

SAN JOAQUIN COUNCIL OF GOVERNMENTS
STOCKTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

Prepared by:

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INTRODUCTORY SECTION

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SAN JOAQUIN COUNCIL OF GOVERNMENTS

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December 19, 2014

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Member Agencies
CITIES OF
ESCALON,
LATHROP,
LODI,
MANTECA,
RIPON,
STOCKTON,
TRACY,
AND
THE COUNTY OF
SAN JOAQUIN

Honorable Board of Directors
San Joaquin Council of Governments

State law requires that all general-purpose local governments publish, within six 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 San Joaquin Council of Governments (SJCOC or the Council) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the San Joaquin Council of Governments. 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 Council has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Council's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Council'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.

The Council's financial statements have been audited by Brown Armstrong Accountancy Corporation, a licensed certified public accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Council for the fiscal year ended June 30, 2014, 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. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Council's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with 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 San Joaquin Council of Governments 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 auditors 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 involving the administration of federal awards. These reports are presented in the Other Reports Section of this report.

GAAP requires 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 Council's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The San Joaquin Council of Governments is a Joint Powers Agency created in 1968 by the County of San Joaquin (County) and the Cities of Stockton, Lodi, Manteca, Tracy, Ripon, and Escalon. In 1991, the City of Lathrop signed onto the Joint Powers Agreement. The role of the Council of Governments is to serve the functions designated by the signatories to the agreement. Generically, the Council's role is to foster intergovernmental coordination, both within San Joaquin County as well as with neighboring jurisdictions, the other regional agencies in the San Joaquin Valley, the State of California, and various Federal agencies. The specific roles of the Council are described below. The Council is directed by a fifteen member Board of Directors (Board) composed of twelve locally-elected officials and three ex-officio members. The Board has three members of the San Joaquin County Board of Supervisors, three members of the Stockton City Council, and one member from each of the six remaining cities. The ex-officio members are a member of the Stockton Port District Board of Commissioners, a member of the Board of the San Joaquin Regional Transit District, and the Director of Caltrans District 10. The activities of the Council are carried out by a professional staff.

The Roles of the San Joaquin Council of Governments

Since 1969 the Council has filled a variety of niches for its member jurisdictions. Some of these, such as the A-95 review process, have come and gone based on changing federal policy. Others, such as the Local Transportation Authority, are relatively new functions. A short description of each of these roles is contained below:

A. Regional Transportation Planning Agency (RTPA)

In 1973, the Council was recognized as the Regional Transportation Planning Agency for San Joaquin County. Initially, the designation related solely to the administration and allocation of Transportation Development Act funds for public transit and possible road and street projects. However, over time, the role has expanded to serve as the agency responsible for adopting a Regional Transportation Plan, a Regional Transportation Improvement Program which programs local, state, and federal funds within the County's boundaries, and which gives the Council planning and coordination responsibilities over most federal and state funding programs for transportation administered by the State of California.

B. Metropolitan Planning Organization (MPO)

Metropolitan Planning Organization is a federal designation identifying the Council as the agency responsible for carrying out federal guidelines and statutes for planning and coordination. The passage of the Intermodal Surface Transportation Efficiency Act, followed by the Transportation Equity Act for the 21st Century (TEA-21), then the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), has expanded this role. Moving Ahead for Progress in the 21st Century (MAP – 21), the latest federal transportation authorization, was designed to create a streamlined and performance-based surface transportation program and builds on many of the highway, transit, and pedestrian programs and policies previously established will have an impact on the activities of the Council. The Council is responsible for the development of the Regional Transportation Plan. Included in those responsibilities is the development of the Federal Transportation Improvement Program (FTIP). The FTIP is a comprehensive transportation spending plan for the region that lists every transportation project that will receive federal funds or that is subject to federally required action, such as a review and approval of environmental documents. With the most recent update to the RTP, California statute requires MPOs to incorporate a Sustainable Communities Strategy within the RTP. The SCS lays out how the region will meet greenhouse gas (GHG) reduction targets set by the California Air Resources Board (CARB).

C. Airport Land Use Commission (ALUC)

The Council serves as the agency responsible for preparing and implementing the land use compatibility plan around each public access airport in San Joaquin County. The purpose is to comment and report findings on potentially conflicting land uses around these airports in order to maximize public safety and the long-term effectiveness of the airports.

D. Center for Demographic Studies (CDS)

The Center for Demographic Studies (CDS) at SJCOG serves as the leading data center for the San Joaquin County region. CDS helps government entities, private businesses, non-profit organizations, and individual citizens make informed decisions by providing a wide range of the most updated data for this region. Some of the services provided include:

- Compiling and dispensing the latest data on population, economy, and transportation from various sources.
- Producing projections through different methods for population, employment, and housing growth trends in the region.
- In partnership with the University of the Pacific Business Forecasting Center, a periodic report entitled "The Regional Analyst" is published. This document takes census data, analyzes it, and presents it in a fashion that is informative to the reader.
- Integrating the cutting-edge Geographic Information System (GIS) technology with data analysis.
- Constructing maps to visually display the spatial characteristics of the data.
- Creating summaries as well as analytical reports periodically to present the latest findings drawn from the newest data.

E. Congestion Management Agency (CMA)

SJCOG is the Congestion Management Agency for San Joaquin County. As the CMA, SJCOG prepares a Congestion Management Plan, monitors levels of service on the County's roadways and works to improve all methods of transportation locally and regionally.

The Congestion Management Plan incorporates the congestion management requirements adopted by SJCOG as a part of the Measure K Renewal transportation sales tax program and is updated biannually.

F. Local Transportation Authority (LTA)

In November of 1990, San Joaquin County voters passed a ½ cent increase in the sales tax for a period of 20 years to support specific transportation improvements in San Joaquin County. The agency responsible for carrying out the improvements and administering the program is the Local Transportation Authority. In 1990, the Council was named the Local Transportation Authority by the San Joaquin County Board of Supervisors and reaffirmed in 2006. The monies provided under this ½ cent sales tax are referred to often in this document as Measure K funds. In November 2006, voters in San Joaquin County approved the renewal of this ½ cent sales tax, extending the life of the sales tax program from 2011 to 2041. While sales tax collections for the Renewal did not start until April 1, 2011, expenditures attributed to that program were incurred pursuant to the Measure K Renewal Expenditure Plan.

G. Commute Connection – Transportation Demand Management

The Council operates Commute Connection, which is a transportation demand management program designed to influence travel choices and encourage commuters to walk more, cycle, carpool, vanpool, telecommute, and use public transit. The program directly affects the region and helps reduce the impact on local roadways, reduce traffic congestion, improve air quality, and more efficiently utilize existing road systems. In addition to helping San Joaquin County residents, Commute Connection also provides services for Stanislaus and Merced County residents under a contract with Stanislaus Council of Governments and Merced Association of Governments. The Commute Connection program operates using a mixture of funding sources including Federal Congestion Management Air Quality (CMAQ) funds, vehicle registration fees collected under the Service Authority for Freeway Emergencies program, and contract fees paid by the Stanislaus Council of Governments and Merced Association of Governments. The Council has approximately 8,408 commuters participating in the program.

H. Regional Housing Needs Allocation (RHNA) Plan

Preparation of the Regional Housing Needs Allocation (RHNA) is mandated by California Government Code section 65584. The law requires that the California Department of Housing and Community Development (HCD) project housing construction needs at the county level.

HCD utilizes population and employment projections from SJCOG's Regional Transportation Plan and the Department of Finance's most recent projections as the basis for their projections. SJCOG is mandated to allocate the housing needs prepared by HCD to the jurisdictions and unincorporated areas within the County by income category.

I. Lead Agency – Transportation Air Quality Conformity

Federal planning regulations require that Metropolitan Planning Organizations demonstrate that their plans and programs conform to applicable state air quality plans to meet federal ambient air quality standards. The SJCOG traffic forecasting model is used to project future vehicle miles traveled. This is used as input into the Air Resources Board's Emission Factors (EMFAC) emissions model, and the estimated emissions are compared to emissions budgets determined as part of the air quality planning process.

J. SJCOG, INC.

SJCOG, INC., is a not-for-profit, public benefit corporation established to act as the joint powers agency organized pursuant to the San Joaquin County Multispecies Habitat Conservation Plan. The Council is the sole corporate member of SJCOG, INC., and is responsible for the administration of SJCOG, INC., which is a blended component unit of the Council. The primary purpose of SJCOG, INC., is the acquisition, holding, administering, and managing of real property and conservation easements pursuant to the habitat conservation plan. Additional information on SJCOG, INC., can be found in Note 1 in the notes to the financial statements.

Budgetary Controls

The annual budget serves as the foundation for the Council's financial planning and control. As required by the Joint Powers Agreement of the Council, the Council prepares and legally adopts a final operating budget on or before April 1 of each year. The approved budget must then be ratified by a majority of member governments representing 55% of the population of the County. Annual budgets are legally adopted for the General Fund. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2014.

Budget to actual comparisons are provided in this report for the Council's General Fund. This comparison is provided on page 69 as part of the required supplemental information for the governmental funds.

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 Council operates.

Local Economy

San Joaquin County experienced moderate economic growth early in the decade. The sales tax growth was 6.03% for 2002-2003, 6.5% in 2003-2004, 10.3% in 2004-2005, 7.6% in 2005-06, and fell to 0.289% in 2006-07 and declined 3.2% in 2007-08. Due to the economic downturn caused primarily by the slumping housing market and significant decline in construction-related activities along with new car sales, sales taxes declined by 11.3% in 2008-09. The economic decline continued into 2009-10 with sales tax receipts falling 14.6%; however, the fiscal year ended with positive quarter over quarter

comparisons. The economic decline bottomed out in 2009-10 with sales tax growth beginning in the 4th quarter of 2009-10. The growth trend continued into 2010-11 with sales tax receipts increasing 8.6% over 2009-10. Fiscal year 2011-12 continued the upward growth trend with the year over year sales tax increase at 11.02%. Fiscal year 2012-13 growth slowed to 6.37%. Fiscal year 13-14 continues to show slow growth at 4.2% for the year. Fiscal year 14-15 is expected to show little or no growth.

Transportation, General Retail and Business to Business are the leading economic categories in the county. The lack of new home construction weighs heavily on that employment sector in the County; however, the Cities of Manteca, Lodi, and Lathrop are anticipating a substantial increase in building permits in the next few years.

In addition, the County continues to be a major hub for warehousing and shipping. With the Port of Stockton, three rail lines and two interstate highways that crisscross the County, and direct interstate access to the San Francisco Bay Area, several large multi-modal facilities have opened taking advantage of the transportation network. Amazon has opened and already expanded a fulfillment center in Tracy.

Unemployment in the County traditionally is higher than the state average. That said, the University of Pacific Business Forecasting Center is projecting the Stockton Metropolitan Statistical Area (MSA) will see job growth in next five years to average about 2% annually. Real personal income will increase approximately 5.5% annually during that period. A growth in jobs will cause unemployment to drop from 11.3% in 2014 to 8.5% in 2018.^[1]

Long-Term Financial Planning

The Council's anticipated sources of funding are described below.

A. Federal Funding Sources

Federal Highways Administration Planning (PL) – These are dollars made available by the Federal Highway Administration for Metropolitan Planning Organizations. They are allocated based on a statewide apportionment and are meant to carry out federal urban planning requirements and interests.

Federal Transit Administration (FTA) Funding – This federal agency is responsible for federal public transit investments. There are generally two sources of funds that have been used in this area:

FTA MPO Planning Funds are made available to the MPO to support transit planning in the urbanized areas.

FTA Planning and Research Grants are planning funds that the State allocates for special transit planning projects.

Transportation Demand Management (TDM) Funds – The Council receives a combination of CMAQ, Measure K, and other unique grant funds for Ridesharing operations in San Joaquin County and contracts with the Stanislaus Council of Governments (StanCOG), Calaveras County, and Merced County to provide services in those counties. StanCOG and Merced Association of Governments pay for these services using their CMAQ funds. Calaveras County contributes local funding for their services.

B. State Funding Sources

Proposition 1B – PTMISEA Funding

The Public Transportation Modernization, Improvement, and Service Account Program (PTMISEA) funding account was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion available to Transportation, \$3.6 billion dollars was allocated to PTMISEA to be available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars)

^[1] *California and Metro Forecast, September 2014, University of the Pacific Business Forecasting Center.*

procurement, rehabilitation or replacement. Funds in this account are appropriated annually by the Legislature to the State Controller's Office for allocation in accordance with Public Utilities Code formula distributions: 50% allocated to Local Operators based on fare-box revenue and 50% to Regional Entities based on population.

Proposition 1B – TSSDRA Funding

The Transit Safety Security and Disaster Response Account (TSSDRA) funding account was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. TSSDRA funding is available for capital expenditures that provide an increased protection against a security or safety threat, increase the capacity of transit operators to develop disaster response transportation systems that can respond in the event of an emergency, or other allowable costs under California Government Code 16727 (a). TSSDRA funding to SJCOG and local transit operators is allocated annually based on the State Transit Assistance formula found in Public Utilities Code Section 99313 (population based) and 99314 (fare revenue based), respectively. In fiscal year 2014, the State Controller's Office TSSDRA schedule of apportionment provided \$666,967 for the San Joaquin County region. Of that total, \$535,882 is apportioned to SJCOG (Section 99313) and \$131,085 to the eligible transit operators (Section 99314).

C. Local Funding Sources

Local Transportation Fund (LTF) Funds – LTF Funds are retail sales tax monies, ¼ cent, that are collected statewide under the Transportation Development Act. These funds are returned to San Joaquin County and distributed to eligible claimants to provide transit services, pedestrian/bicycle facilities, and street and roads funding.

Member Jurisdictions – Upon request, the Council will undertake a special service for a local jurisdiction. That jurisdiction will either directly pay for the Council services, or provide whatever matching funds are required to pay for the services.

Habitat Mitigation Fees – SJCOG, INC., charges Habitat Mitigation Fees on acreage being developed in order to fund the acquisition and management of land and conservation easements for habitat mitigation purposes.

Other Fees – The Council charges fees for certain functions such as the Airport Land Use Commission reviews and sales of Data Services information.

Local Transportation Authority (Measure K) – In November of 1990, San Joaquin County voters passed a ½ cent sales tax to fund specified transportation projects. In November 2006, San Joaquin County voters voted to extend the transportation sales tax until 2041. The Council's administration (salaries and benefits) of that program cannot exceed 1% of receipts. Planning efforts undertaken to further a Measure K project are considered direct project delivery expenses not restricted by the 1% administration limitation and can use these monies as well.

Air Pollution Control District (APCD) Fees – The San Joaquin Valley Unified Air Pollution Control District (District) allocates funds raised from a \$19 dollar fee placed on vehicle registrations. These funds go to operate the District as well as pay for special projects that enhance the District's mission of improving air quality in the San Joaquin Valley through Remove Grants to local and regional agencies.

It is expected that these funding sources will continue to provide sufficient revenues to fund the Council's project objectives. In addition to the Council's Overall Work Program projects that involve ridesharing, transportation and transit planning, habitat plan management, and computer modeling, the following are specific areas where long-term financial planning has been a key consideration:

Measure K Renewal – In November 2006, San Joaquin County voters approved the extension of Measure K, the ½ cent transportation sales tax, originally approved by County voters in 1990 and scheduled to sunset in 2011. The renewal of Measure K will extend the sales tax for an additional 30 years (2041). The Measure K Renewal is estimated to generate \$2.9 billion dollars for the transportation programs identified in the adopted Expenditure Plan. The categorical allocations of the Measure K Renewal included Local Street Repairs and Roadway Safety (35%); Congestion Relief projects (32.5%);

Railroad Crossing Safety projects (2.5%); and Passenger Rail, Bus, and Bicycle (30%). As noted above, Measure K Renewal sales tax collections began April 1, 2011. In August 2011, the SJCOG Board adopted the Measure K Renewal Strategic Plan update reflecting the impact the great recession had on the Measure K Renewal program. Approximately \$2.0 billion was taken out of the Measure K Strategic Plan. The Council elected to only program projects in the first 10 years of the strategic plan reflecting a higher degree of certainty over the funding forecast

Because the Measure K Renewal did not start collecting sales tax until April 1, 2011, funding for early project delivery is provided through a combination of uses of accumulated fund balance and the proceeds from the May 2008 Bond Anticipation Note (BAN) sale. Those notes had a hard defeasance date of March 1, 2011. The Council issued new bonds in February 2011 defeasing the BANs. The Council also decreased the size of the existing commercial paper program from \$167 million to \$75 million. The debt service for the bonds issued to defease the BANs is guaranteed by Measure K Renewal sales tax and amortized through the end of the Measure K Renewal program. The commercial paper program was replaced on March 1, 2013, by a \$75,000,000 line of credit from the Bank of America, N.A. This line of credit is also supported by the Measure K Renewal sales. The line of credit can remain in a variable, floating mode, similar to commercial paper, for two years. At that time, the line must be renegotiated, converted to a term loan, or replaced with a new facility. On July 2, 2014, the Council issued additional bonds in the par amount of \$49,245,000 in order to advance several projects sponsored by member agencies.

Regional Transportation Impact Fee – In 2005, the Council coordinated the approval of a County-wide Regional Transportation Impact Fee. This unified fee schedule has been adopted by the member agencies and is being implemented.

Federal reauthorization of MAP 21 – The Council participated in the process of of the replacement to SAFETEA-LU Act, Moving Ahead for Progress in the 21st Century (MAP-21) as described below:

Federal transportation legislation has been delivered through the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA), the 1998 Transportation Equity Act for the 21st Century (TEA-21), and in 2005 the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) was authorized. In October 2011, President Obama signed into law a new transportation authorization, Moving Ahead for Progress in the 21st Century (MAP – 21). Along with the responsibility to program the funds was the accountability to ensure the projects were delivered in a timely manner. MAP – 21 is a two-year funding authorization for the federal Surface Transportation Program. Typically, transportation authorizations have been for a longer-term. This would allow the development of projects that take an extensive period of time. The Council anticipates MPO planning activities will be funded at levels similar to the previous authorization.

The Council's treasury functions are with Farmer's and Mercantile Bank (FMB), headquartered in Lodi, CA. Pursuant to statute, Transportation Development Act (TDA) funds remain with the San Joaquin County Treasurer.

The Council also invests funds with the Local Agency Investment Fund (LAIF), Public Financial Management (PFM), and California Asset Management Program (CAMP). LAIF is a special fund of the California State Treasury through which local governments may pool investments. Investments in LAIF are highly liquid and are secured by the full faith and credit of the State of California. PFM is a private investment firm specializing in providing financial advice and investment management services to state and local governments. PFM allows participants to combine the use of a money market portfolio in addition to an individually managed portfolio. The investment portfolio held by PFM consists of federal agency bonds/notes and discounted notes, corporate notes, and municipal bonds/notes. CAMP is a Joint Powers Authority formed to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. The money market portfolio offers daily liquidity and is rated AAAM by Standard and Poor's. To maintain the AAAM rating, the portfolio's weighted average maturity may not exceed seventy (70) days. The investment portfolio held by CAMP at June 30, 2014, consists of money market funds and federal agency discounted notes. Steve Dial, Deputy Executive Director and Chief Financial Officer of the Council, currently serves as president on the Board of Trustees of CAMP in a voluntary, unpaid capacity.

In 2012, SJCOG diversified its portfolio by investing \$4 million of SJCOG, INC.'s endowment funds in the Eagle Asset Management program through Raymond James. The primary goal is capital preservation

with low risk tolerance and a time horizon less than five years. Secondly, the goal is income with low risk and a short investment time horizon.

The Council maintains general liability, automobile, and public entity property insurance coverage that provides limits of liability of between \$1,000,000 and \$10,000,000 per occurrence annually. The Council is not self-insured.

In January 2010, the Council became independent of the County of San Joaquin for all payroll and payroll related activities. For workers' compensation, SJCOG retained Berkshire Hathaway Insurance Services. The financial impact on the current period's financial statements is \$20,162 and \$15,824, respectively.

In March 2010, the Council moved health benefit coverage and all health benefit related activities from the County of San Joaquin to a variety of private health care providers. This includes dental and vision coverage, life insurance, short- and long-term disability, and long-term care. The medical benefit program utilizes a high deductible, Health Savings Account (HSA) approach. Exempt employees are able to use their current cafeteria allocation to deposit into their individual HSAs while the Council contributes \$3,500 into each non-exempt employee's HSA. The financial impact on the current period's financial statements is \$70,000. Due to the market reaction to the Affordable Care Act, HSA plans have become more expensive with reduced coverages, therefore, the Council has moved its major medical coverage to a zero deductible plan beginning December 1, 2014.

In relation to the Council's Measure K and Measure K Renewal programs, the Council has replaced the \$75,000,000 Sales Tax Revenue Tax Exempt Commercial Paper Notes with a line of credit (LOC) issued by the Bank of America, N.A (BANA). The entire \$75,000,000 was drawn to replace the commercial paper and is outstanding at June 30, 2014. The proceeds are used to finance transportation projects under the thirty year transportation expenditure plan. The irrevocable direct draw letter of credit issued by JP Morgan Chase Bank, N.A., expired on March 1, 2013, at which time, it was replaced by the BANA LOC. Please refer to Note 8 of the notes to the financial statements for further information on the Debt Obligations and Long-Term Liabilities. In addition, the Council has several capital equipment lease agreements outstanding at June 30, 2014. Please refer to Note 7 of the notes to the financial statements for additional information on the Council's lease liabilities. There are no delinquencies on debt payments.

In May 2008, the Council issued \$203,355,000 in Bond Anticipation Notes (BANs) generating \$210,003,362. Proceeds were planned to partially fund certain capital portions of the Early Action Program of the Measure K Renewal program. The BANs were set to expire April 1, 2011; however, the Council issued Sales Tax Revenue Bonds on March 1, 2011, to defease the BANs totaling \$212,175,000. The Council pledges 100% of the Measure K Renewal sales tax as a security for the new bonds; however, in order to maintain a high credit and coverage level, debt service is constrained at 35% of the base year's actual sales tax. Please refer to Note 8 of the notes to the financial statements for further information on the Council's Sales Tax Revenue Bonds. On July 2, 2014, the Council issued Sales Tax Revenue Bonds, Series 2014 in the amount of \$49,245,000 which also uses bonding capacity under the 35% constraint.

The Council participates in a defined contribution pension plan and a deferred compensation plan. These plans are available to all full-time Council employees. In addition, Council employees are granted sick leave in varying accrual amounts, and post retirement sick-leave benefits are paid to certain qualifying individuals. For a more complete description of the Council's retirement plans and other benefits, please refer to Note 9 of the notes to the financial statements. As such, the Council has no other post-employment benefit obligations.

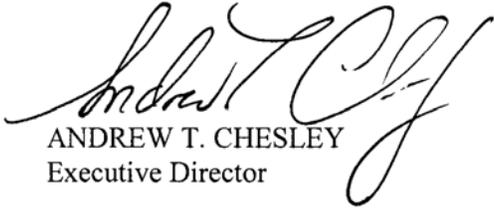
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Joaquin Council of Governments for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the fifteenth consecutive year that the Council has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, the cooperation and assistance received from the Planning and Office Assistance staffs, and Brown Armstrong Accountancy Corporation.

In closing, without the support of the Board of Directors, preparation of this report would not have been possible.

Respectfully submitted,



ANDREW T. CHESLEY
Executive Director



STEVE DIAL
Deputy Executive Director/CFO

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
LIST OF PRINCIPAL OFFICIALS**

BOARD OF DIRECTORS

Chair	Councilman Jeff Laugero	City of Escalon
Vice Chair	Councilman Steve Dresser	City of Lathrop
Boardmember	Mayor Pro Tem Steve DeBrum	City of Manteca
Boardmember	Mayor Pro Tem Larry Hansen	City of Lodi
Boardmember	Supervisor Steve Bestolarides	San Joaquin County
Boardmember	Supervisor Carlos Villapudua	San Joaquin County
Boardmember	Supervisor Ken Vogel	San Joaquin County
Boardmember	Mayor Anthony Silva	City of Stockton
Boardmember	Councilman Moses Zapien	City of Stockton
Boardmember	Councilman Elbert Holman	City of Stockton
Boardmember	Mayor Chuck Winn	City of Ripon
Boardmember	Mayor Brent Ives	City of Tracy

EX-OFFICIO MEMBERS

Victor Mow – Port of Stockton
 Ken Baxter – Caltrans District 10
 Balwinder Singh – San Joaquin Regional Transit District

CITIZENS ADVISORY COMMITTEE

Chair	Joseph Crist	City of Manteca
Vice Chair	Katrina Jaggears	League of Women Voters
Member	Jim Hilson	City of Lathrop
Member	Richard Blackston	City of Lodi
Member	Michael Ballot	Sierra Club
Member	Robert Bivens	San Joaquin County
Member	Karl "Nate" Knodt	City of Stockton
Member	Matthew Doss	City of Tracy
Member	Harry Hodge	NAACP
Member	Brian Young	Transit Advocate
Member	Michael Carouba	Business Industry
Member	Stephanie Hobbs	City of Ripon
Member	Dr. Shanna Eller	University of Pacific
Member	Vacant	University of Pacific
Member	Vacant	San Joaquin Business Council
Member	Vacant	Trucking Industry

EXECUTIVE COMMITTEE

Chair	Councilman Jeff Laugero	City of Escalon
Vice-Chair	Councilman Dresser	City of Lathrop
Member	Mayor Anthony Silva	City of Stockton
Member	Supervisor Ken Vogel	San Joaquin County
Member	Mayor Chuck Winn	City of Ripon
Member	Mayor Pro Tem Steve DeBrum	City of Manteca (Alternate)

SOCIAL SERVICES TRANSPORTATION ADVISORY COMMITTEE

Chair	Julia Tyack	City of Lodi
Vice Chair	Richard Demonte	UCP
Member	John Andoh	City of Escalon
Member	Joni Bauer	Community Center for the Blind
Member	Annette DePauli	SJC Human Services Agency
Member	Ann Fisler	San Joaquin ARC
Member	George Lewis	State Council on Dev. Disabilities
Member	Melissa Ogren	Human Serv. Agency- Dept. of Aging
Member	Jayne Pramod	City of Tracy
Member	Nick Phan	Caltrans
Member	Tracie Madison	City of Manteca
Member	Barbara Schnieder	City of Ripon
Member	Anne Fisler	SJ ARC
Member	Mary Bailey	SJ UCP
Member	Daniella Romero	SJRTD
Member	Wilma Murray	Valley Mountain Regional Center
Member	Debra Gurley	Transit User Over 60
Member	Joga Singh	Transit User with a Disability
Member	Robert Balderama	Transit User with a Disability
Ex-Officio Member	Joshua Swearingen	Caltrans, District 10

INTERAGENCY TRANSIT COMMITTEE

Member	John Andoh	City of Escalon
Member	Mary Houlihan	City of Lathrop
Member	Paula Fernandez	City of Lodi
Member	Johanna Ferriera	City of Manteca
Member	Kevin Werner	City of Ripon
Member	Ed Lovell	City of Tracy
Member	Megan Aguirre	San Joaquin County
Member	Nathan Atherstone	SJRTD
Member	George Fink	SJRRRC

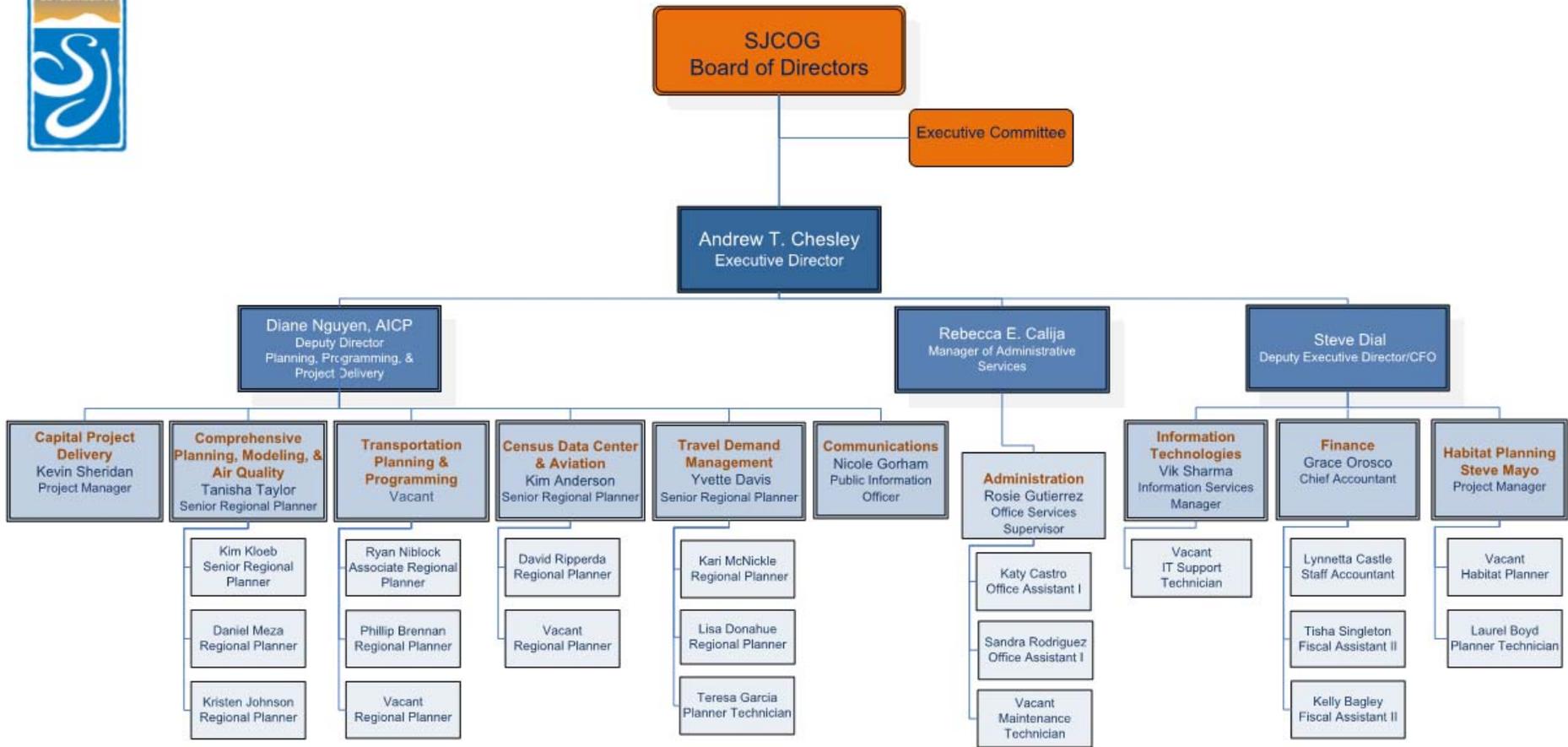
HABITAT TECHNICAL ADVISORY COMMITTEE

Chair	David Stagnero	City of Stockton
Vice Chair	Mo Hatef	SJC Community Development
Member	Vacant	City of Escalon
Member	Jane Humes	Conservation
Member	Rick Caguia	City of Lathrop
Member	Craig Hoffman	City of Lodi
Member	Mark Meissner	City of Manteca
Member	Ken Zuidervaart	City of Ripon
Member	Vicki Lombardo	City of Tracy
Member	Todd Gardner	Dept. of Fish and Game
Member	Josh Emery	U. S. Fish and Wildlife
Member	Gary Stockel	SJC Agricultural Commissioner's Office
Member	Brent Allen Holtz	UC Extension
Member	Vacant	Agriculture
Member	John Beckman	Building Industry Association
Member/Consultant	Douglas Leslie	ICF
Member/Consultant	Rod Attebery	Neumiller & Beardslee
Member/Consultant	Monica Streeter	Neumiller & Beardslee

TECHNICAL ADVISORY COMMITTEE

Chair	Mark Houghton	City of Manteca
Vice Chair	Zahib Zaca	City of Tracy
Member	Firoz Vohra	San Joaquin County
Member	Mike Selling	San Joaquin County
Member	David Mendoza	San Joaquin County
Member	Wes Johnson	City of Stockton
Member	Eric Alvarez	City of Stockton
Member	Cindy Erdman	City of Stockton
Member	Mike McDowell	City of Stockton
Member	Paula Fernandez	City of Lodi
Member	Charles Swimley	City of Lodi
Member	Julia Tyack	City of Lodi
Member	Johanna Ferriera	City of Manteca
Member	Ed Lovell	City of Tracy
Member	Khoder Baydoun	City of Tracy
Member	Zabih Zaca	City of Tracy
Member	James Pease	City of Ripon
Member	Joseph Reyes	City of Lathrop
Member	Patrick Flynn	City of Lathrop
Member	Michael King	City of Lathrop
Member	John Abrew	City of Escalon
Member	George Fink	SJ Regional Rail Commission
Member	Brian Schmidt	SJ Regional Rail Commission
Member	Juan Villanueva	Port of Stockton
Member	Tom Dumas	Caltrans, District 10
Member	Nicholas Fung	Caltrans, District 10
Member	Barbara Hempstead	Caltrans, District 10
Member	Josh Swearingen	Caltrans, District 10
Member	Lino Del Signore	Stockton Metropolitan Airport
Member	Nathaniel Atherstone	SJ Regional Transit District

ORGANIZATIONAL CHART



SJCOG ADVISORY COMMITTEES



15 Member SJCOG Board



Management & Finance



Executive Committee



Habitat Committee



Technical Advisory



Citizens Advisory Committee



**Social Services
Transportation Advisory**



Interagency Transit Committee



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**San Joaquin Council of Governments
California**

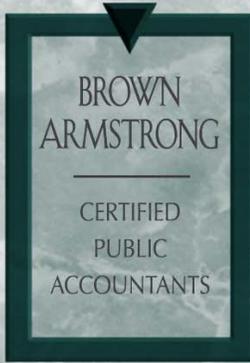
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
San Joaquin Council of Governments
Stockton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of San Joaquin Council of Governments (the Council), Stockton, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, major fund budgetary comparison information, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

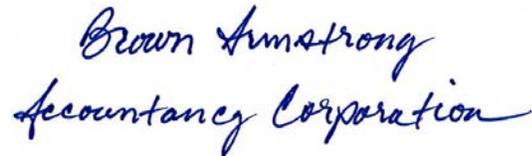
The major fund budgetary comparison information, the other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required Under *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the Council's internal control over financial reporting and 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* in considering the Council's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 19, 2014

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Within this section of the San Joaquin Council of Governments (the Council) comprehensive annual financial report, the Council's management provides narrative discussion and analysis of the financial activities of the Council for the fiscal year ended June 30, 2014. The Council's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter which precedes the Management's Discussion and Analysis. The discussion focuses on the Council's primary government and component unit.

The nature of the Council is such that annual variations between assets and liabilities, income and expenses are not unusual, nor should they be considered out of the context of the Council's business responsibilities. Aside from the conservation easements purchased under the San Joaquin County Multispecies Habitat Conservation Plan and building-related assets, the Council's expenditures on planning, engineering, and construction projects do not result in an increase in capital assets on the balance sheet.

From a financial perspective, the most significant program for which the Council is responsible, is managing the San Joaquin County Transportation Authority, otherwise known as the Measure K sales tax program. Measure K sales tax accumulates annually at a relatively consistent rate; however, expenditures can vary dramatically from year to year. The result is potentially wide swings in assets and liabilities and fund balance from year to year. In addition, contracts and cooperative agreements are executed committing future years' funds, potentially resulting in liabilities being stated as significantly large negative values.

Further, the Council uses debt financing to assist in cash flow and provide funding to accelerate the delivery of projects. These financings have an impact on the financial statements which can have a significant year over year impact.

Financial Highlights

- The Council's liabilities exceeded its assets by \$45,113,080 (Net Position) for the fiscal year ended June 30, 2014. This compares to the previous year when liabilities exceeded assets by \$30,493,415.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$48,877,028 include easements and property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$14,456,730 is restricted by constraints imposed from outside the Council, such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(108,507,870) represents the portion available to maintain the Council's continuing obligations and Measure K and Measure K Renewal contract commitments in excess of current available resources. Continuing obligations and Measure K and Measure K Renewal contract commitments are secured by future sales tax revenues.
- The Council's governmental funds reported total ending fund balance of \$194,295,062 this year. This compares to the prior year ending fund balance of \$210,392,947 showing a decrease of \$16,097,885 during the current year. The Council's governmental funds reported a total unassigned fund balance deficit of \$3,071,097 for fiscal year 2013-14 which depicts an increase of \$243,070.

- At the end of the current fiscal year, total fund balance for the General Fund was \$(2,976,032) representing the obligation to reimburse the Measure K Fund for building debt and other current obligations in excess of available resources. A decrease of \$253,704 compared to the prior year is primarily due to capital asset improvements to the Council's multi-media equipment.
- At the end of the current fiscal year, total fund balance of the Combined Measure K and Measure K Renewal Fund decreased by \$18,690,799 primarily due to the anticipated payment of expenditures as a result of the Council adoption of an Early Action Plan (EAP) which advances a number of high profile capital projects.
- Total liabilities of the Council decreased by \$10,914,617 to \$303,003,755 during the fiscal year primarily due to accounts payable applicable to the EAP projects. In April 2011, the Council issued \$212,175,000 in Measure K Renewal Sales Tax Bonds. Also, see Note 8 of the notes to the financial statements for further details on debt obligations.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Council's basic financial statements. The basic financial statements include: (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 Council's annual report includes two government-wide financial statements. These statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private sector business.

The first of these government-wide statements is the *Statement of Net Position*. This is the Council-wide statement of position presenting information that includes all of the Council's assets and liabilities, with the difference reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council as a whole is improving or deteriorating.

The *Statement of Activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position 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 claims receivable and earned but unused vacation leave).

Both of the government-wide financial statements illustrate functions of the Council that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The Council conducts no business-type activities. The governmental activities of the Council include general administration, Transportation Development Act Funds, and Measure K and Measure K Renewal Fund administration.

The government-wide financial statements include not only the Council itself (known as the *primary government*), but also two legally separate not-for-profit corporations: SJCOG, INC., the San Joaquin County Multispecies Habitat Plan, for which the Council is financially accountable, as well as Commuter Connection. Financial information for these *blended component units* are reported in conjunction with the financial information presented for the primary government. SJCOG, INC. and Commuter Connection are reported as major governmental funds.

The government-wide financial statements can be found on pages 34 and 35 of this report.

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 Council, 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 Council can be divided into two categories: governmental and fiduciary funds.

Governmental 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Council's near-term financing requirements.

Because the focus of governmental funds financial statements 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* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Council maintains five individual governmental funds, as well as the blended component units. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the funds which are considered to be major funds.

The Council legally adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36 – 42 of this report.

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. The notes to the financial statements can be found on pages 43 – 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, liabilities exceeded assets by \$45,113,080 at the close of the most recent fiscal year. In 2007, when the Council adopted the EAP and went to the capital markets to bond for \$203 million to fund the EAP, the Council recognized that the bond revenue was not sufficient to completely fund all of the projects in the EAP. Full funding would occur over time as new sales tax revenues were received. While the net liabilities exceed assets by \$30.5 million, this reflects the funding for the projects in midstream. There is an adequate sales tax revenue stream in place to negate the liabilities. In addition, the bond liability is amortized over a 30 year period.

The largest portion of the Council's assets (66 percent) reflects its cash and investment portfolio. The Council plans to use these assets to fund future transportation related projects throughout the County of San Joaquin.

At the end of the current fiscal year, the Council is able to report positive balances in two of three categories of net position for the government as a whole. However, the negative unrestricted net position of \$(108,446,838) is due primarily to Measure K Renewal expenditures made in advance of future sales tax revenue.

The following tables related to net position reflect the above and other activities that took place during the June 30, 2014, fiscal year. Overall, SJCOG's net position decreased by \$14,619,665 as shown in the table below. This change is primarily due to SJCOG's EAP.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
Net Position**

	Governmental Activities 2014	Governmental Activities 2013	Increase (Decrease)
Current and other assets	\$ 208,964,685	\$ 235,867,297	\$ (26,902,612)
Capital assets	<u>48,925,990</u>	<u>47,557,660</u>	<u>1,368,330</u>
Total assets	<u>257,890,675</u>	<u>283,424,957</u>	<u>(25,534,282)</u>
Long-term liabilities outstanding	288,334,132	288,444,022	(109,890)
Other liabilities	<u>14,669,623</u>	<u>25,474,350</u>	<u>(10,804,727)</u>
Total liabilities	<u>303,003,755</u>	<u>313,918,372</u>	<u>(10,914,617)</u>
Net position:			
Net investment in capital assets	48,877,028	47,531,273	1,345,755
Restricted	14,517,762	12,654,148	1,863,614
Unrestricted	<u>(108,507,870)</u>	<u>(90,678,836)</u>	<u>(17,829,034)</u>
Total net position (deficit)	<u>\$ (45,113,080)</u>	<u>\$ (30,493,415)</u>	<u>\$ (14,619,665)</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
Changes in Net Position**

	Governmental Activities 2014	Governmental Activities 2013	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 3,899,205	\$ 4,921,911	\$ (1,022,706)
Operating grants and contributions:			
Sales tax	76,691,276	68,941,867	7,749,409
Other operating grants and contributions	8,908,062	12,161,297	(3,253,235)
General revenues - investments and miscellaneous	<u>17,152</u>	<u>28,486</u>	<u>(11,334)</u>
Total revenues	<u>89,515,695</u>	<u>86,053,561</u>	<u>3,462,134</u>
Expenses:			
General government	18,945,240	18,089,316	855,924
Transportation	84,563,205	94,290,443	(9,727,238)
Habitat development and management	<u>626,915</u>	<u>545,955</u>	<u>80,960</u>
Total expenses	<u>104,135,360</u>	<u>112,925,714</u>	<u>(8,790,354)</u>
Increase (Decrease) in net position	(14,619,665)	(26,872,153)	12,252,488
Net position (deficit), July 1, 2013	<u>(30,493,415)</u>	<u>(3,621,262)</u>	<u>(26,872,153)</u>
Net position (deficit), June 30, 2014	<u>\$ (45,113,080)</u>	<u>\$ (30,493,415)</u>	<u>\$ (14,619,665)</u>

There was an overall \$3,462,134 (4%) increase in total revenues during the year.

Financial Analysis of the Council's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the Council's governmental funds reported a combined ending fund balance of \$194,295,062 a decrease of \$16,097,885. Of this total amount, \$28,560,910 is *nonspendable*, \$154,287,487 is *restricted*, \$14,517,762 is *assigned*, and \$(3,071,097) is *unassigned fund balance*.

General Fund – The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, fund balance of the General Fund was \$2,976,032. The Council's Planning and Administration's fund balance decreased by \$253,704 mainly due to capital asset improvements to the Council's multi-media equipment.

Combined Measure K and Measure K Renewal Fund – The combined Measure K and Measure K Renewal Fund, which is used to account for the additional ½ cent sales tax revenue approved by the San Joaquin County voters under Measure K had increased as compared to last year. For the June 30, 2014, fiscal year, Measure K revenue totaled \$50,658,255. The combined Measure K and Measure K Renewal Fund balance decreased by \$18,690,799 over the previous year primarily due to SJCOG's continued delivery on various projects that have come on line over the past years. These projects are in the areas of Transit, Congestion Relief, Railroad Safety, and Streets and Roads.

Local Transportation Fund (LTF) – The LTF is used to account for ¼ cent retail sales tax, collected statewide, and returned to San Joaquin County that is used for Transit, Pedestrian/Bicycle, and Streets and Roads improvement projects. LTF sales tax revenues increased as compared to last year, which is encouraging. For the June 30, 2014, fiscal year LTF revenue totaled \$24,531,678 an increase of 8% over the previous fiscal year. The LTF fund balance increased by \$627,564 due to an increase in sales tax revenues.

State Transit Assistance Fund (STA) – The STA revenue is Public Transportation Modernization, Improvement, and Service Enhancement (PTMISEA) funds from Proposition 1B. The annual apportionment of PTMISEA funds is conducted by the State Controller using the historical STA apportioning methodology. This fiscal year-end totaled \$4,602,033 compared to \$4,828,061 from the previous fiscal year. The STA fund balance decreased by \$126,859 mainly due to the decrease in overall operator allocated revenue from the state.

SJCOG, INC. – SJCOG, INC., is a not-for-profit public benefit corporation, formed to act as the joint powers agency organized pursuant to the San Joaquin County Multispecies Habitat Conservation Plan. Funds are to be used to acquire, hold, administer, and manage habitat lands and easements in accordance with the plan. Habitat Mitigation Fees for the June 30, 2014, fiscal year totaled \$3,724,068 a decrease of 8% over the previous fiscal year, reflecting a decrease in development activity and mitigation fee collections. The SJCOG, INC., fund balance increased by \$1,863,614 in the June 30, 2014, fiscal year to \$14,517,762. These funds are targeted for future habitat land and easement acquisitions and for management of the habitat plan.

COMMUTE CONNECTION, INC. – COMMUTE CONNECTION, INC., is a not-for-profit, public benefit corporation. The specific purpose of this corporation is to act as a designee of the joint powers agency organized pursuant to Commute Connection, which is to provide information regarding alternate transportation opportunities in, but not limited to, San Joaquin, Stanislaus and Merced Counties and to promote alternative transportation solutions including carpooling, vanpooling, and biking or walking to work. This was a new fund and there was minimal activity in the current year.

Regional Transportation Impact Fee Fund (RTIF) – The RTIF Fund is used to account for the activities of the RTIF Program. The RTIF Program objective is to obtain funding from development projects that have an impact upon the regional transportation network and to integrate these funds with federal, state, and other local funding to deliver transportation improvements identified in the RTIF Program. While the RTIF Program and the RTIF Program fee will be imposed and collected by the participating agencies, the RTIF Program is managed for the benefit of the entire San Joaquin County region by SJCOG. At the end of the current fiscal year, total fund balance increased \$482,349 primarily due to the absence of RTIF expenditures.

Governmental Fund Budgetary Highlights

General Fund

The annual budget serves as the foundation for the Council's financial planning and control. As required by the Joint Powers Agreement of the Council, the Council prepares and legally adopts a final operating budget on or before April 1 of each year. The approved budget must then be ratified by a majority of member governments representing 55% of the population of the County of San Joaquin. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board of Directors (Board). Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2014.

The Council's revenues are largely received on a reimbursement basis. All state and federal funding is secured through contracts, agreements, grants, etc. However, the funds are not paid to the Council until after related expenditures have occurred and been invoiced to the proper project. Therefore, while the Council's approved budget may indicate a certain dollar amount from a particular grant, those funds may not be earned nor received in that budget period. An analysis of the General Fund budget to actual depicts a \$2,073,333 shortfall in revenue largely due to actual expenditures that were \$1,771,757 below final budgeted amounts, which is primarily due to decreased need for consultant's professional services.

	Original Budget	Final Budget	Actual	Difference Between Final Budget and Actual
REVENUES:				
Intergovernmental:				
Federal grants	\$ 2,380,615	\$ 2,710,078	\$ 1,966,952	\$ (743,126)
State grants	1,276,817	1,989,243	1,107,517	(881,726)
Automobile	-	20,000	20,000	
Local	3,639,070	3,806,971	3,391,338	(415,633)
Interest	20,000	20,000	6,163	(13,837)
Other	30,000	30,000	10,989	(19,011)
Total revenues	7,346,502	8,576,292	6,502,959	(2,073,333)
EXPENDITURES:				
Planning and administration	7,206,002	8,415,792	6,573,539	1,842,253
Capital outlay	140,500	160,500	230,996	(70,496)
Total expenditures	7,346,502	8,576,292	6,804,535	1,771,757
OTHER FINANCING SOURCES (USES):				
Proceeds from capital leases	-	-	47,872	(47,872)
Change in fund balance	\$ -	\$ -	\$ (253,704)	\$ (253,704)

Capital Assets and Debt Administration

Capital assets

The Council's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$48,925,990 (net of accumulated depreciation). This investment in capital assets includes land and conservation easements; office building and improvements; office furniture and fixtures; electrical fixtures; and multi-media, office, and computer equipment. The net increase in the Council's investment in capital assets, net of depreciation, for the current fiscal year was \$1,368,330.

Major capital asset events during the current fiscal year included the following:

The Council acquired \$1,408,676 of conservation easements. In addition, the Council acquired \$230,996 of building improvements, office equipment, and computer equipment during the 2013-14 fiscal year. The Council disposed of \$33,633 of capital assets in the fiscal year ended June 30, 2014.

SAN JOAQUIN COUNCIL OF GOVERNMENTS Capital Assets (net of depreciation)

	Governmental Activities	
	June 30, 2014	June 30, 2013
Land and conservation easements	\$ 42,946,443	\$ 41,537,767
Automobile	31,699	-
Office furniture and fixtures	75,659	92,169
Office building	5,218,852	5,396,418
Building improvements	595,758	493,094
Office and computer equipment	57,579	38,212
Total	<u>\$ 48,925,990</u>	<u>\$ 47,557,660</u>

Additional information on the Council's capital assets can be found in Note 5 of the notes to the financial statements.

Debt administration

At the end of the current fiscal year, the Council had a line of credit of \$75,000,000 outstanding and a 2011 Tax Bond of \$212,933,326.

SAN JOAQUIN COUNCIL OF GOVERNMENTS Outstanding Debt

	Governmental Activities	
	June 30, 2014	June 30, 2013
Line of credit	\$ 75,000,000	\$ 75,000,000
2011 Tax Revenue Bond, net of amortization	<u>212,933,326</u>	<u>212,976,251</u>
Total	<u>\$ 287,933,326</u>	<u>\$ 287,976,251</u>

In May 2008, the Council issued \$203,355,000 in Bond Anticipation Notes (BANs), generating \$210,003,362 (equal to the aggregate principal amount of the notes plus net original issue premium of \$7,734,159 less \$1,087,797 discount). Proceeds were intended to partially fund the EAP of Measure K Renewal. The BANs were set to expire April 1, 2011. On March 1, 2011, the Council issued \$212,175,000 Sales Tax Revenue Bonds, 2011 Series A to defease the BANs. The Sales Tax Revenue Bonds, 2011 Series A are rated AA by Standard and Poor's (S&P) and Aa3 by Moody's.

For additional information on long-term debt activity, refer to Note 8 of the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Council is rebounding from the Great Recession in a reasonably robust fashion. Due to the nature of the Council funding from the state and the federal government, core planning funds remained very stable during the recession. However, from fiscal year 2006-07 into fiscal year 2009-10, sales taxes revenues generated by Measure K and LTF have declined nearly 35%. In the three fiscal years since hitting the sales tax revenue low, annual sales tax growth rates have been 8.6%, 11.02%, and 6.37% and are estimated this fiscal year at 4.2%. Transportation, General Retail, and Business to Business are the leading economic categories in the County of San Joaquin.

At June 30, 2014, the Council held \$102,144,872 of liquid investments in the Public Financial Management portfolio, \$18,392,549 in the California Asset Management Pool, \$92,287 in the State of California Local Agency Investment Fund, \$3,944,862 in the San Joaquin County Pool, and \$44,715,597 in Financial Institutions.

Total operating revenues are expected to be approximately the same in the 2014-15 fiscal year.

Requests for information

This financial report is designed to provide a general overview of the San Joaquin Council of Governments' finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deputy Executive Director/Chief Financial Officer, 555 East Weber Street, Stockton, California 95202.

BASIC FINANCIAL STATEMENTS

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 40,630,917
Investments	114,587,833
Sales tax receivable	5,306,600
Interest receivable	1,460,548
Intergovernmental receivables	2,148,408
Advances to other agencies	5,306,946
Due from other agencies	1,258,606
Prepays	103,415
Refunds and miscellaneous receivables	49,059
Notes receivable - related parties	21,949,058
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	14,071,417
Interest receivable	10,657
Intergovernmental receivables	620,721
Deposits with State of California	1,460,500
Capital assets:	
Land and conservation easements	42,946,443
Capital assets, net of accumulated depreciation	5,979,547
Total Assets	257,890,675
<u>LIABILITIES</u>	
Accounts payable	11,486,845
Wages and benefits payable	105,214
Interest payable	974,822
Advances from other agencies	173,204
Due to other agencies	1,929,538
Noncurrent liabilities:	
Due within one year:	
Compensated absences	112,735
Lease obligations	20,057
2011 Measure K Renewal Sales Tax Bond, net of amortization	42,924
Due in more than one year:	
Line of credit	75,000,000
2011 Measure K Renewal Sales Tax Bond, net of amortization	212,890,402
Compensated absences	239,109
Lease obligations	28,905
Total Liabilities	303,003,755
<u>NET POSITION</u>	
Net investment in capital assets	48,877,028
Restricted for:	
Habitat acquisition and management	14,517,762
Unrestricted	(108,507,870)
Total Net Position	\$ (45,113,080)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 6,674,200	\$ -	\$ 5,315,442	\$ -	\$ (1,358,758)
Transportation	84,563,205	-	80,283,896	-	(4,279,309)
Habitat development	626,915	3,899,205	-	-	3,272,290
Commute Connection	50	-	-	-	(50)
Building interest expense	55,843	-	-	-	(55,843)
Measure K Renewal investment interest expense	12,215,147	-	-	-	(12,215,147)
Totals	\$ 104,135,360	\$ 3,899,205	\$ 85,599,338	\$ -	(14,636,817)
General Revenues:					
					6,163
					10,989
					<u>17,152</u>
					(14,619,665)
					<u>(30,493,415)</u>
					<u>\$ (45,113,080)</u>

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Measure K and Measure K Renewal	Local Transportation Fund
ASSETS			
Cash and cash equivalents	\$ 864,021	\$ 31,255,057	\$ 3,373,536
Investments	-	114,587,833	-
Sales tax receivable	-	3,484,900	1,821,700
Interest receivable	-	1,453,332	6,033
Intergovernmental receivable	750,593	-	-
Advances to other agencies	-	5,306,946	-
Prepays	94,515	8,900	-
Refunds and miscellaneous receivables	49,059	-	-
Due from other funds	81,697	4,500,859	-
Due from other agencies	4,370	1,254,217	-
Notes receivable - related parties	-	21,949,058	-
Cash and investments - restricted	-	-	-
Interest receivable - restricted	-	-	-
Intergovernmental receivable - restricted	-	-	-
Deposits with State of California - restricted	-	1,460,500	-
Total Assets	<u>\$ 1,844,255</u>	<u>\$ 185,261,602</u>	<u>\$ 5,201,269</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 474,010	\$ 10,976,787	\$ -
Accrued salaries and benefits	105,214	-	-
Interest payable	-	974,822	-
Due to other funds	4,200,859	300,000	52,865
Due to other agencies	-	270,434	567,512
Advances from other agencies	40,204	-	-
Total Liabilities	<u>4,820,287</u>	<u>12,522,043</u>	<u>620,377</u>
Fund Balances:			
Nonspendable	94,515	28,466,395	-
Restricted	-	144,273,164	4,580,892
Assigned	-	-	-
Unassigned	(3,070,547)	-	-
Total Fund Balances	<u>(2,976,032)</u>	<u>172,739,559</u>	<u>4,580,892</u>
Total Liabilities and Fund Balances	<u>\$ 1,844,255</u>	<u>\$ 185,261,602</u>	<u>\$ 5,201,269</u>

(Continued)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2014**

State Transit Assistance Fund	Regional Transportation Impact Fee Fund	Blended Component Unit - SJCOG, INC.	Blended Component Unit - Commuter Connection	Total
\$ 571,326	\$ 4,566,877	\$ -	\$ 100	\$ 40,630,917
-	-	-	-	114,587,833
-	-	-	-	5,306,600
1,076	107	-	-	1,460,548
1,174,583	223,232	-	-	2,148,408
-	-	-	-	5,306,946
-	-	-	-	103,415
-	-	-	-	49,059
-	-	-	-	4,582,556
-	-	19	-	1,258,606
-	-	-	-	21,949,058
-	-	14,071,417	-	14,071,417
-	-	10,657	-	10,657
-	-	620,721	-	620,721
-	-	-	-	1,460,500
<u>\$ 1,746,985</u>	<u>\$ 4,790,216</u>	<u>\$ 14,702,814</u>	<u>\$ 100</u>	<u>\$ 213,547,241</u>
\$ -	\$ -	\$ 36,048	\$ -	\$ 11,486,845
-	-	-	-	105,214
-	-	-	-	974,822
2,640	9,538	16,004	650	4,582,556
1,091,592	-	-	-	1,929,538
-	-	133,000	-	173,204
<u>1,094,232</u>	<u>9,538</u>	<u>185,052</u>	<u>650</u>	<u>19,252,179</u>
-	-	-	-	28,560,910
652,753	4,780,678	-	-	154,287,487
-	-	14,517,762	-	14,517,762
-	-	-	(550)	(3,071,097)
<u>652,753</u>	<u>4,780,678</u>	<u>14,517,762</u>	<u>(550)</u>	<u>194,295,062</u>
<u>\$ 1,746,985</u>	<u>\$ 4,790,216</u>	<u>\$ 14,702,814</u>	<u>\$ 100</u>	<u>\$ 213,547,241</u>

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

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Fund Balances - Governmental Funds

Amounts reported for governmental activities in the statement of net position are different because: \$ 194,295,062

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$42,946,443 (non-depreciable), plus \$8,600,066 (depreciable), less accumulated depreciation of \$2,620,519. 48,925,990

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Line of credit	\$ (75,000,000)	
Measure K renewal sales tax bond	(212,175,000)	
Measure K renewal sales tax bond premium	(758,326)	
Capital leases payable	(48,962)	
Compensated absences	(351,844)	(288,334,132)

Total Net Position - Governmental Activities \$ (45,113,080)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Measure K and Measure K Renewal	Local Transportation Fund
REVENUES			
Sales tax	\$ -	\$ 47,619,673	\$ 24,509,779
Proposition 1B PTMISEA	-	-	-
Intergovernmental	6,485,807	-	-
Charges for services	-	-	-
Interest	6,163	2,416,136	21,136
Interest Proposition 1B	-	-	-
Dividends	-	5,341	-
Gains (losses) on investments	-	272,405	763
Other	10,989	344,700	-
Total Revenues	6,502,959	50,658,255	24,531,678
EXPENDITURES			
General administration	6,492,330	123,419	962,293
Streets and roads	-	16,458,618	5,654,675
Pedestrian and bicycle	-	-	648,252
Transit	-	9,434,913	16,638,894
PTMISEA disbursements	-	-	-
Congestion relief	-	23,619,070	-
Railroad safety crossings	-	7,315,206	-
Habitat plan	-	-	-
Investment expense	-	182,681	-
Debt service:			
Principal	25,366	-	-
Interest	55,843	12,215,147	-
Capital outlay:			
Capital assets	183,124	-	-
Capital leases	47,872	-	-
Total Expenditures	6,804,535	69,349,054	23,904,114
Excess (Deficiency) of Revenues over (under) Expenditures	(301,576)	(18,690,799)	627,564
OTHER FINANCING SOURCES			
Proceeds from capital leases	47,872	-	-
Total Other Financing Sources	47,872	-	-
Change in Fund Balances	(253,704)	(18,690,799)	627,564
Fund Balances (Deficit) at Beginning of Year	(2,722,328)	191,430,358	3,953,328
Fund Balances (Deficit) at End of Year	\$ (2,976,032)	\$ 172,739,559	\$ 4,580,892

(Continued)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

State Transit Assistance Fund	Regional Transportation Impact Fee Fund	Blended Component Unit - SJCOG, INC.	Blended Component Unit - Commute Connection	Total
\$ 4,561,824	\$ -	\$ -	\$ -	\$ 76,691,276
36,926	-	-	-	36,926
-	-	-	-	6,485,807
-	476,716	3,724,068	-	4,200,784
1,532	15,214	112,566	-	2,572,747
1,803	-	-	-	1,803
-	-	28	-	5,369
(52)	-	15,793	-	288,909
-	-	46,750	-	402,439
<u>4,602,033</u>	<u>491,930</u>	<u>3,899,205</u>	<u>-</u>	<u>90,686,060</u>
75,072	9,581	372,871	50	8,035,616
-	-	-	-	22,113,293
-	-	-	-	648,252
4,443,860	-	-	-	30,517,667
209,960	-	-	-	209,960
-	-	-	-	23,619,070
-	-	-	-	7,315,206
-	-	254,044	-	254,044
-	-	-	-	182,681
-	-	-	-	25,366
-	-	-	-	12,270,990
-	-	1,408,676	-	1,591,800
-	-	-	-	47,872
<u>4,728,892</u>	<u>9,581</u>	<u>2,035,591</u>	<u>50</u>	<u>106,831,817</u>
<u>(126,859)</u>	<u>482,349</u>	<u>1,863,614</u>	<u>(50)</u>	<u>(16,145,757)</u>
-	-	-	-	47,872
-	-	-	-	47,872
<u>(126,859)</u>	<u>482,349</u>	<u>1,863,614</u>	<u>(50)</u>	<u>(16,097,885)</u>
<u>779,612</u>	<u>4,298,329</u>	<u>12,654,148</u>	<u>(500)</u>	<u>210,392,947</u>
<u>\$ 652,753</u>	<u>\$ 4,780,678</u>	<u>\$ 14,517,762</u>	<u>\$ (550)</u>	<u>\$ 194,295,062</u>

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds \$ (16,097,885)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,639,672 exceeded depreciation of \$271,410 in the current period. 1,368,262

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (47,872)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 25,366

Compensated absences are measured by the amounts paid during the period in governmental funds. In the statement of activities, compensated absences are measured by the amount earned. 89,540

If long-term debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred for governmental fund purposes, net of any bond issuance costs. In the government-wide statements, the premium and bond issuance costs are amortized as interest over the life of the debt. Amortization of bond premium, net of amortization of bond issuance costs for the period is: 42,924

Change in Net Position - Governmental Activities \$ (14,619,665)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Joaquin Council of Governments (the Council), the regional transportation planning agency for the County of San Joaquin, was created pursuant to Title 3 of Government Code Section 29532. The Council is responsible for transportation planning activities as well as administration of the Local Transportation Fund and the State Transit Assistance Fund in accordance with the applicable sections of the Government Code, Public Utilities Code, and Administrative Code included within the Transportation Development Act.

The Council also is the Local Transportation Authority (LTA) pursuant to Section 1, Division 19 (commencing with Section 180000) of the Public Utilities Code as designated by the San Joaquin County Board of Supervisors. In 1990, the San Joaquin County voters passed an ordinance (Measure K) resulting in a sales tax increase of ½ of one percent for transportation improvements. The Council oversees the collection and distribution of the sales tax in accordance with the 20 year transportation expenditure plan. In 2006, the voters of San Joaquin County approved the Measure K Renewal expenditure plan for the 30 year period starting 2011 and ending in 2041. This approval continued the collection of a ½ sales tax during the 30 year period for transportation improvements.

The Council also administers the Freeway Service Patrol Program and the Congestion Management Program in San Joaquin County, operates a regional rideshare program, serves as the Census Data Center, operates a Research and Forecasting Center, prepares a regional housing needs plan, serves as the Airport Land Use Commission, provides technical assistance to local agencies and member jurisdictions as needed, and oversees the administration of the habitat and open space master plan for San Joaquin County.

The Council is governed by a fifteen member Board of Directors (the Board), made up of three members representing San Joaquin County; three members representing the City of Stockton City Council; one member from the City Councils of the Cities of Escalon, Lathrop, Lodi, Manteca, Ripon, and Tracy; and three ex-officio, non-voting members from Caltrans District 10, the Port of Stockton, and the San Joaquin Regional Transit District.

Blended component units

SJCOG, INC., is a not-for-profit public benefit corporation, established under Code Section 501(c)(3) of the Internal Revenue Code, of which the Council is the sole corporate member. The specific purpose of SJCOG, INC., is to act as the designee of the joint powers agency organized pursuant to the San Joaquin County Multispecies Habitat Conservation Plan, including the acquisition, holding, administering, and managing of real property pursuant to that plan. The Council is responsible for the administration of SJCOG, INC., and the San Joaquin County Multispecies Habitat Conservation Plan. The Council's Board serves as the Board of Directors of SJCOG, INC. The Council is financially responsible for SJCOG, INC. Because the Council's Board approves the component unit's fiscal and related activities, and the Council is responsible for collecting revenues, paying expenses, and administering the habitat conservation plan. SJCOG, INC., and Commute Connection are presented as major governmental funds.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are the only activities conducted by the Council. The Council conducts no *business-type activities*.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Government-wide and fund financial statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual include sales taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Council may fund certain programs and projects with a combination of cost reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program and project expenditures.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

Certain indirect costs are included in program and project expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Major funds

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, defines major funds and requires that the Council's major governmental funds be identified and presented separately in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Council may also select other funds it believes should be presented as major funds.

The Council reports the following major governmental funds:

The *General Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

The Combined *Measure K and Measure K Renewal Fund* is used to account for the additional ½ cent sales tax approved by the San Joaquin County voters under Measure K in 1990 and Measure K Renewal in 2006. Revenues funded the 20 year Measure K transportation expenditure plan and will fund the 30 year Measure K Renewal transportation expenditure plan. Revenues are distributed to various entities and vendors for the design, construction, operation, and maintenance of specific projects. The Board bi-annually, if not more frequently, adopts a strategic plan implementing the expenditure plan approved by the voters and the Council enters into contracts with the agencies and vendors for the design and construction of specific projects and operations and maintenance. Council management and staff administer the Measure K and Measure K Renewal Programs, and the Council derives revenues from the fund for administrative and project management functions related to Measure K and Measure K Renewal. Sales taxes collected under the original Measure K ended March 31, 2011.

Commonly referred to as an extension of the original Measure K, sales tax revenues for the renewal did not begin to be collected until April 1, 2011. A Strategic Plan and Plan of Finance for the renewal implementing the voter-approved Expenditure Plan was adopted in December 2007 by the Board providing funding for renewal projects prior to the initiation of sales tax collection. Funding for those projects came from a bond financing program. Project expenses and debt service are tracked in the Combined *Measure K and Measure K Renewal Fund*.

The *LTF* is used to account for retail sales tax, collected statewide under the TDA that is returned to San Joaquin County. The revenues are distributed to eligible claimants to provide transit services, pedestrian/bicycle facilities, and street and roads funding. Council management and staff administer the LTF program, and the Council derives revenues from the fund for administrative and planning functions related to LTF.

The *STA Fund* is used to account for Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds for Public Transit purposes. The State Controller's Office issues annual apportionments in January and a revised apportionment in August.

The *Regional Transportation Impact Fee Fund (RTIF)* is used to account for the activities of the RTIF Program. The RTIF Program objective is to obtain funding for development projects that have an impact upon the regional transportation network and to integrate these funds with federal, state, and other local funding to fund transportation improvements identified in the RTIF Program.

SJCOG, INC. Fund is a not-for-profit public benefit corporation, established under Code Section 501(c)(3) of the Internal Revenue Code. The specific purpose of SJCOG, INC., is to act as the designee of the joint powers agency organized pursuant to the San Joaquin County Multispecies Habitat Conservation Plan, including the acquisition, holding, administering, and managing of real property pursuant to that plan. The Council is financially responsible for SJCOG, INC., and the Council derives revenues from the fund for related administrative and management functions.

Commute Connection, Inc. is a not-for-profit, public benefit corporation. The specific purpose of this corporation is to act as a designee of the joint powers agency organized pursuant to Commute Connection, which is to provide information regarding alternate transportation opportunities in, but not limited to, San Joaquin, Stanislaus and Merced Counties and to promote alternative transportation solutions including carpooling, vanpooling, and biking or walking to work.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Although the STA and RTIF Special Revenue Funds listed on the previous page do not meet the definition of major funds, the Council has elected to present them separately because of their significance to its stakeholders.

San Joaquin County Transportation Authority (Authority)

Pursuant to Division 19 of the California Public Utilities Code, the Local Transportation Authority and Improvement Act, the Board of Supervisors of San Joaquin County created the Authority and designated the Board of the Council to serve as the Board of Directors of the Authority. The Authority is responsible for the management and implementation of the Measure K and Measure K Renewal Expenditure Plans. These programs include the collection of ½ cent sales and use tax and the programming and delivery of the projects identified in the Expenditure Plans.

B. Assets, Liabilities, and Net Position

Deposits and investments

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Council's cash is in the custody of the San Joaquin County Treasurer's cash and investment pool, which is recorded at fair value, and other financial institutions.

Under state law the Council may invest in obligations of the U.S. Treasury, U.S. agencies, State of California, local agencies and instrumentalities, commercial paper of the highest short-term rating category as provided by Moody's Investor Service, Inc. (Moody's) or Standard and Poor's Corporation (S&P), bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds, time certificates of deposit, the Local Agency Investment Fund (LAIF), local government investment pools, Public Financial Management (PFM), the California Asset Management Program (CAMP), and shares of beneficial interest issued by diversified management companies. All of the above operate in accordance with appropriate state laws and regulations. The investments for the Council, as well as for its component units, are recorded at fair value.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding between funds at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All "due to/from" balances at June 30, 2014, are considered to be current and due to be repaid within the upcoming fiscal year.

All accounts receivable and intergovernmental receivables and advances are shown at their net collectible balances. Accounts receivable represent various non-intergovernmental collectible amounts due at June 30, 2014. Intergovernmental receivables represent claims for reimbursements and sales tax revenues receivable from various federal, state, and local governmental agencies as of June 30, 2014.

Advances and notes receivable, as reported in the fund financial statements, are designated as a nonspendable fund balance account in applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid items

The Council uses the consumption method on prepaid items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Assets, Liabilities, and Net Position (Continued)

Restricted assets

Restricted assets are those portions of net position that are not available for appropriation or expenditure and/or are legally segregated for a specific future use.

Certain proceeds of the Council's bond anticipation notes and commercial paper are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited to transportation program expenses and repayment of debt.

The restricted net position balance for habitat conservation and management represents the net position of SJCOG, INC., and represents net position that is restricted for the San Joaquin County Multispecies Habitat Conversation Plan.

Net position

In the Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement if the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund balance

The Council adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of June 30, 2011. As a result, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Council is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the Council's highest level of decision-making authority (the Board) and that remain binding unless removed in the same manner. Committed fund balance does not lapse at year-end. The formal action must occur prior to the end of the reporting period. However, the amount which will be subject to the constraint may be determined in the subsequent period. The formal action required to commit fund balance shall be Board resolution.
- *Assigned fund balance* – amounts that are constrained by the Council's *intent* to be used for specific purposes. The intent can be authorized at either the highest level of decision-making, or by a body or an official designated for that purpose. As stated in the Joint Powers Agreement, the Board has delegated authority to assign fund balance for a specific purpose to the Deputy Executive Director/Chief Finance Officer.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Assets, Liabilities, and Net Position (Continued)

Fund balance (continued)

- *Unassigned fund balance* – the residual classification for the Council's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

There is no minimum fund balance policy.

Capital assets

Capital assets, which include office furniture and equipment, leasehold improvements, and assets under capital leases, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Equipment, furniture and fixtures, building, building improvements, and assets under capital lease of the primary government are depreciated using the straight-line method over periods ranging from 5 years to 40 years. Land related to the Council's Headquarters building and parking lot is not subject to depreciation. Capital assets of the component units consist entirely of land and real property easements and are not subject to depreciation because they are considered to have indefinite lives.

Compensated absences

It is the Council's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are then paid out of the General Fund. There is limited liability for unpaid accumulated sick pay for employees. This benefit is limited to employees who have completed 20 years of service or have reached the normal retirement age, and have accumulated a minimum of 160 hours of sick pay. Compensated absences are reported in the governmental funds only if they have matured. The amount of compensated absences within the General Fund that was due within one year was \$112,735 at June 30, 2014.

Debt obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

The Council has a line of credit (LOC) issued by the Bank of America, N.A. (BANA). The entire \$75,000,000 was drawn to replace the commercial paper and is outstanding at June 30, 2014.

In May 2008, the Council issued \$203,355,000 in Bond Anticipation Notes (BANs), generating \$210,003,362 (equal to the aggregate principal amount of the notes plus net original issue premium of \$7,734,159 less \$1,087,797 discount). Proceeds were intended to partially fund the Early Action Program (EAP) of Measure K Renewal. The BANs were set to expire April 1, 2011. On March 1, 2011, the Council issued \$212,175,000 Sales Tax Revenue Bonds, 2011 Series A to defease the BANs. The Sales Tax Revenue Bonds, 2011 Series A are rated AA by S&P and Aa3 by Moody's.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Assets, Liabilities, and Net Position (Continued)

Debt obligations (Continued)

For additional information on long-term debt activity, refer to Note 8 of the notes to the financial statements.

C. Implemented Governmental Accounting Standards Board Statements

GASB Statement No. 66 – *Technical Corrections—2012—an Amendment of GASB Statements No. 10 and No. 62.* The statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25.* The statement improves financial reporting by state and local governmental pension plans. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* This statement enhances comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

D. Future Governmental Accounting Standards Board Statements

GASB Statement No. 68 – *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27.* This statement replaces the requirements of GASB Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of GASB Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Council is assessing, but has not yet determined the effects of the implementation of this statement on its financial statements.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations* provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision-usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013, however, early application is encouraged. The Council is assessing, but has not yet determined the effects of the implementation of this statement on its financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Future Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual basis financial statements of employers and nonemployer contributing entities. The provisions of this statement should be applied simultaneously with the provisions of GASB Statement No. 68 and therefore are effective for financial periods beginning after June 15, 2014. The Council is assessing, but has not yet determined the effects of the implementation of this statement on its financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

As required by the Council's Joint Powers Authority agreement, the Council prepares and legally adopts a final operating budget on or before April 1 of each fiscal year. Annual budgets are legally adopted for the General Fund. As required by the Joint Powers Authority, the budget is adopted by the Board and ratified by member agencies. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. Transfers of appropriations within major objects may be approved by the Executive Director. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2014. The bi-annual Strategic Plan and revenue estimate for the Measure K Fund are approved by the Council Board. The LTF revenue estimate is created by Council staff and approved by the San Joaquin County Auditor-Controller. The revenue estimate is apportioned to each claimant based on population. The STA budget revenue estimate is created and allocated by the California State Controller's Office. Budgets for the LTF, STA, and RTIF Funds are approved by the Council Board. Budgetary amounts for the special revenue funds are presented at their lowest level of budgetary control, which is the object level, as described above.

During the year certain amendments were approved by the Board. Certain reclassifications were made within an object category, which were approved by the Executive Director. The supplemental budgetary appropriations and reclassifications within object categories made in the General Fund were not material.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments

Cash and investments are reported in the accompanying financial statements as follows:

Statement of net position:	
Cash	\$ 40,630,917
Investments	114,587,833
Restricted - cash	<u>14,071,417</u>
Total cash and investments	<u>\$ 169,290,167</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2014, consist of the following:

Cash in County treasury	\$ 3,944,862
Deposits in financial institutions	44,715,597
LAIF	92,287
Cash and investments held by bond trustee	<u>120,537,421</u>
Total cash and investments	<u>\$ 169,290,167</u>

Investments authorized by the California Government Code and the Council's investment policy

The table below identifies the investment types that are authorized by the Council's investment policy. The table also identifies certain provisions of the Council's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Council, rather than the general provisions of the California Government Code or the Council's investment policy.

<u>Authorized investment type</u>	<u>Maximum maturity</u>	<u>Maximum percentage of * portfolio</u>	<u>Maximum investment in one issuer</u>
State and Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	None	None
Commercial Paper	270 days	25%	10%
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
FDIC Certificates of Deposit	5 years	None	None
Negotiable Bank Certificates of Deposit	5 years	30%	None
County Pooled Investment Funds	N/A	None	None
LAIF	N/A	None	None
CAMP	270 days	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

Investments authorized by debt agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Council's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments authorized by debt agreements (Continued)

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptances	180 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Council manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Council's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Council's investments by maturity:

Investment type	Total	Remaining maturity			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Cash in County	\$ 3,944,862	\$ 3,944,862	\$ -	\$ -	\$ -
State investment pool	92,287	92,287	-	-	-
Held by trustee:					
Cash	389,649	389,649	-	-	-
Money market funds	4,483,602	4,483,602	-	-	-
Municipal bond notes	771,517	-	771,517	-	-
Certificates of deposit	15,439,105	499,597	14,415,030	524,478	-
Corporate debt securities	32,988,297	-	12,485,003	20,503,294	-
Corporate bonds	208,855	190,567	18,288	-	-
Asset Backed Securities(ABS)/Mortgage Backed Securities(MBS)/Collateralized Mortgage Obligations(CMOs)	1,090,120	-	32,892	266,431	790,797
Government sponsored securities	738,680	208,080	200,450	330,150	-
U.S. Treasury securities	31,278,554	160,191	9,057,898	22,060,465	-
Federal agency securities	33,149,042	-	27,408,026	5,741,016	-
	<u>\$ 124,574,570</u>	<u>\$ 9,968,835</u>	<u>\$ 64,389,104</u>	<u>\$ 49,425,834</u>	<u>\$ 790,797</u>

Investments with fair values highly sensitive to interest rate fluctuations

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year-End</u>
Federal agency securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 33,149,042</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Council's investment policy or debt agreements and the actual rating as of year-end for each investment type.

Investment type	Total	Minimum legal rating	Ratings as of year-end	Not rated
County investment pool	\$ 3,944,862	N/A	N/A	\$ 3,944,862
State investment pool	92,287	N/A	N/A	92,287
Held by trustee:				
Cash	324,867	N/A	N/A	324,867
Raymond James	64,782	N/A	N/A	64,782
Money market funds	4,483,602	AAA/Aa	AAAm	-
Certificates of Deposit:				
Ally Bank Midvale UT	199,900	N/A	N/A	199,900
Bank of China NY	200,021	N/A	N/A	200,021
Bank of Nova Scotia	4,401,452	A	A+/Aa2	-
BMW Bank of N Amber Salt Lake City UT	99,998	N/A	N/A	99,998
Commerce Bank Geneva	99,640	N/A	N/A	99,640
Discover Bank	200,144	N/A	N/A	200,144
GE Capital Retail Bank	224,871	N/A	N/A	224,871
GE Money Bank	99,844	N/A	N/A	99,844
Goldman Sachs Bank	224,893	N/A	N/A	224,893
Harris NA Chicago	99,911	N/A	N/A	99,911
Iberiabank Lafayette, LA	99,654	N/A	N/A	99,654
Nordea Bank Finland	2,998,815	A	AA-/Aa3	-
Rabobank	3,485,702	A	A-A+/P-1	-
Westpac Banking Corp	3,004,260	A	A-1+/P-1	-
Corporate debt securities:				
American Honda Finance	3,922,932	A	A+/A1	-
Apple Inc	2,555,650	A	AA+/Aa1	-
Berkshire Hathaway	3,047,109	A	AA/Aa2	-
Caterpillar Financial	830,891	A	A/A2	-
Cisco Systems Inc	2,447,874	A	AA-/A1	-
Coca-Cola	564,486	A	AA/Aa3	-
General Electric Co.	4,390,925	A	AA+/A1	-
John Deere Capital Corp	943,080	A	A/A2	-
JPMorgan Chase & Co.	3,810,772	A	A/A3	-
Pepsi Co	2,549,956	A	A-/A1	-
Pfizer Inc	3,301,518	A	AA/A1	-
Toyota Motor Co.	1,498,207	A	AA-/Aa3	-
Walt Disney Co	485,482	A	A/A2	-
Wal-Mart Stores	496,070	A	AA/Aa2	-
Wells Fargo	2,143,345	A	AA+/A2	-
US Treasury Bonds/Notes	30,877,127	TSY	AA+/Aaa	-
Municipal Bonds/Notes	771,517	N/A	AAA/Aa1	-
Federal agency securities	24,849,387	N/A	AA+/Aaa	-
US Treasury Securities	401,427	A	Aaa	-
Government Sponsored Enterprise Securities	738,680	A	AA+	-
Corporate Bonds	208,855	A	AA+	-
ABS/MBS/CMOs	405,360	A	Aaa/AA+	-
ABS/MBS/CMOs	684,760	N/A	N/A	684,760
Federal agency securities	8,299,655	N/A	AA+/Aaa	-
	\$ 124,574,570			\$ 6,660,434

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of credit risk

The investment policy of the Council contains certain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Council investments are as follows:

<u>Issuer</u>	<u>Investment type</u>	<u>Reported amount</u>
FANNIE MAE	Federal agency securities	\$ 10,322,560
FHLMC	Federal agency securities	2,709,169
FNMA	Federal agency securities	20,117,313
		<u>\$ 33,149,042</u>

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Council's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Council deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in San Joaquin County Pool

By statute, the Council maintains LTF and STA cash balances in the San Joaquin County Treasury Investment Pool. The pool is non-SEC registered and is invested in accordance with California State Government Code and the San Joaquin County Treasurer's Investment Policy. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the County's Board of Supervisors and causes an audit of investments to occur annually. The fair value of the Council's shares in the County Pool is the same as the value of the pool shares. The Council had a total of \$3,944,862 invested in the San Joaquin County Pool at June 30, 2014. Cash on deposit with the San Joaquin County Treasurer is invested as authorized by statutes.

Deposits in financial institutions

All deposits in financial institutions are fully collateralized in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure the Council's deposits by pledging government securities as collateral. The Council had a total of \$44,715,597 deposited in financial institutions at year-end.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

The Council is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. The fair value of the Council's investment in this pool is reported in the accompanying financial statements at amounts based upon the Council's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total fair value amount invested by all public agencies in LAIF at June 30, 2014, was \$64.8 billion, managed by the State Treasurer. Of that amount, 100 percent was invested in non-derivative financial products and none in derivative financial products. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by state statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Council's position in the pool. Investments in LAIF are highly liquid and are secured by the full faith and credit of the State of California. The Council's investment in LAIF at June 30, 2014, was \$92,287.

Investments in PFM and CAMP

PFM manages a significant portion of the Council's investments. These investments include corporate notes, federal agency bonds/notes, U.S. Treasury bonds/notes, commercial paper, federal agency discounted notes, and money market funds.

The U.S. Government money market funds invest in short-term debt obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, some of which may be subject to repurchase agreements. The securities in the fund have an average life as of June 30, 2014, of 270 days.

CAMP is a Joint Powers Authority formed to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. The money market portfolio offers daily liquidity and is rated Aam by S&P. To maintain the Aam rating, the portfolio weighted average maturity may not exceed 70 days.

Included in the CAMP money market fund balances are accounts that are created for the payment and tracking of interest on the line of credit and for the 2011 Series A Bond issuance, as the indenture requires a debt service reserve fund, of \$1,721, \$3,910,073, and \$8,435,686, respectively. The investments with fiscal agents as well as the \$361,384 of the CAMP balances are also created for the payment and tracking of Measure K project expenditures, respectively.

Investments in Raymond James

In 2012, SJCOG diversified its portfolio by investing \$4 million of SJCOG, INC.'s endowment funds in the Eagle Asset Management Program through Raymond James. The primary goal is capital preservation with low risk tolerance and a time horizon less than five years. Secondly, the goal is income with low risk and a short investment time horizon.

Investments for the Council as well as its component unit are reported at fair value as determined by quoted market prices. Changes in the fair value of investments are included with all other investment income.

NOTE 4 – RECEIVABLES

Accounts receivable balances as of year-end for the Council's individual major funds are as follows:

	General	Measure K and Measure K Renewal	Local Trans- portation	State Transit Assistance	RTIF	SJCOG INC.	Total
Receivables:							
Interest	\$ -	\$ 1,453,332	\$ 6,033	\$ 1,076	\$ 107	\$ -	\$ 1,460,548
Sales taxes	-	3,484,900	1,821,700	-	-	-	5,306,600
Miscellaneous receivables	49,059	-	-	-	-	-	49,059
Intergovernmental	750,593	-	-	1,174,583	223,232	-	2,148,408
Intergovernmental - Restricted	-	-	-	-	-	620,721	620,721
Interest - restricted	-	-	-	-	-	10,657	10,657
Total Receivables	<u>\$ 799,652</u>	<u>\$ 4,938,232</u>	<u>\$ 1,827,733</u>	<u>\$ 1,175,659</u>	<u>\$ 223,339</u>	<u>\$ 631,378</u>	<u>\$ 9,595,993</u>

Intergovernmental receivables

The intergovernmental receivable balance consisted of \$223,232 of Regional Transportation Impact Fees receivable; \$750,593 of General Fund claims receivable from various federal, state, and local agencies; and \$1,174,583 of State Transit Assistance Proposition 1B PTMISEA receivables.

The restricted intergovernmental receivable balance of \$620,721 and related interest balance of \$10,657 for SJCOG, INC., are for mitigation fees receivable and related interest.

Notes receivable

On December 14, 2008, the Council extended a line of credit of \$9,174,426 to the San Joaquin Regional Rail Commission (Commission) to provide the resources to purchase land for their anticipated maintenance facility. This line was to be repaid by the Commission with receipts of a loan from the Federal Rail Administration (FRA) within 180 days. The FRA loan did not occur; however, the Commission was able to use a bond program created in the American Recovery and Restoration Act to acquire the needed resources for the facility. The bond issuance, however, required the line of credit to be subordinated to the bonds. In accordance with terms of the agreement, the Commission will make interest only payments for the first two years of the ten year note and make eight years of principal and interest payments. The first interest only payment was paid on July 1, 2012, in the amount of \$404,195 and the second annual interest was paid on July 1, 2013. The remaining annual payments of interest and principal are due annually thereafter. The Commission's note balance as of June 30, 2014, is \$8,256,677.

On September 20, 2012, the Council approved advanced funding for the Stockton French Camp Road/I-5 interchange construction project. The City of Stockton's receivable balance as of June 30, 2014, is \$338,101. In accordance with the agreement, the Council is advancing Stockton from its Measure K Renewal Regional Arterial allocation not to exceed \$1,290,000. A lump sum payment representing all accrued interest will be due on April 1, 2016. At that time, the payment will be subtracted from the quarterly Measure K Local Street Repair Payment. The City of Stockton will be liable solely for interest reimbursement, plus payment of administrative fees.

On June 19, 2012, the Council approved a line of credit not to exceed \$1,500,000 in Measure K Renewal funds for construction in support of the MH580 Marine Highway Barge Modification Project. The Port of Stockton's receivable balance as of June 30, 2014, is \$1,022,270. The accrued interest on the borrowings is \$50,011. In accordance with the agreement the \$1,500,000 plus interest will be repaid in three yearly installments commencing July 1, 2013.

NOTE 4 – RECEIVABLES (Continued)

Notes receivable (Continued)

On May 23, 2013, the Council approved a line of credit not to exceed \$12,000,000 in Measure K Renewal funds to the Commission to bridge receipt of grants and to aide with other cash flow issues. The Commission's receivable balance as of June 30, 2014, is \$12,000,000. The accrued interest in the borrowing is \$516,327. In accordance with the agreement the majority of the balance will be paid once as soon as Federal Transit Administration 5307 and 5309 formula funds are released. Additional draws in the line of credit are expected to be paid either through payment of other funds, or if necessary, will be converted to a term loan with principal and interest repaid over a 10 year period.

The Council Board approved a Measure K loan to provide funding to the Port of Stockton (the Port) for \$4,200,000. The Port has authorization to use up to \$800,000 of the loan for construction of the project. As of June 30, 2014, the Port has used \$332,010 of the requested \$800,000.

The Commission, the Port, and the City of Stockton depend on the Council for significant portions of their transportation related operating funds, and therefore are considered to be related parties.

Advances

On November 1, 2011, the Council entered into the Stockton Sperry Road Extension, advanced project funding and interest reimbursement agreement. In accordance with terms of the agreement, the Council will reimburse the City of Stockton for project-eligible costs up to the sum of \$6,320,000. The City of Stockton paid the Council, the interest component of debt service on the Council long-term bonds in a single lump sum in October 2014.

Originally, the City and County advances were to have been absorbed through growth in sales tax revenue by March 31, 2011. However, with the lack of growth in sales tax revenue, and each agency's loss of other LSR funds, they were not able to completely resolve the advances. The Board approved the two agencies to amortize the payments over an extended period of time, including allowing payments beyond March 31, 2011. Interest on any unpaid balance was assessed at the Council's then current borrowing rate plus 0.45%. As of June 30, 2014, the balance is \$5,306,946.

The City of Stockton and County of San Joaquin depend on the Council for a significant portion of their transportation related funding, and therefore are considered to be related parties.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	June 30, 2013	Additions	Disposals	Adjustments	June 30, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Conservation easements and credits	\$ 41,137,767	\$ 1,408,676	\$ -	\$ -	\$ 42,546,443
Land	400,000	-	-	-	400,000
Total capital assets, not being depreciated	41,537,767	1,408,676	-	-	42,946,443
Capital assets, being depreciated:					
Automobile	-	38,039	-	-	38,039
Office furniture and fixtures	247,653	-	-	-	247,653
Office building	7,102,653	-	-	-	7,102,653
Building improvements	767,259	145,085	-	-	912,344
Office and computer equipment	285,070	47,872	(33,633)	68	299,377
	8,402,635	230,996	(33,633)	68	8,600,066
Less accumulated depreciation for:					
Automobile	-	(6,340)	-	-	(6,340)
Office furniture and fixtures	(155,484)	(16,510)	-	-	(171,994)
Office building	(1,706,235)	(177,566)	-	-	(1,883,801)
Building improvements	(274,165)	(42,421)	-	-	(316,586)
Office and computer equipment	(246,858)	(28,573)	33,633	-	(241,798)
	(2,382,742)	(271,410)	33,633	-	(2,620,519)
Total capital assets being depreciated, net	6,019,893	(40,414)	-	68	5,979,547
Governmental activities capital assets, net	<u>\$ 47,557,660</u>	<u>\$ 1,368,262</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 48,925,990</u>

Depreciation

Depreciation expense of \$271,410 was recorded for the year ended June 30, 2014, and is related to the general administrative functions of the Council.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Due To/From</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General Fund	\$ 81,697	\$ 4,200,859
Measure K and Measure K Renewal Fund	4,500,859	300,000
State Transit Assistance Fund	-	2,640
Local Transportation Fund	-	52,865
Regional Transportation Impact Fee Fund	-	9,538
SJCOG, INC.	-	16,004
Commuter Connection	-	650
Totals	<u>\$ 4,582,556</u>	<u>\$ 4,582,556</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The General Fund receivable from RTIF, LTF, STA, Measure K Renewal, and SJCOG INC. represent the final accrued planning funds due to the General Fund at June 30, 2014.

The Measure K receivable from the General Fund represents the balance of advance utilized to finance construction of the Council's Office Building.

Interfund advance

The Council completed major construction of new administrative facilities in November of 2003. Total cost for completion of the three story structure, including equipment upgrades, furnishings, and fixtures, was \$7,953,244. Land, valued at \$400,000, was donated by the Stockton, California, Redevelopment Agency for the building site. Commercial paper obligations in the amount of \$8,000,000 were issued in October of 2003. \$2,000,000 was repaid from General Fund reserves to the Measure K and Measure K Renewal Fund in April of 2005. The Measure K and Measure K Renewal Fund, in turn, retired \$2,000,000 of commercial paper obligations. The General Fund reserves of \$2,000,000 covered the cost of construction of the third floor of the building. Debt service on the commercial paper obligations is being reimbursed from the General Fund to the Measure K and Measure K Renewal Fund. The repayment schedule consists of monthly principal and interest payments that vary from month to month at a rate of 45 basis points over the commercial paper's rate.

The balance of debt service and interest for the General Fund as of fiscal year ended June 30, 2014, was \$4,200,859.

In 2013 the Council obtained a \$75,000,000 line of credit issued by BANA to replace the commercial paper obligation. Due to this change, the repayment schedule for the building is now based on Bank of America's interest rates.

NOTE 7 – LEASES

Operating leases

The Council leases various office equipment under noncancellable operating leases as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 137,896
2016	138,702
2017	138,219
2018	106,217
2019	851
Total	<u>\$ 521,885</u>

NOTE 7 – LEASES (Continued)

Capital leases

The Council entered into various lease agreements to provide office and computer equipment for Council staff. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 87,853
Less: Accumulated depreciation	<u>(38,891)</u>
Total	<u>\$ 48,962</u>

As of June 30, 2014, the future minimum lease payments and the net present value of these minimum lease payments were as follows:

<u>Fiscal Year Ending June 30,</u>		
2015		\$ 22,994
2016		19,069
2017		<u>11,656</u>
Total payments		53,719
Less amounts representing interest		<u>(4,757)</u>
Net present value of future minimum lease payments		<u>\$ 48,962</u>

NOTE 8 – DEBT OBLIGATIONS AND LONG-TERM LIABILITIES

Activity during the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Sales Tax Revenue Bonds, net of amortization	\$ 212,976,250	\$ -	\$ (42,924)	\$ 212,933,326	\$ 42,924
Line of credit	75,000,000	-	-	75,000,000	-
Sick leave benefits payable	269,014	-	(48,999)	220,015	-
Compensated absences	172,370	131,829	(172,370)	131,829	112,735
Capital leases	<u>26,387</u>	<u>47,945</u>	<u>(25,370)</u>	<u>48,962</u>	<u>20,057</u>
Total	<u>\$ 288,444,021</u>	<u>\$ 179,774</u>	<u>\$ (289,663)</u>	<u>\$ 288,334,132</u>	<u>\$ 175,716</u>

NOTE 8 – DEBT OBLIGATIONS AND LONG-TERM LIABILITIES (Continued)

Commercial paper obligations

The Council was originally authorized to issue up to \$100,000,000 of these notes. In September 2005, the Board authorized an additional \$67,000,000 of commercial paper notes, bringing the total authorization up to \$167,000,000. The Council issued an additional \$72,000,000 of commercial paper notes (\$5 million unissued from the original authorization and \$67 million from the September 2005 authorization) on November 29, 2005, in order to provide interim financing for the State of California in order to facilitate construction of Interstate 205 Freeway improvements. These improvements began in the spring of 2006. The California Transportation Commission (CTC) has reimbursed the Council on all three installments. On March 1, 2011, the Council's Board reduced the commercial paper authorization to \$75,000,000 to constrain with coverage requirements of a bond defeasance.

Line of Credit

The Council has a LOC issued by BANA. The entire \$75,000,000 was drawn to replace commercial paper and is outstanding at June 30, 2014. As of June 30, 2014, the interest rate was 0.7327%.

2011 Series A Sales Tax Revenue Bonds

The Council issued long-term debt on March 1, 2011, to defease Bond Anticipation Notes issued in 2008, totaling \$212,175,000. Actual Measure K sales tax revenue received in fiscal year 2009/10 constrained the amount of the new issuance; however, there were sufficient proceeds to defease the BANs, fund cost of issuance and a debt service reserve fund at one-half Maximum Annual Debt Service (MADS). The Council pledges 100% of the Measure K Renewal sales tax as a security for the new bonds; however, in order to maintain a high credit and coverage level, debt service is constrained at 35% of last year's actual sales tax. MADS is expected to be 2.26x with annual coverage at 2.8x. The structure insures all the other programs in the Measure K Renewal will have full funding.

NOTE 8 – DEBT OBLIGATIONS AND LONG-TERM LIABILITIES (Continued)

The Series 2011 Bonds bear interest until maturity date at the rates per annum as set forth below:

Bond Component	Maturity Date	Principal Amount	Coupon	Price
Serial Bonds:	3/1/2016	\$ 475,000	3.00%	102.858
	3/1/2017	1,530,000	4.00%	106.699
	3/1/2018	2,700,000	5.00%	111.607
	3/1/2019	4,015,000	4.00%	103.321
	3/1/2020	5,025,000	5.00%	108.995
	3/1/2021	5,275,000	5.00%	107.322
	3/1/2022	5,540,000	5.25%	107.151
	3/1/2023	5,830,000	5.25%	105.491
	3/1/2024	6,135,000	5.25%	104.024
	3/1/2025	6,455,000	5.25%	102.741
	3/1/2026	6,795,000	5.25%	101.633
	3/1/2027	7,150,000	5.00%	98.058
	3/1/2028	7,510,000	5.75%	103.930
	3/1/2029	7,940,000	5.75%	103.301
	3/1/2030	8,400,000	5.75%	102.755
3/1/2031	<u>8,880,000</u>	5.25%	96.754	
		89,655,000		
2036 Term Bond:	3/1/2032	9,350,000	6.00%	103.031
	3/1/2033	9,910,000	6.00%	103.031
	3/1/2034	10,505,000	6.00%	103.031
	3/1/2035	11,135,000	6.00%	103.031
	3/1/2036	<u>11,800,000</u>	6.00%	103.031
		52,700,000		
2041 Term Bond:	3/1/2037	12,510,000	5.50%	96.445
	3/1/2038	13,200,000	5.50%	96.445
	3/1/2039	13,925,000	5.50%	96.445
	3/1/2040	14,690,000	5.50%	96.445
	3/1/2041	<u>15,495,000</u>	5.50%	96.445
		<u>69,820,000</u>		
	Total	<u>\$ 212,175,000</u>		

Defeased Debt

The 2008 BANs of the Council have been defeased by placing the proceeds of the 2011 Series A Sales Tax Revenue Bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury Obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Council's financial statements. The defeased bonds outstanding at June 30, 2014, considered extinguished are as follows:

2008 BANs	\$203,355,000
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NOTE 9 – COMMITMENTS AND CONTINGENCIES

Risk management

In January 2010, the Council became independent of the County for all payroll and payroll related activities. For workers' compensation, the Council retains and pays premiums to ICW Group Insurance Services.

In March 2010, the Council moved health benefit coverage and all health benefit related activities from the County to a variety of private health care providers. This includes dental and vision coverage, life insurance, short- and long-term disability, and long-term care. The medical benefit program utilizes a high deductible, Health Savings Account (HSA) approach. Exempt employees are able to use their current cafeteria allocation to deposit into their individual HSAs while the Council contributes \$2,500 into each non-exempt employee's HSA.

The Council is self-funded for dental and vision benefits. This coverage is administered by Administrative Solutions, Inc., which provides claims review and processing services.

As of January 2010, the Council contracted Paychex Payroll Services to provide a Flexible Spending Account option for all employees. The annual maximum is currently set at \$2,500. These pre-tax dollars can be used for eligible medical costs and dependent care.

The Council carries commercial insurance to cover all claims for other risks of loss to which the Council is exposed, including automobile liability, property damage, public official's errors and omissions, personal injury, physical loss or damage, commercial crime, machinery, and employee health. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Compensated absences

Council employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at various rates. Employees have the option to sell accrued vacation hours at their current base rate of pay as long as they have a minimum of 80 hours remaining following the transaction. Employees that have reached the normal retirement age or have completed twenty years of continuous service and have accrued a minimum of 160 hours of sick leave may elect to convert unused sick leave to cover the continuation of health care insurance premiums at retirement. As of June 30, 2014, only one retiree met these eligibility requirements. Other than this conversion at retirement, there is no cash payment of sick leave. As of June 30, 2014, accrued vacation and sick leave pay totaled \$351,844. Payment of accrued sick leave to eligible employees upon termination is the only post employment benefit provided by the Council.

Contract commitments

Measure K funded the design, environmental, and/or construction work on state highways, some of which are in progress. In January 2008, the Council Board adopted the Measure K Renewal Strategic Plan to begin delivering some of the Renewal projects prior to 2011. The Council has active projects as of June 30, 2014, funded through Measure K and Measure K Renewal programs and has outstanding commitments of \$2,731,639 and \$87,287,592, respectively, under these programs.

Employee retirement plan

The Council participates in a defined contribution pension plan through the Council Retirement Plan which is available to all employees who have attained 19 years of age. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Contributions to the plan are entrusted to the ICMA Retirement Corporation, which provides investment consultation and administration.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Employee retirement plan (Continued)

Contributions to the plan by the Council are limited to 15% of compensation. The Council does not contribute into Social Security for employees. Certain legacy employees also do not have a Medicare contribution of the Council. Newer employees have a Medicare contribution. The Council's contributions are fully vested after six years of continuous service or when they reach the age of 50. The plan does not provide for employee contributions. The Council will not be required to pay prior year employer contributions for anyone having worked for the Council prior to the initiation of the retirement program.

Plan provisions and contribution requirements for the plan are established and may be amended by the Council's Board. The Council's total salaries, including vacation and termination pay, for the year ended June 30, 2014, was \$2,493,750. The Council's total contributions to the retirement plans on behalf of employees were \$434,228 for the year ended June 30, 2014.

NOTE 10 – FUND BALANCE/NET POSITION DEFICIT

The General Fund has a fund balance deficit of \$(2,976,032) at June 30, 2014. As described in Note 6, the deficit is primarily related to an interfund advance. Once this advance for the construction of the Council's administrative building has been repaid, the negative unreserved fund balance is expected to be corrected.

The Council's government-wide Statement of Net Position shows a net position deficit of \$(45,113,080). In 2008, the Council adopted an EAP that would advance a number of high profile capital projects. The original EAP approved approximately \$320,000,000 to match other funding sources. To provide resources for the EAP, the Board approved a BAN program. The BAN program provided up front funding for these projects that are being accelerated into action, while pledging future Measure K and Measure K Renewal revenues. The BAN program was subsequently defeased in 2011, and replaced with a new, long-term bond issuance. The capital projects that were accelerated into action, however, are expensed on the Council's financial statements, and decrease net position as a result. Management believes that future revenues will exceed future debt payments and will begin to recover the deficit net position balance that occurred as a result of the EAP.

NOTE 11 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

NOTE 11 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) (Continued)

The Council is the recipient agency of PTMISEA funds for the Cities of Escalon, Manteca, and Tracy. During the fiscal years ended June 30, 2014, the Council received \$36,926 from the State's PTMISEA account for disbursement to the above mentioned cities. As of June 30, 2014, PTMISEA funds received and claims paid to cities were verified in the course of our audit as follows:

	<u>2014</u>	<u>2013</u>
PTMISEA balance designated for future claims, beginning	\$ 644,222	\$ 1,708,909
Interest earned on PTMISEA deposits	1,713	2,320
TSSSDRA funds received	36,926	18,463
Interest earned on TSSSDRA deposits	49	5
Claims paid to cities	<u>(209,960)</u>	<u>(1,085,475)</u>
PTMISEA balance designated for future claims, ending	<u>\$ 472,950</u>	<u>\$ 644,222</u>
RECONCILIATION TO FINANCIAL STATEMENT		
Designated for PTMISEA claims	\$ 472,950	\$ 644,222
Designated for other STA claims	<u>179,803</u>	<u>135,390</u>
Designated for future claims	<u>\$ 652,753</u>	<u>\$ 779,612</u>

NOTE 12 – FUND BALANCE CLASSIFICATIONS

The purposes for certain fund balance classifications are as follows:

	<u>General Fund</u>	<u>Measure K and Measure K Renewal Fund</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>Regional Transportation Impact Fee Funds</u>	<u>SJCOG, INC.</u>	<u>Commute Connection</u>	<u>Total</u>
Fund Balances								
Nonspendable:								
Prepaid	\$ 94,515	\$ 8,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,415
Long-term loans and lines of credit	-	28,457,495	-	-	-	-	-	28,457,495
Restricted for:								
Transportation projects and related debt	-	144,273,164	-	-	4,780,678	-	-	149,053,842
Transportation Development Act funds restricted by State statute	-	-	4,580,892	652,753	-	-	-	5,233,645
Assigned to:								
Capital projects (habitat easements)	-	-	-	-	-	14,517,762	-	14,517,762
Unassigned	-	-	-	-	-	-	-	-
Unassigned:	<u>(3,070,547)</u>	-	-	-	-	-	(550)	<u>(3,071,097)</u>
Total Fund Balances	<u>\$ (2,976,032)</u>	<u>\$ 172,739,559</u>	<u>\$ 4,580,892</u>	<u>\$ 652,753</u>	<u>\$ 4,780,678</u>	<u>\$ 14,517,762</u>	<u>\$ (550)</u>	<u>\$ 194,295,062</u>

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2014, which is the date the financial statements were available to be issued.

The Council issued long-term debt on July 2, 2014 in order to advance projects ready to proceed to construction. The Council pledges 100% of the Measure K Renewal sales tax as security for the new Bonds; however, in order to maintain a high credit and coverage level, debt service is constrained at 35% of net sales tax.

NOTE 13 – SUBSEQUENT EVENTS (Continued)

The Series 2014 Bonds bear interest until maturity date at the rates per annum as set forth below:

<u>Bond Component</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Price</u>
Serial Bonds:	3/1/2015	\$ 2,755,000	1.00%	100.583
	3/1/2016	2,340,000	3.00%	104.528
	3/1/2017	120,000	3.00%	106.387
	3/1/2018	155,000	3.00%	107.401
	3/1/2019	-	0.00%	100.000
	3/1/2020	225,000	4.00%	113.060
	3/1/2021	1,360,000	4.00%	113.486
	3/1/2022	1,530,000	5.00%	120.584
	3/1/2023	2,795,000	5.00%	121.271
	3/1/2024	3,445,000	5.00%	121.533
	3/1/2025	3,615,000	5.00%	120.199
	3/1/2026	3,795,000	5.00%	119.070
	3/1/2027	3,990,000	5.00%	118.138
	3/1/2028	4,185,000	5.00%	117.216
	3/1/2029	4,395,000	5.00%	116.301
	3/1/2030	4,610,000	5.00%	115.396
	3/1/2031	4,845,000	5.00%	114.767
	3/1/2032	5,085,000	5.00%	114.142
		<u>\$ 49,245,000</u>		

REQUIRED SUPPLEMENTAL INFORMATION

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
GENERAL FUND (By Object)
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 7,326,502	\$ 8,556,292	\$ 6,485,807	\$(2,070,485)
Use of money and property	5,000	5,000	6,163	1,163
Other	15,000	15,000	10,989	(4,011)
Total Revenues	7,346,502	8,576,292	6,502,959	(2,073,333)
<u>EXPENDITURES</u>				
Salaries and benefits:				
Salaries	2,541,722	2,541,722	2,429,633	112,089
Salaries - vacation sales	50,000	50,000	64,117	(14,117)
Fringe benefits	1,090,760	1,090,760	996,164	94,596
Total Salaries and Benefits	3,682,482	3,682,482	3,489,914	192,568
Service and supplies:				
Office expense	255,800	255,800	183,760	72,040
Communications	60,000	60,000	56,324	3,676
Memberships	42,000	42,000	39,027	2,973
Rents and leases - equipment	180,000	180,000	116,369	63,631
Debt service:				
Principal	27,000	27,000	25,366	1,634
Interest - leases	3,000	3,000	2,426	574
Interest - building debt service	99,000	99,000	53,417	45,583
Transportation, travel, and training	110,000	110,000	100,056	9,944
Publications and legal notices	27,000	27,000	16,710	10,290
Insurance	92,000	103,000	98,724	4,276
Rents - other	1,000	1,000	984	16
Maintenance - equipment	13,000	13,000	7,299	5,701
Maintenance - building and grounds	79,800	89,800	82,123	7,677
Utilities	81,000	81,000	93,632	(12,632)
Total Service and Supplies	1,070,600	1,091,600	876,217	215,383
Professional and special services	2,452,920	3,641,710	2,207,408	1,434,302
Capital outlay	140,500	160,500	230,996	(70,496)
Total Expenditures	7,346,502	8,576,292	6,804,535	1,771,757
<u>OTHER FINANCING SOURCES</u>				
Capital leases	-	-	47,872	47,872
Total Other Financing Sources	-	-	47,872	47,872
Net Change in Fund Balance	\$ -	\$ -	(253,704)	\$ (253,704)
Fund Balance (Deficit) - Beginning			(2,722,328)	
Fund Balance (Deficit) - Ending			<u><u>\$ (2,976,032)</u></u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
MEASURE K AND MEASURE K RENEWAL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Measure K sales tax revenue	\$ 49,000,000	\$ 49,000,000	\$ 47,619,673	\$ (1,380,327)
Other			344,700	344,700
Use of money and property			2,693,882	2,693,882
	<hr/>		<hr/>	
Total Revenues	49,000,000	49,000,000	50,658,255	1,658,255
	<hr/>		<hr/>	
<u>EXPENDITURES</u>				
General administration	490,000	490,000	123,419	366,581
Streets and roads	17,027,500	17,027,500	16,458,618	568,882
Transit	14,577,500	14,577,500	9,434,913	5,142,587
Congestion relief	15,802,500	15,802,500	23,619,070	(7,816,570)
Railroad safety crossings	1,102,500	1,102,500	7,315,206	(6,212,706)
Investment expense	-	-	182,681	(182,681)
Interest expense	-	-	12,215,147	(12,215,147)
	<hr/>		<hr/>	
Total Expenditures	49,000,000	49,000,000	69,349,054	(20,349,054)
	<hr/>		<hr/>	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(18,690,799)	<u>\$ (18,690,799)</u>
Fund Balance (Deficit) - Beginning of Year			<u>191,430,358</u>	
Fund Balance (Deficit) - Ending			<u>\$ 172,739,559</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
LOCAL TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
LTF sales tax revenue	\$ 22,747,600	\$ 24,509,779	\$ 24,509,779	\$ -
Use of money and property	-	-	21,899	21,899
Total Revenues	22,747,600	24,509,779	24,531,678	21,899
<u>EXPENDITURES</u>				
General administration	909,428	962,293	962,293	-
Streets and roads	8,363,774	9,018,623	5,654,675	3,363,948
Pedestrian and bicycle	436,763	470,950	648,252	(177,302)
Transit	13,037,635	14,057,913	16,638,894	(2,580,981)
Total Expenditures	22,747,600	24,509,779	23,904,114	605,665
Net Change in Fund Balance	\$ -	\$ -	627,564	\$ 627,564
Fund Balance - Beginning			3,953,328	
Fund Balance - Ending			\$ 4,580,892	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
STATE TRANSIT ASSISTANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
STA PTA 99313, 99314 Tax Revenue	\$ 4,549,941	\$ 4,561,824	\$ 4,561,824	\$ -
Prop 1B TSSDRA	-	36,926	36,926	-
Use of money and property PTMISEA	-	-	1,803	1,803
Use of money and property	-	-	1,480	1,480
 Total Revenues	 <u>4,549,941</u>	 <u>4,598,750</u>	 <u>4,602,033</u>	 <u>3,283</u>
<u>EXPENDITURES</u>				
General administration	72,379	75,072	75,072	-
PTMISEA	-	-	209,960	(209,960)
Transit	4,477,562	4,523,678	4,443,860	79,818
 Total Expenditures	 <u>4,549,941</u>	 <u>4,598,750</u>	 <u>4,728,892</u>	 <u>(130,142)</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 (126,859)	 <u>\$ (126,859)</u>
 Fund Balance - Beginning			 <u>779,612</u>	
 Fund Balance - Ending			 <u>\$ 652,753</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
REGIONAL TRANSPORTATION IMPACT FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 500,000	\$ 500,000	\$ 476,716	\$ (23,284)
Use of money and property	-	-	15,214	15,214
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>491,930</u>	<u>(8,070)</u>
<u>EXPENDITURES</u>				
General administration	<u>10,000</u>	<u>10,000</u>	<u>9,581</u>	<u>419</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>9,581</u>	<u>419</u>
Net Change in Fund Balance	<u>\$ 490,000</u>	<u>\$ 490,000</u>	482,349	<u>\$ (7,651)</u>
Fund Balance - Beginning			<u>4,298,329</u>	
Fund Balance - Ending			<u>\$ 4,780,678</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
SJCOG, INC. BLENDED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 3,600,000	\$ 3,600,000	\$ 3,724,068	\$ 124,068
Use of money and property	-	-	175,137	175,137
 Total Revenues	 <u>3,600,000</u>	 <u>3,600,000</u>	 <u>3,899,205</u>	 <u>299,205</u>
<u>EXPENDITURES</u>				
General administration	400,000	400,000	372,871	27,129
Habitat plan	3,200,000	3,200,000	1,662,720	1,537,280
 Total Expenditures	 <u>3,600,000</u>	 <u>3,600,000</u>	 <u>2,035,591</u>	 <u>1,564,409</u>
 Net Change in Fund Balance	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u>1,863,614</u>	 <u><u>\$ 1,863,614</u></u>
 Fund Balance - Beginning			 <u>12,654,148</u>	
 Fund Balance - Ending			 <u><u>\$ 14,517,762</u></u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

BUDGETARY BASIS OF ACCOUNTING

As required by the San Joaquin Council of Government's (the Council) Joint Powers Authority agreement, the Council prepares and legally adopts a final operating budget on or before April 1 of each fiscal year. Annual budgets are legally adopted for the General Fund. As required by the Joint Powers Authority, the budget is adopted and ratified by member agencies. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. Transfers of appropriations within major objects may be approved by the Executive Director. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board of Directors (the Board). Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2014. The bi-annual Strategic Plan and revenue estimate for the Measure K and Measure K Renewal Fund are approved by the Council Board. The Local Transportation Fund (LTF) budgeted revenue is created by Council staff and approved by the San Joaquin County Auditor-Controller. The budgeted revenue is allocated to each claimant based on population. The State Transit Assistance Fund (STA) budget is created and allocated by the California State Controller's Office. Budgets for the LTF, STA, and Regional Transportation Impact (RTIF) funds are approved by the Council Board; however, they are not considered to be legally adopted. Budgetary amounts for the special revenue funds are presented at their lowest level of budgetary control, which is the object level, as described above.

During the year, certain amendments were approved by the Board. Certain reclassifications were made within an object category, which were approved by the Executive Director. The supplemental budgetary appropriations and reclassifications within object categories made in the General Fund were not material.

EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2014, General Fund expenditures did not exceed appropriations. A provision for compensated absences related to vacation sales and related fringe benefit costs was not made in the 2013-14 budget.

The following special revenue funds had excess expenditures over appropriations at June 30, 2014:

	Measure K and Measure K Renewal Fund	Local Transportation Fund	State Transit Assistance Fund
Congestion Relief	\$ (7,816,570.00)	\$ -	\$ -
Railroad Safety Crossing	(6,212,706)	-	-
Investment Expense	(182,681)	-	-
Interest Expense	(12,215,147)	-	-
Transit	-	(2,580,981)	-
Pedestrian and bicycle	-	(177,302)	-
PTMISEA	-	-	(209,960)

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OTHER SUPPLEMENTARY INFORMATION

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through the State of California Department of Transportation			
Highway Planning and Construction Cluster			
CMAQ - CMLG-6088 (050)	20.205	DEM06UBL-6088(050)	\$ 436,536
CMAQ - CMLG-6088 (051)	20.205	CMLG-6088 (051)	<u>57,950</u>
Total Highway Planning and Construction Cluster			494,486
Metropolitan Transportation Planning and Non-Metropolitan Planning and Research			
Federal Transit Administration	20.505	MFTA # 74A0139 CH. 53, Section 5303	183,136
Federal Highway Administration	20.505	MFTA # 74A0139 FHWA PL 2014 OWP	1,190,763
Partnership Planning Grant Program	20.505	FHWA PP	78,598
Public Transportation Research	20.505	MFTA #74A0139 CH. 53 Section 5304	<u>19,969</u>
Total Metropolitan Transportation Planning and Non-Metropolitan Planning and Research			<u>1,472,466</u>
Total U.S. Department of Transportation			<u>1,966,952</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,966,952</u>

The accompanying note is an integral part of this schedule.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the San Joaquin Council of Governments (the Council) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Council's basic financial statements.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budget	General Fund						
		Local Transp. Funds Planning	Local Transp. Funds TDA Admin	State Transit Assist.	6088-051 CMAQ	6088-050 CMAQ	Fwy Service Patrol Congestion	Fwy Service Patrol Construction
Revenues:								
Local Transportation Fund Planning	682,428	\$ 735,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Transportation Fund (TDA Administration)	225,000	-	225,000	-	-	-	-	-
State Transit Assistance	86,529	-	-	75,072	-	-	-	-
Congestion Mitigation Air Quality 6088-051	572,982	-	-	-	57,950	-	-	-
Congestion Mitigation Air Quality 6088-050	436,536	-	-	-	-	436,536	-	-
State/Caltrans - Fwy Svc patrol	702,715	-	-	-	-	-	226,754	-
State/Caltrans - Fwy Svc patrol Construction	1,000,000	-	-	-	-	-	-	605,692
RSTP CMP	200,000	-	-	-	-	-	-	-
StanCOG CMAQ TDM Ridesharing	190,000	-	-	-	-	-	-	-
FTA 5303 MPO Planning	302,278	-	-	-	-	-	-	-
FTA 5304 SJRTD Internship Grant(11/12)	4,154	-	-	-	-	-	-	-
FTA 5304 SJCOG Multi Modal Trip Planning Grant	21,247	-	-	-	-	-	-	-
Federal Highway Plannng & Admin.	1,225,073	-	-	-	-	-	-	-
FHWA - Partnership Planning for TDM	147,807	-	-	-	-	-	-	-
Interest	20,000	-	-	-	-	-	-	-
Measure K (LTA admin)	490,000	-	-	-	-	-	-	-
Measure K (LTA planning)	1,000,000	-	-	-	-	-	-	-
RTIF	15,000	-	-	-	-	-	-	-
RTIF Deferred Revenue	-	-	-	-	-	-	-	-
Valley Wide Air Quality	149,818	-	-	-	-	-	-	-
STIP PPM	200,000	-	-	-	-	-	-	-
Cost of Issuance cost Reimbursement	-	-	-	-	-	-	-	-
SJCOG Fees/Local other	30,000	-	-	-	-	-	-	-
SJCOG Fees/ALUC	-	-	-	-	-	-	-	-
SACOG SAFE	128,000	-	-	-	-	-	-	-
RTP/Sustainable Strategy workshop	4,850	-	-	-	-	-	-	-
City of Manteca/Project Management	52,875	-	-	-	-	-	-	-
Calaveras COG	30,000	-	-	-	-	-	-	-
San Joaquin Valley Air District	20,000	-	-	-	-	-	-	-
Caltrans State Public Trans. Account Funds (PTA)	18,000	-	-	-	-	-	-	-
StanCOG Funding for SB375 Modeling	60,000	-	-	-	-	-	-	-
Habitat Plan Administration SJCOG, INC.	561,000	-	-	-	-	-	-	-
Total Revenues	8,576,292	735,293	225,000	75,072	57,950	436,536	226,754	605,692
Expenditures:								
601.01 RTP Update	974,415	-	-	38,296	-	-	-	-
601.02 RTP - Studies	114,000	-	-	-	-	-	-	-
602.01 R.T.I.P.	390,350	-	-	-	-	-	-	-
603.01 Road/Street Monitoring	578,500	-	-	-	-	-	-	-
603.02 Transit Coordination	198,997	-	-	36,776	-	-	-	-
603.021 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.022 FTA 5304 Transit Coordination	4,754	-	-	-	-	-	-	-
603.023 FTA 5304 Transit Coordination	24,047	-	-	-	-	-	-	-
603.024 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.03 Transportation Air Quality	528,824	-	-	-	-	-	-	-
603.04 Trans/Air Quality Model	6,000	-	-	-	-	-	-	-
701.01 Technical Assistance	90,875	-	-	-	-	-	-	-
801.01 Intergov. Coordination	259,000	175,523	-	-	-	-	-	-
801.02 Projects & Forecasts	87,500	19,036	-	-	-	-	-	-
801.03 Aviation and Land Use	131,000	51,888	-	-	-	-	-	-
801.04 Congestion Mgmt.	400,500	-	-	-	-	-	-	-
801.05 Regional Planning	42,400	10,991	-	-	-	-	-	-
801.06 Valley MPO Coord.	88,000	1,300	-	-	-	-	-	-
801.07 Interregional Partnership	-	-	-	-	-	-	-	-
801.08 S.J. Valley Blueprint	-	-	-	-	-	-	-	-
801.09 Habitat Plan Implementation(See INC Task number)	561,000	-	-	-	-	-	-	-
901.01 Measure K program mgt.	153,000	-	-	-	-	-	-	-
901.02 RTIF	27,600	-	-	-	-	-	-	-
901.03 Smart Growth	10,000	-	-	-	-	-	-	-
1001.01 COG OWP mgmt. & admin.	239,000	-	-	-	-	-	-	-
1001.02 TDA Administration	330,490	53,191	225,000	-	-	-	-	-
1001.03 Community Involvement	64,000	-	-	-	-	-	-	-
1101.01 TDM Ridesharing	1,271,520	-	-	-	57,950	436,536	-	-
1101.03 TDM Partnership Planning	184,807	-	-	-	-	-	-	-
1201.01 Freeway Service Patrol	1,815,713	-	-	-	-	-	226,754	605,692
Total Expenditures	8,576,292	311,929	225,000	75,072	57,950	436,536	226,754	605,692
Other Items (not billed through OWP):								
Additional provision for capital outlay	-	230,996	-	-	-	-	-	-
Depreciation cost recovery (A-87 Eligible Only)	-	(271,406)	-	-	-	-	-	-
Cumulative under-recovered	-	1,100,245	-	-	-	-	-	-
Total Other Items	-	1,059,835	-	-	-	-	-	-
Total Expenditures and Other Items	8,576,292	1,371,764	225,000	75,072	57,950	436,536	226,754	605,692
Excess (Deficiency) of Revenues over (under) Expenditures and Other Items Current	\$ -	\$ (636,471)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Valley Wide Air Quality	STIP PP&M	2014 Bond Cost of Issuance Reimbursement	Interest Other Local	ALUC	SACOG SAFE 511 & FSP Match	SACOG RTP Workshop	City of Manteca Project Management
Revenues:								
Local Transportation Fund Planning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Transportation Fund (TDA Administration)	-	-	-	-	-	-	-	-
State Transit Assistance	-	-	-	-	-	-	-	-
Congestion Mitigation Air Quality 6088-051	-	-	-	-	-	-	-	-
Congestion Mitigation Air Quality 6088-050	-	-	-	-	-	-	-	-
State/Caltrans - Fwy Svc patrol	-	-	-	-	-	-	-	-
State/Caltrans - Fwy Svc patrol Construction	-	-	-	-	-	-	-	-
RSTP CMP	-	-	-	-	-	-	-	-
StanCOG CMAQ TDM Ridesharing	-	-	-	-	-	-	-	-
FTA 5303 MPO Planning	-	-	-	-	-	-	-	-
FTA 5304 SJRTD Internship Grant(11/12)	-	-	-	-	-	-	-	-
FTA 5304 SJCOG Multi Modal Trip Planning Grant	-	-	-	-	-	-	-	-
Federal Highway Planning & Admin.	-	-	-	-	-	-	-	-
FHWA - Partnership Planning for TDM	-	-	-	-	-	-	-	-
Interest	-	-	-	6,163	-	-	-	-
Measure K (LTA admin)	-	-	-	-	-	-	-	-
Measure K (LTA planning)	-	-	-	-	-	-	-	-
RTIF	-	-	-	-	-	-	-	-
RTIF Deferred Revenue	-	-	-	-	-	-	-	-
Valley Wide Air Quality	165,750	-	-	-	-	-	-	-
STIP PPM	-	200,000	-	-	-	-	-	-
Cost of Issuance cost Reimbursement	-	-	25,000	-	-	-	-	-
SJCOG Fees/Local other	-	-	-	10,989	-	-	-	-
SJCOG Fees/ALUC	-	-	-	-	15,147	-	-	-
SACOG SAFE	-	-	-	-	-	59,780	-	-
RTP/Sustainable Strategy workshop	-	-	-	-	-	-	3,226	-
City of Manteca/Project Management	-	-	-	-	-	-	-	4,027
Calaveras COG	-	-	-	-	-	-	-	-
San Joaquin Valley Air District	-	-	-	-	-	-	-	-
Caltrans State Public Trans. Account Funds (PTA)	-	-	-	-	-	-	-	-
StanCOG Funding for SB375 Modeling	-	-	-	-	-	-	-	-
Habitat Plan Administration SJCOG, INC.	-	-	-	-	-	-	-	-
	<u>165,750</u>	<u>200,000</u>	<u>25,000</u>	<u>17,152</u>	<u>15,147</u>	<u>59,780</u>	<u>3,226</u>	<u>4,027</u>
Total Revenues								
Expenditures:								
601.01 RTP Update	-	-	-	-	-	-	3,226	-
601.02 RTP - Studies	-	-	-	-	-	-	-	-
602.01 R.T.I.P.	-	130,000	-	-	-	-	-	-
603.01 Road/Street Monitoring	-	70,000	-	-	-	-	-	-
603.02 Transit Coordination	-	-	-	-	-	-	-	-
603.021 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.022 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.023 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.024 FTA 5304 Transit Coordination	-	-	-	-	-	-	-	-
603.03 Transportation Air Quality	165,750	-	-	-	-	-	-	-
603.04 Trans/Air Quality Model	-	-	-	-	-	-	-	-
701.01 Technical Assistance	-	-	-	-	-	-	-	4,027
801.01 Intergov. Coordination	-	-	-	-	-	-	-	-
801.02 Projects & Forecasts	-	-	-	-	-	-	-	-
801.03 Aviation and Land Use	-	-	-	-	15,147	-	-	-
801.04 Congestion Mgmt.	-	-	-	-	-	-	-	-
801.05 Regional Planning	-	-	-	-	-	-	-	-
801.06 Valley MPO Coord.	-	-	-	12,779	-	-	-	-
801.07 Interregional Partnership	-	-	-	-	-	-	-	-
801.08 S.J. Valley Blueprint	-	-	-	-	-	-	-	-
801.09 Habitat Plan Implementation(See INC Task number)	-	-	-	-	-	-	-	-
901.01 Measure K program mgt.	-	-	25,000	-	-	-	-	-
901.02 RTIF	-	-	-	4,373	-	-	-	-
901.03 Smart Growth	-	-	-	-	-	-	-	-
1001.01 COG OWP mgmt. & admin.	-	-	-	-	-	-	-	-
1001.02 TDA Administration	-	-	-	-	-	-	-	-
1001.03 Community Involvement	-	-	-	-	-	-	-	-
1101.01 TDM Ridesharing	-	-	-	-	-	17,490	-	-
1101.03 TDM Partnership Planning	-	-	-	-	-	-	-	-
1201.01 Freeway Service Patrol	-	-	-	-	-	42,290	-	-
	<u>165,750</u>	<u>200,000</u>	<u>25,000</u>	<u>17,152</u>	<u>15,147</u>	<u>59,780</u>	<u>3,226</u>	<u>4,027</u>
Total Expenditures								
Other Items (not billed through OWP):								
Additional provision for capital outlay	-	-	-	-	-	-	-	-
Depreciation cost recovery (A-87 Eligible Only)	-	-	-	-	-	-	-	-
Cumulative under-recovered	-	-	-	-	-	-	-	-
Total Other Items	-	-	-	-	-	-	-	-
Total Expenditures and Other Items	<u>165,750</u>	<u>200,000</u>	<u>25,000</u>	<u>17,152</u>	<u>15,147</u>	<u>59,780</u>	<u>3,226</u>	<u>4,027</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Other Items Current								
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Calaveras COG	SJV Air District	Caltrans State Public Trans Account (PTA)	StanCOG SB375 Modeling	Habitat Plan Admin. SJCOG, INC.	Totals	Variance with Final Budget
\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ 753,293	\$ 70,865
-	-	-	-	-	225,000	-
-	-	-	-	-	75,072	(11,457)
-	-	-	-	-	57,950	(515,032)
-	-	-	-	-	436,536	-
-	-	-	-	-	226,754	(475,961)
-	-	-	-	-	605,692	(394,308)
-	-	-	-	-	-	(200,000)
-	-	-	-	-	190,000	-
-	-	-	-	-	183,136	(119,142)
-	-	-	-	-	4,153	(1)
-	-	-	-	-	15,815	(5,432)
-	-	-	-	-	1,190,763	(34,310)
-	-	-	-	-	78,598	(69,209)
-	-	-	-	-	6,163	(13,837)
-	-	-	-	-	490,000	-
-	-	-	-	-	1,000,000	-
-	-	-	-	-	9,538	(5,462)
-	-	-	-	-	3,000	3,000
-	-	-	-	-	165,750	15,932
-	-	-	-	-	200,000	-
-	-	-	-	-	25,000	25,000
-	-	-	-	-	10,989	(19,011)
-	-	-	-	-	15,147	15,147
-	-	-	-	-	59,780	(68,220)
-	-	-	-	-	3,226	(1,624)
-	-	-	-	-	4,027	(48,848)
14,707	-	-	-	-	14,707	(15,293)
-	20,000	-	-	-	20,000	-
-	-	-	60,000	-	60,000	(18,000)
-	-	-	-	372,870	372,870	(188,130)
14,707	20,000	18,000	60,000	372,870	6,502,959	(2,073,333)
-	-	18,000	-	-	897,005	77,410
-	-	-	-	-	104,362	9,638
-	-	-	-	-	377,440	12,910
-	-	-	-	-	552,434	26,066
-	-	-	-	-	139,054	59,943
-	-	-	-	-	-	-
-	-	-	-	-	4,153	601
-	-	-	-	-	15,815	8,232
-	-	-	-	-	-	-
-	-	-	60,000	-	524,970	3,854
-	-	-	-	-	4,472	1,528
14,546	-	-	-	-	19,120	71,755
-	-	-	-	-	233,657	25,343
-	-	-	-	-	79,036	8,464
-	-	-	-	-	67,035	63,965
-	-	-	-	-	181,640	218,860
-	-	-	-	-	34,842	7,558
-	-	-	-	-	64,079	23,921
-	-	-	-	-	-	-
-	-	-	-	-	-	561,000
-	-	-	-	-	148,419	4,581
-	-	-	-	-	24,893	2,707
-	-	-	-	-	-	10,000
-	-	-	-	-	210,804	28,196
-	-	-	-	-	278,191	52,299
-	-	-	-	-	36,153	27,847
-	-	-	-	-	701,976	569,544
-	-	-	-	-	98,248	86,559
-	-	-	-	-	888,766	926,947
14,546	-	18,000	60,000	-	5,686,564	2,889,728
-	-	-	-	-	230,996	(230,996)
-	-	-	-	-	(271,406)	271,406
-	-	-	-	-	1,110,509	(1,110,509)
-	-	-	-	-	1,070,099	(1,070,099)
14,546	-	18,000	60,000	-	6,756,663	1,819,629
\$ 161	\$ 20,000	\$ -	\$ -	\$ 372,870	\$ (253,704)	\$ (253,704)

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Direct</u>	<u>Indirect</u>	<u>Unallowable Expense</u>	<u>Total</u>
Salaries (Unallowable included in Direct Base)	\$ 1,331,517	\$ 1,157,925	\$ 16,556	\$ 2,505,998
Unallowable Salaries	-	-	(12,247)	(12,247)
Fringe benefits (Unallowable included in Direct) 39.9464%	531,893	462,550	6,613	1,001,056
Unallowable Fringe benefits	-	-	(4,892)	(4,892)
Office expense	42,136	141,623	-	183,759
Communications	9,986	46,338	-	56,324
Memberships	575	36,864	1,588	39,027
Rent - equipment	-	116,369	-	116,369
Capital lease principal payments	-	-	25,366	25,366
Capital lease interest payments	-	2,426	-	2,426
Interest - building debt service	-	33,293	20,123	53,416
Transportation, travel, and training	77,629	17,345	5,084	100,058
Professional and special services	1,980,490	140,793	87,110	2,208,393
Publications and legal notices	8,173	8,535	-	16,708
Insurance	-	98,724	-	98,724
Capital outlay	-	-	230,995	230,995
Maintenance - equipment	-	7,299	-	7,299
Maintenance - structures and grounds	-	82,123	-	82,123
Utilities	-	93,633	-	93,633
TOTAL EXPENDITURES	3,982,399	2,445,840	376,296	6,804,535
Other reconciling items:				
Depreciation	-	271,406	-	271,406
Total expenditures recovered under indirect cost rate	<u>\$ 3,982,399</u>	<u>\$ 2,717,246</u>	<u>\$ 376,296</u>	<u>\$ 7,075,941</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
GENERAL FUND BY WORK PROGRAM
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 7,326,502	\$ 8,556,292	\$ 6,485,807	\$ (2,070,485)
Use of Money and Property	5,000	5,000	6,163	1,163
Miscellaneous	15,000	15,000	10,989	(4,011)
Total Revenues	<u>7,346,502</u>	<u>8,576,292</u>	<u>6,502,959</u>	<u>(2,073,333)</u>
<u>EXPENDITURES</u>				
Regional Transportation Plan	302,256	974,415	897,004	77,411
Regional Planning Studies	300,000	114,000	104,362	9,638
Transportation Improvement Program	250,850	390,350	377,440	12,910
Roads and Streets Monitoring	500,000	578,500	552,434	26,066
Transit Coordination and Planning	363,079	227,798	159,023	68,775
Transportation Air Quality Planning	477,642	528,824	524,971	3,853
Goods Movement	50,000	6,000	4,472	1,528
Ongoing Technical Assistance	30,000	90,875	19,119	71,756
Intergovernmental Coordination	230,000	259,000	233,657	25,343
Projections and Forecasts	75,000	87,500	79,036	8,464
Aviation/Airport and Land Use	143,000	131,000	67,035	63,965
Congestion Management Prog/Sys	325,000	400,500	181,640	218,860
Regional Planning	50,000	42,400	34,841	7,559
Valley MPO Coordination	120,000	88,000	64,080	23,920
Habitat Plan Implementation	561,000	561,000	-	561,000
Measure K Program Mgmt/Admin	208,000	153,000	148,419	4,581
RTIF	15,000	27,600	24,892	2,708
Smart Growth	60,000	10,000	-	10,000
COG Overall Work Plan Administration	331,000	239,000	210,804	28,196
TDA Administration	330,490	330,490	278,191	52,299
Community Involvement	225,000	64,000	36,153	27,847
Transportation Demand Management	1,148,982	1,271,518	701,976	569,542
TDM Partnership Planning	151,915	184,807	98,248	86,559
Freeway Service Patrol	1,098,288	1,815,715	888,767	926,948
Total 2013/14 Project Expenditures	<u>7,346,502</u>	<u>8,576,292</u>	<u>5,686,564</u>	<u>2,889,728</u>
Other (Not Billed Through Overall Work Program):				
Additional Provision for Capital Outlay	-	-	230,996	(230,996)
Depreciation Cost Recovery A-87 Assets Only	-	-	(271,406)	271,406
Total Other	-	-	(40,410)	40,410
Overhead (Overclaimed) Underclaimed - Prior Per	-	-	1,110,509	(1,110,509)
Total Adjusted Project Expenditures	<u>7,346,502</u>	<u>8,576,292</u>	<u>6,756,663</u>	<u>1,819,629</u>
Net Change in Fund Balance	-	-	(253,704)	(253,704)
Fund Balance (Deficit) - Beginning	-	-	(2,722,328)	(2,722,328)
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,976,032)</u>	<u>\$ (2,976,032)</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF BALANCES
LOCAL TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>SJRTD</u>	<u>Lathrop</u>	<u>Lodi</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Ripon</u>	<u>Escalon</u>	<u>SJRRC</u>	<u>S.J. County</u>	<u>Stockton</u>	<u>SJCOG Planning</u>	<u>Total LTF Funds</u>
<u>ASSETS:</u>												
Cash in treasury	\$ 63,506	\$ 409,966	\$ 1,707,194	\$ 14,097	\$ 682,357	\$ 463,219	\$ 5,333	\$ 1,005	\$ 241	\$ 26,618	\$ -	\$ 3,373,536
Sales tax apportionment receivab	1,088,454	49,507	164,496	182,798	219,678	38,057	18,868	-	59,842	-	-	1,821,700
Interest receivable	85	400	1,942	1,181	2,081	245	16	-	67	16	-	6,033
Due from other funds	(80,812)	(2,746)	(9,126)	(10,141)	(12,187)	(2,111)	(1,047)	48,199	2,576	14,530	52,865	-
Total Assets	<u>\$ 1,071,233</u>	<u>\$ 457,127</u>	<u>\$ 1,864,506</u>	<u>\$ 187,935</u>	<u>\$ 891,929</u>	<u>\$ 499,410</u>	<u>\$ 23,170</u>	<u>\$ 49,204</u>	<u>\$ 62,726</u>	<u>\$ 41,164</u>	<u>\$ 52,865</u>	<u>\$ 5,201,269</u>
<u>LIABILITIES AND FUND EQUITY</u>												
Liabilities:												
Intergovernmental payable	\$ 96,549	\$ -	\$ -	\$ -	\$ -	\$ 465,225	\$ 5,738	\$ -	\$ -	\$ -	\$ 52,865	\$ 620,377
Fund Equity:												
Apportioned	974,684	457,127	1,864,506	187,935	891,929	34,185	17,432	49,204	62,726	41,164	-	4,580,892
Total Liabilities and Fund Equity	<u>\$ 1,071,233</u>	<u>\$ 457,127</u>	<u>\$ 1,864,506</u>	<u>\$ 187,935</u>	<u>\$ 891,929</u>	<u>\$ 499,410</u>	<u>\$ 23,170</u>	<u>\$ 49,204</u>	<u>\$ 62,726</u>	<u>\$ 41,164</u>	<u>\$ 52,865</u>	<u>\$ 5,201,269</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
LOCAL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	SJRTD	Lathrop	Lodi	Manteca	Tracy	Ripon	Escalon	SJRRC	S.J. County	Stockton	SJCOG Planning	SJCOG TDA Admin.	S.J. County Auditor	Total LTF Funds
REVENUES:														
Sales Tax	\$13,387,528	\$ 621,718	\$2,065,762	\$2,295,601	\$2,758,734	\$477,928	\$ 236,942	\$ 670,385	\$ 832,725	\$200,163	\$ 735,293	\$ 225,000	\$ 2,000	\$24,509,779
Interest	2,584	1,294	5,902	2,729	5,760	544	157	903	558	705	-	-	-	21,136
(Losses) on Investments	20	113	415	(12)	77	184	1	-	(1)	(34)	-	-	-	763
Total Revenues	13,390,132	623,125	2,072,079	2,298,318	2,764,571	478,656	237,100	671,288	833,282	200,834	735,293	225,000	2,000	24,531,678
EXPENDITURES:														
SJRTD	12,996,549	-	-	-	-	-	-	-	-	-	-	-	-	12,996,549
Lathrop	-	462,994	-	-	-	-	-	-	-	-	-	-	-	462,994
Lodi	-	-	1,684,665	-	-	-	-	-	-	-	-	-	-	1,684,665
Manteca	-	-	-	2,212,293	-	-	-	-	-	-	-	-	-	2,212,293
Tracy	-	-	-	-	3,037,150	-	-	-	-	-	-	-	-	3,037,150
Ripon	-	-	-	-	-	465,225	-	-	-	-	-	-	-	465,225
Escalon	-	-	-	-	-	-	230,738	-	-	-	-	-	-	230,738
SJRRC	-	-	-	-	-	-	-	652,486	-	-	-	-	-	652,486
S.J. County	-	-	-	-	-	-	-	-	807,463	-	-	-	-	807,463
Stockton	-	-	-	-	-	-	-	-	-	392,258	-	-	-	392,258
SJCOG Planning	-	-	-	-	-	-	-	-	-	-	735,293	-	-	735,293
SJCOG TDA Admin.	-	-	-	-	-	-	-	-	-	-	-	225,000	-	225,000
S.J. County Auditor/Contr.	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Total Expenditures	12,996,549	462,994	1,684,665	2,212,293	3,037,150	465,225	230,738	652,486	807,463	392,258	735,293	225,000	2,000	23,904,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	393,583	160,131	387,414	86,025	(272,579)	13,431	6,362	18,802	25,819	(191,424)	-	-	-	627,564
Fund Balance Beginning of Year	581,101	296,996	1,477,092	101,910	1,164,508	20,754	11,070	30,402	36,907	232,588	-	-	-	-
Fund Balance End of Year	\$ 974,684	\$ 457,127	\$1,864,506	\$ 187,935	\$ 891,929	\$ 34,185	\$ 17,432	\$ 49,204	\$ 62,726	\$ 41,164	\$ -	\$ -	\$ -	\$ 4,580,892

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>PUC Section</u>	<u>Purpose</u>	<u>Allocated/ Expended</u>
99233.1	Administration: Council County of San Joaquin	\$ 225,000 2,000
		<u>227,000</u>
99234	Pedestrian and Bicycle Facilities: County of San Joaquin City of Escalon City of Stockton City of Tracy City of Lodi City of Manteca City of Ripon City of Lathrop	93,978 4,524 392,258 52,669 39,439 43,827 9,124 12,433
		<u>648,252</u>
99260	Public Transportation: San Joaquin Regional Transit District San Joaquin Regional Rail Commission City of Ripon	12,996,549 652,486 4,500
		<u>13,653,535</u>
99260	Public Transportation System Planning: Council	735,293
99400(a)	Streets, Roads, Pedestrian and Bicycle Projects: County of San Joaquin City of Escalon City of Tracy City of Ripon City of Manteca City of Lathrop	713,485 159,354 2,272,145 451,601 1,607,529 450,561
		<u>5,654,675</u>
99400(c)	Contracted Public Transportation - Operations: City of Escalon City of Tracy City of Lodi City of Manteca	66,860 712,336 613,172 538,433
		<u>1,930,801</u>
99400(e)	Contracted Public Transportation - Capital: City of Tracy City of Manteca	1,032,054 22,504
		<u>1,054,558</u>
	Total:	<u><u>\$ 23,904,114</u></u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF BALANCES
STATE TRANSIT ASSISTANCE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>SJRTD</u>	<u>Lodi</u>	<u>Ripon</u>	<u>SJRRC</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Escalon</u>	<u>SJCOG TDA Admin.</u>	<u>Total STA Funds</u>
<u>ASSETS</u>									
Cash in treasury	\$ 4,478	\$ 90,874	\$ 5	\$ 20,167	\$ 377,752	\$ 55,998	\$ 22,052	\$ -	\$ 571,326
Sales tax apportionment receivable	985,241	50,817	1,260	103,983	9,932	19,460	1,250	2,640	1,174,583
Interest receivable	431	162	-	114	273	68	27	-	1,076
			1						
Total Assets	<u>\$ 990,150</u>	<u>\$ 141,853</u>	<u>\$ 1,266</u>	<u>\$ 124,264</u>	<u>\$ 387,957</u>	<u>\$ 75,526</u>	<u>\$ 23,329</u>	<u>\$ 2,640</u>	<u>\$1,746,985</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Intergovernmental payable	<u>\$ 961,490</u>	<u>\$ -</u>	<u>\$ 1,265</u>	<u>\$ 105,000</u>	<u>\$ 10,287</u>	<u>\$ 12,300</u>	<u>\$ 1,250</u>	<u>\$ 2,640</u>	<u>\$1,094,232</u>
Total Liabilities	<u>961,490</u>	<u>-</u>	<u>1,265</u>	<u>105,000</u>	<u>10,287</u>	<u>12,300</u>	<u>1,250</u>	<u>2,640</u>	<u>1,094,232</u>
Fund Balance:									
Apportioned	<u>28,660</u>	<u>141,853</u>	<u>1</u>	<u>19,264</u>	<u>377,670</u>	<u>63,226</u>	<u>22,079</u>	<u>-</u>	<u>652,753</u>
Total Liabilities and Fund Balance	<u>\$ 990,150</u>	<u>\$ 141,853</u>	<u>\$ 1,266</u>	<u>\$ 124,264</u>	<u>\$ 387,957</u>	<u>\$ 75,526</u>	<u>\$ 23,329</u>	<u>\$ 2,640</u>	<u>\$1,746,985</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
STATE TRANSIT ASSISTANCE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>SJRTD</u>	<u>Lodi</u>	<u>Ripon</u>	<u>SJCRRC</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Escalon</u>	<u>SJCOG STA Admin.</u>	<u>Total STA Funds</u>
REVENUES:									
Intergovernmental	\$ 3,663,815	\$ 191,379	\$ 5,062	\$ 514,991	\$ 35,991	\$ 70,514	\$ 5,000	\$ 75,072	\$ 4,561,824
Prop 1B TSSDRA	-	-	-	36,926	-	-	-	-	36,926
Interest STA	780	437	3	215	32	64	1	-	1,532
Interest PTMISEA	-	-	-	-	1,494	140	113	-	1,747
Interest TSSDRA	-	-	-	56	-	-	-	-	56
Unrealized Gains (Losses) on Investments	(12)	10	-	-	(60)	10	-	-	(52)
Total Revenues	<u>3,664,583</u>	<u>191,826</u>	<u>5,065</u>	<u>552,188</u>	<u>37,457</u>	<u>70,728</u>	<u>5,114</u>	<u>75,072</u>	<u>4,602,033</u>
EXPENDITURES:									
SJRTD	3,646,490	-	-	-	-	-	-	-	3,646,490
Lodi	-	168,315	-	-	-	-	-	-	168,315
Ripon	-	-	5,065	-	-	-	-	-	5,065
SJRRRC	-	-	-	515,688	-	-	-	-	515,688
SJRRRC (TSSDRA)	-	-	-	36,926	-	-	-	-	36,926
Manteca	-	-	-	-	35,147	-	-	-	35,147
Manteca (PTMISEA)	-	-	-	-	149,175	-	-	-	149,175
Tracy	-	-	-	-	-	68,026	-	-	68,026
Escalon	-	-	-	-	-	-	5,130	-	5,130
Escalon (PTMISEA)	-	-	-	-	-	-	23,858	-	23,858
SJCOG TDA Admin.	-	-	-	-	-	-	-	75,072	75,072
Total Expenditures	<u>3,646,490</u>	<u>168,315</u>	<u>5,065</u>	<u>552,614</u>	<u>184,322</u>	<u>68,026</u>	<u>28,988</u>	<u>75,072</u>	<u>4,728,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,093	23,511	-	(426)	(146,865)	2,702	(23,874)	-	(126,859)
Fund Balance Beginning of Year	<u>10,567</u>	<u>118,342</u>	<u>1</u>	<u>19,690</u>	<u>524,535</u>	<u>60,524</u>	<u>45,953</u>	<u>-</u>	<u>779,612</u>
Fund Balance End of Year	<u>\$ 28,660</u>	<u>\$ 141,853</u>	<u>\$ 1</u>	<u>\$ 19,264</u>	<u>\$ 377,670</u>	<u>\$ 63,226</u>	<u>\$ 22,079</u>	<u>\$ -</u>	<u>\$ 652,753</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>PUC Section</u>	<u>Purpose</u>	<u>Allocated/ Expended</u>
6730(a)	Public Transit:	
	San Joaquin Regional Transit District	\$ 2,951,994
	San Joaquin Regional Rail Commission	515,688
	City of Escalon	5,130
	City of Ripon	5,065
	City of Manteca	35,147
	City of Tracy	68,026
		<u>3,581,050</u>
6730(b)	Transit Capital:	
	San Joaquin Regional Transit District	694,496
	City of Lodi	168,315
		<u>862,811</u>
6731(b)	Transit Administration/Planning:	
	Council	75,072
Proposition 1B	PTMISEA (Capital)	
	City of Tracy	23,858
	City of Manteca	149,175
		<u>173,033</u>
Proposition 1B	TSSSDRA (Capital)	
	San Joaquin Regional Rail Commission	36,926
		<u>36,926</u>
	Total:	<u><u>\$ 4,728,892</u></u>

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**STATISTICAL SECTION
(Unaudited)**

SAN JOAQUIN COUNCIL OF GOVERNMENTS STATISTICAL SECTION

This part of the San Joaquin Council of Governments' (SJCOG) comprehensive annual financial report presents detailed information as a context for a better understanding of SJCOG's overall financial condition.

Contents	Page
Financial Trends.....	95-104
These schedules contain trend information to help the reader understand how SJCOG's financial performance has changed over time.	
Revenue Capacity.....	105-106
These schedules contain information to help the reader assess SJCOG's most significant local revenue source, the sales tax.	
Debt Capacity.....	107
This schedule presents information to help the reader assess the affordability of SJCOG's current levels of outstanding debt and SJCOG's ability to issue additional debt in the future.	
Demographic and Economic Information.....	108-110
These schedules offer demographic and economic indicators to help the reader understand the environment within which SJCOG's financial activities take place.	
Operating Information	111-112
These schedules contain service and infrastructure data to help the reader understand how the information in SJCOG's financial report relates to the services SJCOG provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Governmental Activities:										
Net investment in capital assets	\$ 1,922,459	\$ 15,326,492	\$ 21,546,388	\$ 31,734,543	\$ 35,758,363	\$ 38,656,399	\$ 39,585,252	\$ 45,035,979	\$ 47,531,273	\$ 48,877,028
Restricted for:										
Habitat acquisition and management	10,772,195	10,747,589	13,485,889	11,582,285	7,811,087	8,138,003	9,454,822	10,839,874	12,654,148	14,517,762
Apportioned	42,408,568	70,648,046	72,126,166	95,593,101	8,837,068	-	-	-	-	-
Debt service	443	183,693	230,773	2,568,434	91,671,112	-	-	-	-	-
Unrestricted	<u>7,019,869</u>	<u>(35,798,151)</u>	<u>(66,054,863)</u>	<u>(130,293,050)</u>	<u>(100,703,058)</u>	<u>(23,072,945)</u>	<u>(22,060,434)</u>	<u>(59,497,115)</u>	<u>(90,678,836)</u>	<u>(108,507,870)</u>
Total Primary Government Net Position	<u>\$ 62,123,534</u>	<u>\$ 61,107,669</u>	<u>\$ 41,334,353</u>	<u>\$ 11,185,313</u>	<u>\$ 43,374,572</u>	<u>\$ 23,721,457</u>	<u>\$ 26,979,640</u>	<u>\$ (3,621,262)</u>	<u>\$ (30,493,415)</u>	<u>\$ (45,113,080)</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<u>Program Revenues:</u>										
Governmental activities:										
Charges for services:										
General government	\$ 2,863	\$ 2,998	\$ 1,801	\$ 722	\$ 696	\$ 815	\$ 251	\$ 125	\$ -	\$ -
Habitat development	2,887,183	13,483,880	10,130,931	9,438,682	1,514,990	4,424,418	2,555,022	2,302,388	4,921,911	3,899,205
Operating grants and contributions	73,098,323	83,038,339	93,886,407	90,771,419	146,120,142	68,236,918	89,467,495	81,560,358	81,103,164	85,599,338
 Total Program Revenues - primary government	<u>75,988,369</u>	<u>96,525,217</u>	<u>104,019,139</u>	<u>100,210,823</u>	<u>147,635,828</u>	<u>72,662,151</u>	<u>92,022,768</u>	<u>83,862,871</u>	<u>86,025,075</u>	<u>89,498,543</u>
 <u>General Revenues:</u>										
Governmental activities:										
Unrestricted investment earnings	16,210	33,470	48,782	38,103	40,790	7,308	5,399	5,928	5,160	6,163
Miscellaneous	73,578	59,766	96,255	66,404	28,029	27,602	45,312	62,134	23,326	10,989
 Total General Revenues - primary government	<u>89,788</u>	<u>93,236</u>	<u>145,037</u>	<u>104,507</u>	<u>68,819</u>	<u>34,910</u>	<u>50,711</u>	<u>68,062</u>	<u>28,486</u>	<u>17,152</u>
 Total Revenues - primary government	<u>\$ 76,078,157</u>	<u>\$ 96,618,453</u>	<u>\$ 104,164,176</u>	<u>\$ 100,315,330</u>	<u>\$ 147,704,647</u>	<u>\$ 72,697,061</u>	<u>\$ 92,073,479</u>	<u>\$ 83,930,933</u>	<u>\$ 86,053,561</u>	<u>\$ 89,515,695</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
EXPENSES										
Governmental Activities:										
General government	\$ 4,483,182	\$ 4,708,473	\$ 6,986,738	\$ 6,493,431	\$ 6,292,146	\$ 6,203,470	\$ 5,921,697	\$ 6,263,778	\$ 6,118,418	\$ 6,674,200
Transportation	71,652,827	92,855,576	115,748,171	122,691,177	124,121,214	84,886,628	82,211,723	95,878,429	94,290,443	84,563,205
Habitat development	494,808	682,184	968,753	1,062,862	1,080,070	1,055,063	634,819	530,619	545,955	626,915
Commute Connection	-	-	-	-	-	-	-	-	500	50
Building interest expense	135,247	195,905	233,830	216,900	212,874	205,015	47,057	36,147	19,923	55,843
Measure K Renewal investment interest expense	-	-	-	-	-	-	-	11,822,862	11,950,475	12,215,147
Total Primary Government Expenses	<u>76,766,064</u>	<u>98,442,138</u>	<u>123,937,492</u>	<u>130,464,370</u>	<u>131,706,304</u>	<u>92,350,176</u>	<u>88,815,296</u>	<u>114,531,835</u>	<u>112,925,714</u>	<u>104,135,360</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
General government	2,863	2,998	1,801	722	696	815	251	125	-	-
Habitat development	2,887,183	13,483,880	10,130,931	9,438,682	1,514,990	4,424,418	2,555,022	2,302,388	4,921,911	3,899,205
Operating grants and contributions	73,098,323	83,038,339	93,886,407	90,771,419	146,120,142	68,236,918	89,467,495	81,560,358	81,103,164	85,599,338
Total Governmental Activities Program Revenues	<u>75,988,369</u>	<u>96,525,217</u>	<u>104,019,139</u>	<u>100,210,823</u>	<u>147,635,828</u>	<u>72,662,151</u>	<u>92,022,768</u>	<u>83,862,871</u>	<u>86,025,075</u>	<u>89,498,543</u>
Total Primary Government Net Revenue (Expense)	<u>(777,695)</u>	<u>(1,916,921)</u>	<u>(19,918,353)</u>	<u>(30,253,547)</u>	<u>15,929,524</u>	<u>(19,688,025)</u>	<u>3,207,472</u>	<u>(30,668,964)</u>	<u>(26,900,639)</u>	<u>(14,636,817)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Unrestricted investment earnings	16,210	33,470	48,782	38,103	40,790	7,308	5,399	5,928	5,160	6,163
Miscellaneous	73,578	59,766	96,255	66,404	28,029	27,602	45,312	62,134	23,326	10,989
Total General Revenues - primary government	<u>89,788</u>	<u>93,236</u>	<u>145,037</u>	<u>104,507</u>	<u>68,819</u>	<u>34,910</u>	<u>50,711</u>	<u>68,062</u>	<u>28,486</u>	<u>17,152</u>
CHANGE IN NET POSITION TOTAL PRIMARY GOVERNMENT	<u>\$ (687,907)</u>	<u>\$ (1,823,685)</u>	<u>\$ (19,773,316)</u>	<u>\$ (30,149,040)</u>	<u>\$ 15,998,343</u>	<u>\$ (19,653,115)</u>	<u>\$ 3,258,183</u>	<u>\$ (30,600,902)</u>	<u>\$ (26,872,153)</u>	<u>\$ (14,619,665)</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 *</u>	<u>2011-12 *</u>	<u>2012-13 *</u>	<u>2013-14 *</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Unreserved	<u>(4,722,759)</u>	<u>(4,042,126)</u>	<u>(3,732,171)</u>	<u>(3,172,720)</u>	<u>(2,686,636)</u>	<u>(3,393,120)</u>				
Nonspendable							\$ 99,949	\$ 134,925	\$ 105,199	\$ 94,515
Unassigned							<u>(3,010,753)</u>	<u>(2,923,930)</u>	<u>(2,827,527)</u>	<u>(3,070,547)</u>
Total General Fund	<u>\$ (4,722,759)</u>	<u>\$ (4,042,126)</u>	<u>\$ (3,732,171)</u>	<u>\$ (3,172,720)</u>	<u>\$ (2,686,636)</u>	<u>\$ (3,393,120)</u>	<u>\$ (2,910,804)</u>	<u>\$ (2,789,005)</u>	<u>\$ (2,722,328)</u>	<u>\$ (2,976,032)</u>
All Other Governmental Funds										
Reserved	<u>\$ 143,371,222</u>	<u>\$ 204,631,247</u>	<u>\$ 184,816,451</u>	<u>\$ 353,867,089</u>	<u>\$ 379,306,780</u>	<u>\$ 409,558,264</u>				
Nonspendable							\$ 21,455,781	\$ 15,632,083	\$ 18,919,010	\$ 28,466,395
Restricted							242,609,078	217,072,269	181,542,717	154,287,487
Assigned							9,454,822	10,839,584	12,654,048	14,517,762
Unassigned							<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(550)</u>
Total All Other Governmental Funds	<u>\$ 143,371,222</u>	<u>\$ 204,631,247</u>	<u>\$ 184,816,451</u>	<u>\$ 353,867,089</u>	<u>\$ 379,306,780</u>	<u>\$ 409,558,264</u>	<u>\$ 273,519,681</u>	<u>\$ 243,543,936</u>	<u>\$ 213,115,275</u>	<u>\$ 197,271,094</u>
Total Fund Balance	<u>\$ 138,648,463</u>	<u>\$ 200,589,121</u>	<u>\$ 181,084,280</u>	<u>\$ 350,694,369</u>	<u>\$ 376,620,144</u>	<u>\$ 406,165,144</u>	<u>\$ 270,608,877</u>	<u>\$ 240,754,931</u>	<u>\$ 210,392,947</u>	<u>\$ 194,295,062</u>

* Beginning in 2010, the City began reporting fund balance in conformity with GASB Statement No. 54, which changed how fund balance is classified.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
REVENUES										
Sales tax	\$ 67,439,208	\$ 74,394,499	\$ 77,799,996	\$ 73,149,434	\$ 62,476,792	\$ 58,090,065	\$ 58,722,796	\$ 65,431,665	\$ 68,941,867	\$ 76,691,276
Proposition 1B PTMISEA	-	-	-	-	-	89,000	40,000	1,575,000	18,463	36,926
Intergovernmental	4,196,645	5,146,041	5,996,146	7,732,701	70,387,640	5,500,686	28,143,994	10,746,511	10,898,070	6,485,807
Charges for services	2,745,671	13,218,708	10,777,411	9,627,908	1,645,111	4,757,357	2,796,000	4,132,250	4,636,072	4,200,784
Investment earnings	3,305,289	5,671,684	10,844,856	11,528,055	14,579,218	5,359,772	3,452,217	3,125,431	1,953,729	2,868,828
Other	73,578	59,766	146,155	68,875	28,029	27,602	45,311	83,489	797,874	402,439
Total Revenues	77,760,391	98,490,698	105,564,564	102,106,973	149,116,790	73,824,482	93,200,318	85,094,346	87,246,075	90,686,060
EXPENDITURES										
General administration	5,896,553	6,277,914	8,559,267	8,457,347	7,848,755	7,408,261	7,084,839	7,441,201	7,403,493	8,035,616
Transportation	69,645,387	88,117,490	109,520,850	111,268,790	112,255,930	75,118,626	74,982,641	94,003,700	93,460,643	84,423,448
Habitat plan	112,392	297,201	488,657	534,850	601,724	707,193	301,390	237,929	178,868	254,044
Investment expense	633,784	840,548	740,270	5,397,353	748,954	699,422	2,021,595	948,577	872,724	182,681
Debt service:										
Principal	38,583	40,901	54,075	54,296	65,901	58,620	38,849	31,376	26,077	25,366
Interest	1,759,929	4,578,834	5,688,210	6,416,338	13,654,547	11,598,938	7,037,856	11,859,009	11,970,398	12,270,990
Capital outlay:										
Capital assets	42,191	21,998	6,441,954	13,576,217	4,206,120	3,047,841	676,403	426,500	2,726,780	1,591,800
Capital leases	24,085	18,368	87,314	72,344	50,316	8,330	37,938	34,590	5,464	47,872
Total Expenditures	78,152,904	100,193,254	131,580,597	145,777,535	139,432,247	98,647,231	92,181,511	114,982,882	116,644,447	106,831,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(392,513)	(1,702,556)	(26,016,033)	(43,670,562)	9,684,543	(24,822,749)	1,018,807	(29,888,536)	(29,398,372)	(16,145,757)
OTHER FINANCING SOURCES (USES)										
Commercial paper proceeds	-	72,000,000	-	-	-	-	216,190,785	-	-	-
Bond anticipation note proceeds	-	-	-	210,003,362	-	-	-	-	-	-
Bond anticipation note defeasement	-	-	-	-	-	-	(206,469,378)	-	-	-
Commercial paper retirements	-	-	-	-	-	-	(92,000,000)	-	-	-
Operating transfers - in	-	-	-	-	-	-	255,239	-	-	-
Operating transfers - out	-	-	-	-	-	-	(255,239)	-	-	-
Proceeds on sale of assets	-	-	-	3,204,945	-	-	-	-	-	-
Capital leases	24,085	18,368	87,314	72,344	50,316	8,330	37,938	34,590	5,464	47,872
Total Other Financing Sources (Uses)	24,085	72,018,368	87,314	213,280,651	50,316	8,330	(82,240,655)	34,590	5,464	47,872
NET CHANGE IN FUND BALANCES	\$ (368,428)	\$ 70,315,812	\$ (25,928,719)	\$ 169,610,089	\$ 9,734,859	\$ (24,814,419)	\$ (81,221,848)	\$ (29,853,946)	\$ (29,392,908)	\$ (16,097,885)
Debt service as a percentage of noncapital expenditures	2.30%	4.61%	4.59%	4.90%	10.15%	12.20%	7.74%	10.38%	10.53%	11.69%

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE FISCAL YEARS ENDING JUNE 30, 2004 THROUGH JUNE 30, 2014**

	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
INTERGOVERNMENTAL										
TDA Administration	\$ 160,000	\$ 200,000	\$ 190,531	\$ 181,271	\$ 214,176	\$ 146,711	\$ 242,475	\$ 224,835	\$ 250,000	\$ 225,000
State Transit Assistance	20,459	35,607	18,988	137,964	40,822	-	72,019	73,175	76,832	75,072
RTIF Administration and Third Party Costs	-	-	20,072	22,169	2,126	11,109	59,160	60,565	16,893	12,538
Freeway Service Patrol	330,361	323,127	437,571	469,166	478,210	217,446	217,845	218,774	537,791	832,446
Ridesharing - Stanislaus Co.	139,000	155,000	155,000	160,000	141,500	132,247	143,779	153,978	155,000	190,000
Ridesharing - Merced County TDM	-	-	-	-	-	-	2,578	36,867	46,734	-
National Fish & Wildlife	-	-	21,100	12,000	12,000	12,000	12,000	12,000	3,000	-
Habitat Funds/Habitat Management	382,415	384,983	434,797	528,012	478,344	347,870	333,429	292,690	367,086	372,871
Measure K	1,038,517	1,644,128	1,181,080	1,180,287	1,401,413	1,000,000	1,366,000	1,375,150	1,448,350	1,490,000
Fed. Highways Plng. & Admin/SPR/PPM	980,375	782,606	1,187,526	1,546,086	1,518,403	1,405,945	1,079,826	1,213,771	1,154,608	1,190,763
Federal Transit Administration	188,008	179,054	149,338	218,673	296,091	213,067	301,454	300,610	380,023	203,105
FHWA Partnership Planning	-	-	-	-	-	150,000	-	-	1,108	78,598
JARC Mobility and Operations FTA 5316	-	-	-	-	-	-	63,545	100,459	-	-
RSTP	-	-	-	-	-	151,195	22,510	129,813	85,619	-
Calaveras COG	-	-	-	-	-	-	-	-	3,714	14,707
City of Manteca	-	-	-	-	-	-	-	-	4,212	4,027
Department of Education	32,352	-	-	-	-	-	-	-	-	-
CMAQ/IRP/WTW/CIRIS	105,414	79,733	-	-	-	-	-	-	-	-
CMAQ/Congest. Mitigation/Rideshare	24,956	343,911	353,139	404,113	488,462	486,047	918,808	545,137	431,403	494,486
San Joaquin Valley APCD	-	-	-	-	-	-	-	-	-	20,000
Airport Land Use Commission	4,390	3,430	2,702	665	900	1,610	1,843	1,790	2,633	15,147
Sacramento COG 511 Program	-	-	-	-	115,016	94,621	79,818	79,602	81,164	59,780
Sacramento COG SP&R	-	-	-	-	-	-	2,595	21,603	4,989	-
RTP / Sustainable Energy	-	-	-	-	-	-	-	-	-	3,226
Caltrans SP&R Smart Growth Program	-	-	-	-	-	-	90,845	209,155	-	-
SB 45 STIP PP&M Program	90,556	94,444	249,677	431,323	300,000	192,059	218,941	205,000	205,000	200,000
Caltrans State Public Trans Account Funds	-	-	-	-	-	-	-	-	-	18,000
Cost of issuance 2014 Bond	-	-	-	-	-	-	-	-	-	25,000
StanCOG Multi-County Travel Demand Model	-	-	-	-	-	-	-	-	-	60,000
Valley blue print	24,000	80,070	423,640	172,673	129,449	71,448	20,884	-	-	-
USDOT SR130/FAA	-	90,692	401,144	300,494	86,096	-	-	-	-	-
Valley Wide Air Quality	-	-	-	-	-	148,436	99,653	190,061	155,331	165,750
ALUP - SJCOG TDA	-	-	-	255,399	344,601	139,397	50,000	-	-	-
Planning - SJCOG TDA	675,842	749,256	789,912	829,407	608,125	538,590	559,603	700,981	681,191	735,291
Total Intergovernmental	4,196,645	5,146,041	6,016,217	6,849,702	6,655,734	5,459,798	5,959,610	6,146,016	6,092,681	6,485,807
USE OF MONEY AND PROPERTY										
Interest Income	16,255	32,942	48,782	44,261	31,670	8,519	6,496	5,700	5,085	6,163
Unrealized Gain (Loss) on Inv.	(45)	529	531	(6,158)	9,120	(1,211)	(1,097)	228	75	-
Total Use of Money and Property	16,210	33,471	49,313	38,103	40,790	7,308	5,399	5,928	5,160	6,163
OTHER REVENUE										
SJCOG Fees - Data Sales	1,406	2,827	539	364	696	815	251	125	-	-
Donations and Other Local Revenue	75,034	59,936	77,446	66,762	25,903	27,602	45,312	62,135	23,327	10,989
Total Other Revenue	76,440	62,763	77,985	67,126	26,599	28,417	45,563	62,260	23,327	10,989
Total Revenues	\$ 4,289,295	\$ 5,242,275	\$ 6,143,515	\$ 6,954,931	\$ 6,723,123	\$ 5,495,523	\$ 6,010,572	\$ 6,214,204	\$ 6,121,168	\$ 6,502,959

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL FUND
FOR THE FISCAL YEARS ENDING JUNE 30, 2004 THROUGH JUNE 30, 2014**

	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
EXPENDITURES										
RTP Update	\$ 87,440	\$ 89,731	\$ 413,442	\$ 104,159	\$ 150,218	\$ 409,341	\$ 139,322	\$ 161,325	\$ 463,545	\$ 897,004
RTP Studies	72,319	149,458	344,264	504,228	567,449	286,784	72,953	126,098	66,149	104,362
Regional Transp. Improv. Plan	182,096	341,682	177,677	267,209	255,668	334,835	348,878	284,602	352,156	377,440
Road/Street Monitoring	506,476	357,210	540,141	773,030	830,392	547,751	610,351	534,837	461,186	552,434
Transit Coordination	213,414	203,517	162,369	356,637	483,932	240,499	337,769	267,419	407,697	159,023
Transportation Air Quality	173,907	258,762	316,860	211,804	219,606	362,956	301,574	473,827	534,510	524,971
Good Movements	-	-	-	124,998	97,093	57,032	74,382	82,034	46,885	4,472
Technical Assistance	100,838	50,921	37,429	37,267	25,453	20,643	15,921	11,045	14,832	19,119
Intergovernmental Coordination	340,899	291,893	424,375	406,864	344,386	280,077	292,606	250,967	231,065	233,658
Projects and Forecasts	97,117	10,299	25,676	100,092	65,407	75,957	72,680	91,988	89,751	79,036
Aviation and Land Use	3,740	80,379	266,781	260,339	367,155	139,397	133,158	96,875	56,581	67,035
Congestion Management	13,444	12,653	51,727	290,491	160,898	325,680	131,578	282,224	254,819	181,640
Regional Planning	539,041	26,890	17,192	86,888	33,502	2,010	10,587	28,117	31,040	34,841
Valley M.P.O. Coordination	14,515	7,926	100,638	123,667	169,988	108,074	112,993	76,544	38,376	64,080
Interregional Partnership	6,791	1,607	5,991	10,323	17,819	7,444	254,997	16,804	-	-
San Joaquin Valley Blueprint	-	80,506	438,418	208,222	214,025	116,721	56,257	-	-	-
Habitat Implementation	-	241,459	43	-	5,125	23,302	11,223	41,014	7,767	-
Measure K Program Management	243,150	312,057	259,198	346,961	256,309	169,049	252,460	171,515	170,589	148,419
RTIF	-	-	-	34,877	32,419	16,596	76,580	85,853	30,392	24,892
Smart Growth	-	-	-	99,672	31,285	-	113,557	269,804	-	-
COG OWP Mgmt. & Admin.	155,404	166,162	189,732	237,752	203,873	139,644	166,163	146,601	142,159	210,804
TDA Administration	133,284	199,767	190,531	181,271	214,176	146,711	242,475	272,981	271,265	278,191
Community Involvement	296,176	687,150	630,564	349,511	277,043	143,789	81,553	125,327	84,236	36,153
Capital Outlay/Deprec/Ins Adjustment	(152,087)	(200,121)	(136,175)	(93,171)	(170,027)	(206,027)	182,914	(103,927)	(31,976)	7,462
ISTEA/TEA-21 Management	735	8,276	13,866	-	-	-	-	-	-	-
Ridesharing - S.J. County/Stan. County TDM	431,861	511,567	709,962	818,667	663,440	643,407	1,186,219	889,092	660,360	800,224
Freeway Service Patrol	414,316	443,969	567,343	570,490	577,445	299,876	290,506	285,575	633,961	888,767
Under (Over) - Applied Costs	553,463	469,795	85,516	55,576	193,278	1,524,189	251,777	1,158,454	1,042,610	1,110,508
Total Expenditures	\$ 4,428,339	\$ 4,803,515	\$ 5,833,560	\$ 6,467,824	\$ 6,287,357	\$ 6,215,737	\$ 5,821,433	\$ 6,126,995	\$ 6,059,955	\$ 6,804,535

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
PROFILE OF TAXABLE SALES
2004 – 2013
(UNAUDITED)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Retail Stores										
Apparel stores	3.49%	3.54%	3.72%	3.79%	4.77%	5.12%	5.06%	4.88%	5.09%	* n/a
General merchandise	10.58%	10.59%	10.67%	9.91%	11.14%	11.66%	11.20%	10.40%	10.35%	* n/a
Specialty stores	9.76%	9.77%	6.08%	5.31%	6.87%	6.90%	6.58%	6.21%	5.98%	* n/a
Eating and drinking group	8.64%	8.80%	9.21%	9.77%	11.21%	10.77%	10.54%	10.88%	10.93%	* n/a
Building material group	6.73%	6.46%	5.83%	5.22%	5.45%	5.20%	5.02%	5.11%	5.31%	* n/a
Automotive group	20.89%	20.58%	21.01%	21.36%	18.55%	19.42%	20.89%	22.13%	21.88%	* n/a
Other retail stores	9.91%	9.79%	12.47%	12.16%	9.66%	9.39%	9.02%	8.86%	9.37%	* n/a
Business and personal services	4.30%	4.23%	4.16%	4.19%	4.79%	4.53%	4.42%	4.30%	4.32%	* n/a
All other	25.70%	26.24%	26.85%	28.29%	27.56%	27.01%	27.27%	27.23%	26.77%	* n/a
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

SOURCE: CALIFORNIA STATE BOARD OF EQUALIZATION

* 2013 Data reflects 1st and 2nd quarter. 3rd and 4th quarter data was not yet available.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Governmental Activities:										
General government	\$ 4,483,182	\$ 4,708,473	\$ 6,986,738	\$ 6,493,431	\$ 6,292,146	\$ 6,203,470	\$ 5,921,697	\$ 6,263,778	\$ 6,118,418	\$ 6,674,200
Transportation	71,652,827	92,855,576	115,748,171	122,691,177	124,121,214	84,886,628	82,211,723	95,878,429	94,290,443	84,563,205
Habitat development	494,808	682,184	968,753	1,062,862	1,080,070	1,055,063	634,819	530,619	545,955	626,915
Commute Connection	-	-	-	-	-	-	-	-	500	50
Building interest expense	135,247	195,905	233,830	216,900	212,874	205,015	47,057	36,147	19,923	55,843
Measure K Renewal investment interest expense	-	-	-	-	-	-	-	11,822,862	11,950,475	12,215,147
Total Expenses	\$ 76,766,064	\$ 98,442,138	\$ 123,937,492	\$ 130,464,370	\$ 131,706,304	\$ 92,350,176	\$ 88,815,296	\$ 114,531,835	\$ 112,925,714	\$ 104,135,360

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
GOVERNMENTAL ACTIVITIES SALES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Local Transportation Fund	State Transit Assistance	Measure K	Total
2013-14	\$ 24,509,779	\$ 4,561,824	\$ 47,619,673	\$ 76,691,276
2012-13	22,706,297	4,805,389	46,235,570	73,747,256
2011-12	22,059,739	-	43,374,926	65,434,665
2010-11	19,609,278	-	39,113,518	58,722,796
2009-10	17,953,026	4,587,275	35,549,764	58,090,065
2008-09	20,270,843	1,739,077	40,466,872	62,476,792
2007-08	23,155,198	3,661,440	45,580,925	72,397,563
2006-07	23,709,474	6,927,579	47,162,943	77,799,996
2005-06	24,975,210	2,251,762	47,167,527	74,394,499
2004-05	22,528,054	1,285,581	43,625,573	67,439,208

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DIRECT AND OVERLAPPING SALES TAX RATES
2004 – 2013**

Fiscal Year	Sales Tax Measure K	County of San Joaquin *	City of Manteca	City of Stockton	City of Tracy	City of Lathrop
2014	0.50%	8.00%	8.50%	9.00%	8.50%	9.00%
2013	0.50%	8.00%	8.51%	8.00%	8.50%	9.00%
2012	0.50%	7.75%	8.25%	8.00%	8.25%	n/a
2011	0.50%	7.75%	8.25%	8.00%	8.75%	n/a
2010	0.50%	8.75%	9.25%	9.00%	n/a	n/a
2009	0.50%	8.25%	8.75%	8.50%	n/a	n/a
2008	0.50%	7.25%	7.75%	7.50%	n/a	n/a
2007	0.50%	7.25%	7.75%	7.50%	n/a	n/a
2006	0.50%	7.25%	7.25%	7.50%	n/a	n/a
2005	0.50%	7.25%	7.25%	7.50%	n/a	n/a

Source: California State Board of Equalization

* Excludes the Cities of Manteca, Stockton, and Tracy, and Lathrop

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
TAXABLE RETAIL SALES BY JURISDICTION**

County and Cities	2003			2013	
	Rank	Taxable Sales	Percentage of Total	Taxable Sales	Percentage of Total
San Joaquin County		\$ 4,609,442	100.00%	\$ 8,703,241	100.00%
Stockton	1	1,662,864	36.08%	3,466,829	39.83%
Unincorporated	2	663,440	14.39%	1,309,435	15.05%
Tracy	3	647,577	14.05%	1,032,508	11.86%
Unallocated	4	523,955	11.37%	850,287	9.77%
Manteca	5	429,284	9.31%	693,138	7.96%
Lodi	6	417,481	9.06%	813,878	9.35%
Lathrop	7	110,947	2.41%	278,963	3.21%
Ripon	8	120,686	2.62%	185,911	2.14%
Escalon	9	33,208	0.71%	72,292	0.83%
Total San Joaquin County		<u>\$ 4,609,442</u>	<u>100.00%</u>	<u>\$ 8,703,241</u>	<u>100.00%</u>

Source: California State Board of Equalization
Data for 2013 is 1st and 2nd quarter.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	BOND ANTICIPATION NOTES	2011 Sales Tax Bond	CAPITAL LEASES	COMMERCIAL PAPER	LINE OF CREDIT			
2014	\$ - *	\$ 212,933,326	\$ 48,962	\$ -	\$ 75,000,000	\$ 287,982,288	N/A	405.2
2013	- *	212,976,251	26,387	-	75,000,000	288,002,638	N/A	410.4
2012	- *	213,019,175	47,072	75,000,000	-	288,066,247	1.2415%	415.7
2011	- *	213,062,099	43,858	75,000,000	-	288,105,957	1.3343%	418.1
2010	205,114,860	- **	44,770	167,000,000	-	372,159,630	1.7610%	536.0
2009	207,461,341	- **	95,059	167,000,000	-	374,556,400	1.7863%	543.2
2008	209,807,822	- **	110,644	167,000,000	-	376,918,466	1.7845%	552.4
2007	- *	- **	92,597	167,000,000	-	167,092,597	0.8705%	245.8
2006	- *	- **	47,825	167,000,000	-	167,047,825	0.9216%	250.0
2005	- *	- **	70,358	95,000,000	-	95,070,358	0.5509%	145.5

SOURCE: FINANCE DEPARTMENT

Data not available because:

(*) Bond Anticipation Notes were not issued until May 2008 and were defeased in March of 2011.

(**) Sales Tax Bonds were not issued until March 2011.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT,
AND DEBT LIMITATIONS**

The San Joaquin Council of Governments (the Council) does not have overlapping debt with other governmental agencies. Information on the direct debt obligations of the Council can be found in Note 8 of the financial statements. Additionally, the Council does not have a legal debt limit.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DEMOGRAPHIC INFORMATION
(UNAUDITED)
LAST TEN YEARS**

YEAR	COUNTY POPULATION (JANUARY 1)	TOTAL HOUSING UNITS	NEW HOUSING UNITS	TAXABLE SALES (IN THOUSANDS)
2014	710,731	236,943	1,037 **	n/a
2013	701,745	235,906	914 *	4,609,442
2012	963,013	234,992	649 \$	9,010,930
2011	689,160	234,343	4,528 \$	8,426,952
2010	694,293	229,827	846 \$	7,602,090
2009	689,480	228,981	1,642 \$	7,260,073
2008	682,316	227,339	3,370 \$	8,696,074
2007	679,687	223,969	4,252 \$	9,326,761
2006	668,265	219,717	5,950 \$	9,528,419
2005	653,333	213,688	6,239 \$	9,612,059

SOURCES:

Population and New Housing – California Department of Finance

Taxable Sales – California State Board of Equalization

* Taxable Sales Data for 2013 Reflects 1st, 2nd, & 3rd Quarter, 4th Quarter Data Not Available

** Taxable Sales Data for 2014 Was Not Yet Available

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)
LAST TEN FISCAL YEARS**

CALENDAR YEAR	COUNTY ⁽¹⁾ POPULATION (JANUARY 1)	PERSONAL ⁽³⁾ INCOME \$ THOUSANDS	PER CAPITA ⁽³⁾ PERSONAL INCOME	MEDIAN ⁽²⁾ AGE	UNEMPLOYMENT ⁽²⁾ RATE
2014	710,731	N/A *	N/A *	N/A	N/A
2013	701,745	N/A *	N/A *	33.5	12.80%
2012	693,013	23,203,279	33,024	33	15.00%
2011	689,160	21,591,743	31,331	32.6	16.89%
2010	694,293	21,133,128	30,438	32.7	17.30%
2009	689,480	20,968,710	30,412	32.2	15.39%
2008	682,316	21,121,955	30,956	31.8	10.39%
2007	679,687	19,194,503	28,240	31.5	8.10%
2006	668,265	18,125,182	27,123	31.5	7.40%
2005	653,333	17,256,675	26,413	31.5	7.90%

SOURCE: California Employment Development Department

(1) California Department of Finance

(2) U.S. Census Bureau

(3) U.S. Department of Commerce Bureau of Economic Analysis (BEA)

(*) Data for 2013-2014 is not yet available, therefore, 2012 data is the most current year provided.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SAN JOAQUIN COUNTY EMPLOYMENT BY INDUSTRY
CALENDAR YEAR 2012 AND TEN YEARS PRIOR**

Industry Type	2004		2013	
	Average Annual Employment	% of Total Employment	Average Annual Employment	% of Total Employment
Agriculture	\$ 16,000	7.30%	15,600	7.22%
Natural Resources and Mining	15,500	7.07%	8,800	4.07%
Manufacturing	20,700	9.44%	17,800	8.24%
Trade, Transportation, and Utilities	47,300	21.57%	52,000	24.06%
Financial Activities	9,600	4.38%	7,600	3.52%
Professional and Business Services	17,900	8.16%	17,300	8.01%
Government	39,400	17.97%	37,000	17.12%
Educational and Health Services	27,000	12.31%	33,400	15.46%
Leisure and Hospitality	16,800	7.66%	18,100	8.38%
Other Services	6,300	2.87%	6,600	3.05%
Information	2,800	1.28%	1,900	0.88%
Total, All Industries	<u>\$ 219,300</u>	<u>100.0%</u>	<u>216,100</u>	<u>100.0%</u>

SOURCE: California Employment Development Department, Labor Market Information Division, Industry Employment and Labor Force - by Annual Average, March 2008 Benchmark.
Employment figures may not add up to totals due to rounding.

(1) Data for 2014 is not yet available; therefore, 2013 data is provided.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS**

FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Executive Director	1	1	1	1	1	1	1	1	1	1
Deputy Executive Director/CFO	1	1	1	1	1	1	1	1	1	1
Deputy Director	1	1	1	1	1	1	1	1	1	1
Manager of Administrative Services	1	1	1	1	1	1	1	1	1	1
Public Communications Manager	-	-	-	1	1	1	1	1	-	1
Project Manager	-	1	1	1	1	1	1	1	1	2
Planners	15	15	15	15	15	15	16	16	16	15
Finance	4	5	5	5	5	4	4	4	4	4
Information Technology	1	1	1	2	2	2	1	1	1	1
Administration	4	5	5	5	4	4	4	4	4	4
Building Maintenance	1	1	1	1	1	1	-	-	-	-
Interns	-	-	-	1	-	-	1	2	1	-
Total Approved Full-Time Positions	29	32	32	35	33	32	32	33	31	31

**BY PROJECT
LAST TEN YEARS**

DIRECT PROJECTS	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Regional Transportation Plan Update	0.42	0.43	1.51	0.36	0.51	1.80	0.53	0.67	1.84	3.15
Regional Planning Studies	0.35	0.71	1.26	1.74	1.93	1.26	0.28	0.52	0.26	0.37
Regional Transportation Improvement Plan	0.88	1.62	0.65	0.92	0.87	1.47	1.33	1.18	1.39	1.33
Roads and Streets Planning	2.45	1.69	1.97	2.67	2.83	2.40	2.32	2.21	1.83	1.94
Transit Coordination Planning	1.03	0.97	0.59	1.23	1.65	1.06	1.29	1.11	1.61	0.56
Transportation Air Quality	0.84	1.23	1.16	0.73	0.75	1.59	1.15	1.96	2.12	1.85
Goods Movement	-	-	-	0.43	0.33	0.25	0.28	0.34	0.19	0.02
Ongoing Technical Assistance	0.49	0.24	0.14	0.13	0.09	0.09	0.06	0.05	0.06	0.07
Intergovernmental Coordination	1.65	1.38	1.55	1.41	1.17	1.23	1.11	1.04	0.92	0.82
Projections and Forecast	0.47	0.05	0.09	0.35	0.22	0.33	0.28	0.38	0.36	0.28
Aviation and Land Use	0.02	0.38	0.97	0.90	1.25	0.61	0.51	0.40	0.22	0.24
Congestion Management Prog/Sys	0.07	0.06	0.19	1.00	0.55	1.43	0.50	1.17	1.01	0.64
Regional Planning Studies	2.61	0.13	0.06	0.30	0.11	0.01	0.04	0.12	0.12	0.12
Valley MPO Coordination	0.07	0.04	0.37	0.43	0.58	0.47	0.43	0.32	0.15	0.23
Interregional Partnerships	0.03	0.01	0.02	0.04	0.06	0.03	0.97	0.07	-	-
S.J. Valley Blueprint	-	0.38	1.60	0.72	0.73	0.51	0.21	-	-	-
Habitat Implementation	-	1.15	-	-	0.02	0.10	0.04	0.17	0.03	-
Measure K Administration	1.18	1.48	0.95	1.20	0.87	0.74	0.96	0.71	0.68	0.52
Regional Transportation Impact Fee	-	-	-	0.12	0.11	0.07	0.29	0.36	0.12	0.09
Smart Growth	-	-	-	0.34	0.11	-	0.43	1.12	-	-
COG OWP Management and Administration	0.75	0.79	0.69	0.82	0.69	0.61	0.63	0.61	0.56	0.74
TDA Administration	0.65	0.95	0.70	0.63	0.73	0.64	0.92	1.13	1.07	0.98
Community Involvement	1.43	3.26	2.30	1.21	0.94	0.63	0.31	0.52	0.33	0.13
ISTEA/TEA-21 Management	-	0.04	0.05	-	-	-	-	-	-	-
Transportation Demand Management	2.09	2.43	2.59	2.83	2.26	2.82	4.51	3.68	2.62	2.81
Freeway Service Patrol	2.02	2.08	2.09	1.99	1.97	1.35	1.12	1.16	2.51	3.11
Subtotal - Direct Projects	19.50	21.50	21.50	22.50	21.33	21.50	20.50	21.00	20.00	20.00
INDIRECT	9.50	10.50	10.50	12.50	11.50	10.50	11.50	12.00	11.00	11.00
Total FTEs Based on Total Hours	29.00	32.00	32.00	35.00	32.83	32.00	32.00	33.00	31.00	31.00

SOURCE: San Joaquin Council of Governments

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS**

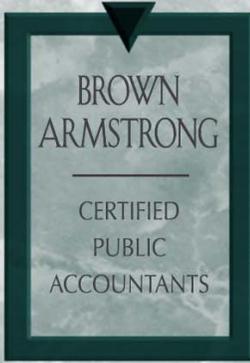
FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Square footage of SJCOG Complex	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
SJCOG INC.										
Acres of Habitat Easements	1,239.10	2,592.40	6,138.40	7,815.41	8,327.41	8,910.11	9,510.11	9,894.11	10,799.91	11,508.11
Preservation Credit	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34

SOURCE: San Joaquin Council of Governments Records

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OTHER REPORTS

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the San Joaquin Council of Governments (the Council), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and expended by the Council were made in accordance with the Transportation Development Act (TDA) as required by Sections 6661, 6664, 6666, and 6751 of Article 5.5 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

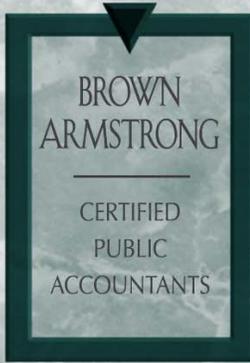
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 19, 2014



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
San Joaquin Council of Governments
Stockton, California

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Report on Compliance for Each Major Federal Program

We have audited San Joaquin Council of Governments' (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2014. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

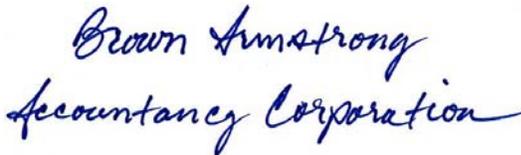
Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
December 19, 2014

FINDINGS AND QUESTIONED COSTS SECTION

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
CFDA# 20.505	Metropolitan Transportation Planning and Non-Metropolitan Planning and Research
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

2. Financial Statement Findings

None.

3. Federal Award Findings and Questioned Costs

None.

4. Status of Prior Year Findings and Questioned Costs

None.