasances.

6. rating changes.

7. adverse tax opinions or events affecting the tax-exempt status of the Notes.

8. unscheduled draws on the debt service reserves reflecting financial difficulties.

9. unscheduled draws on the credit enhancements reflecting financial difficulties.

10. substitution of the credit or liquidity providers or their failure to perform.

11. release, substitution or sale of property securing repayment of the Notes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly file a notice of such occurrence with the MSRB through the EMMA system. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Resolution.

SECTION 4. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination agent to assist in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 7. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Siskiyou or in U.S. County Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Underwriter and Holders, from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: October __, 2009

COUNTY OF SISKIYOU

By: ________________________
Treasurer-Tax Collector

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-11 of this APPENDIX G, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (as used in this Section, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit the notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail

information from the County or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]