

SAN JOAQUIN COUNCIL OF GOVERNMENTS

STOCKTON, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Prepared by:

Steven Dial, Deputy Executive Director/Chief Financial Officer

Grace Orosco, Chief Accountant

SAN JOAQUIN COUNCIL OF GOVERNMENTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2006

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INTRODUCTORY SECTION

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SAN JOAQUIN COUNCIL OF GOVERNMENTS

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www.sjcog.org

January 26, 2007

John Harris
CHAIR

Victor Mow
VICE CHAIR

Andrew T. Chesley
EXECUTIVE DIRECTOR

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 (Council) for the fiscal year ended June 30, 2006.

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 Pressley and Associates, Inc. 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, 2006, 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 auditor 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, 2006, 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 auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Council's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The 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 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 of Governments are described below. The Council of Governments is directed by a fifteen member 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 of Governments are carried out by a professional staff.

The roles of the San Joaquin Council of Governments

Since 1969 the Council of Governments 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 Agency 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 San Joaquin Council of Governments 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), and subsequently (SAFETEA- LU), has expanded this role. The Council serves functions such as being designated a Transportation Management Area, and being given Congestion Management functions.

C. Airport Land Use Commission (ALUC)

The Council serves as the agency responsible for preparing and enforcing a land use plan around each public access airport in San Joaquin County. The purpose is to eliminate the use of 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.

- 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 designated Congestion Management Agency (CMA) for San Joaquin

County. The CMA is responsible for the establishment and administration of a Congestion Management Program (CMP). The intent of a CMP is to analyze the cumulative impacts of local land use decisions on regionally significant roadways – the Congestion Management System (CMS). The CMP was originally a state requirement for local governments to be eligible to receive the increased state gas tax authorized under Proposition 111, which was approved by the voters in 1990. The state mandate was subsequently revoked, but the CMP process is still required under current federal planning regulations, and is a required element of the Measure K renewal ordinance.

F. Local Transportation Authority (LTA)

In November of 1990, San Joaquin County voters passed a ½ cent increase in the sales tax to support specific transportation improvements. 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. The monies provided under this ½ cent sales tax are referred to often in this document as Measure K funds.

G. Commute Connection - Transportation Demand Management

The Council operates Commute Connection, the transportation demand management marketing program for both San Joaquin and Stanislaus Counties. The commuter matching program operates using Federal funds under a contract with the State of California and Stanislaus Council of Governments. The Council has approximately 5,758 commuters participating in the program.

H. Fair Share Housing Plan

The State establishes affordable housing targets for each county. In San Joaquin County, the Council is responsible for determining the fair share distribution of those affordable units among our member jurisdictions. This authority is provided for in state law and must be done every five years.

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 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 Habitat Conservation Plan. The Council 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 A 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, 2006.

Budget-to-actual comparisons are provided in this report for the Council's general fund. This comparison is provided on page 61 as part of the basic financial statements 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 has experienced moderate economic growth throughout the past decade. The average annual sales tax revenue has grown 10.0% from 1993 through 2003. The economic downturn slowed sales tax growth to 6.03% for 2002-2003 and future growth was 6.5% in 2003-2004, 10.3% in 2004-2005, and 7.6% in 2005-06.

Throughout the decade, the County has experienced significant retail growth with the addition of auto malls, a new regional mall, so-called big box stores, outlet stores, and revitalization of existing retail areas.

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.

Despite unemployment continuing to be higher than the State average, the County is experiencing relatively low unemployment rates for an agriculturally based region.

Long-term financial planning

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

A. Federal Funding Sources

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 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.

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) to provide these services in Stanislaus County. StanCOG pays for these services using their CMAQ funds.

B. State Funding Sources

STA Funds - State Transit Assistance Funds are motor vehicle fuel sales tax monies collected statewide under the Transportation Development Act. These funds are allocated to San Joaquin County and distributed to eligible claimants to provide transit operator or transit contract services.

C. Local Funding Sources

LTF Funds - Local Transportation Funds are retail sales tax monies 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 - Occasionally, the Council will undertake a special study for a local jurisdiction. That jurisdiction will either directly pay for the Council study, or provide whatever matching funds are required to pay for the study.

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 - 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. Council's administration (salaries & benefits) of that program can not exceed 1% of receipts. Planning efforts undertaken to further a Measure K project can use these monies as well.

APCD Fees - The San Joaquin Valley Unified Air Pollution Control District allocates funds raised from a \$6 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 Valley through Remove Grants to local and regional agencies. It is expected that these funding sources, while to some extent affected by the California budget issues, 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:

AB 3090 Financing Agreements on Measure K Projects – The San Joaquin Council of Governments (SJCOG) currently holds two AB 3090 cash reimbursement agreements with the State of California. Under these agreements, SJCOG has loaned the State, Measure K transportation sales tax funds to construct projects in place of the State Transportation Improvement Program (STIP) funds previously programmed on projects by the California Transportation Commission (CTC) when the CTC determined that the STIP funds would not be available for allocation at the time of project construction. The first AB 3090 cash reimbursement agreement was approved by the SJCOG Board in January 2004 and subsequently by the CTC in April 2004 for \$19,476,000 on the Route 99/Hammer Lane Interchange and Route 99 Widening Project. According to this AB 3090 agreement, the \$19,476,000 loan is programmed in the STIP to be paid back to SJCOG as cash in one lump sum in fiscal year 2008/2009. The second AB 3090 cash reimbursement agreement was approved by the SJCOG Board in July 2005 and subsequently by the CTC in September 2005 for \$66,327,000 on the I-205 Widening Project. According to this AB 3090 agreement, the \$66,327,000 loan is programmed in the STIP to be paid back to SJCOG as cash in three equal installments of \$22,109,000 in fiscal years 2008/2009, 2009/2010, and 2010/2011.

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 \$2.5 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%).

The following is a brief description of the Measure K program administered by the Council:

Measure K Delivery - The Council is in the fifteenth year of administering the local half cent sales tax and serving as the Local Transportation Authority for San Joaquin County. The Measure K Program has made great strides in moving projects ahead. Measure K funded design, environmental, and/or construction work on State highways (which are under way) including: I-205 Widening, I-5 Benjamin Holt, and I-5 Hammer lane, Route 99 /Kettleman Lane, Route 99 widening from four to six lanes between Hammer Lane and the Crosstown Freeway, Route 99/Route 120. Some of these projects are in the construction phase.

In October 1998, commuter rail operations began on the Altamont Commuter Express, providing service between Stockton and San Jose. In addition to providing substantive funding for operations, the capital investment for eight rail cars was one hundred percent funded by Measure K.

Regional transportation impact fee - The Council recently 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 SAFETEA-LU - The Council is currently participating in the process of reauthorization of the TEA-21 Act 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 more recently, the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The Acts not only infused the region with significant amounts of funding for transportation projects, but they did so using new management tools giving the regional agencies, such as the Council, greater responsibility in programming the expenditure of these funds. Along with the responsibility to program the funds was the accountability to insure the projects were delivered in a timely manner.

Cash management policies and practices

The Council's cash is maintained with the San Joaquin County Treasurer's cash and investment pool. Interest earnings from this pool are allocated to the Council on the basis of average daily cash balances and are transferred to the Council quarterly. The County Treasurer is responsible for managing the pool. The pool's investment policy is to maintain a high credit quality, short-term portfolio to provide participants with safety of principal, liquidity, public trust and a market average rate of return.

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 Aam by Standard and Poors. To maintain the Aam rating, the portfolio's weighted average maturity may not exceed seventy (70) days. The investment portfolio held by CAMP at June 30, 2006, consists of money market funds and federal agency discounted notes. Steven Dial, Deputy Executive Director and Chief Financial Officer of the Council, currently serves on the Board of Trustees of CAMP in a voluntary, unpaid capacity.

Risk management

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.

Debt management

In relation to the Council's Measure K program, the Council has \$167,000,000 of Sales Tax Revenue Tax Exempt Commercial Paper Notes outstanding at June 30, 2006. Of this amount, \$6,000,000 was advanced from the Measure K Fund to the General Fund in the 2003-04 in order to provide interim financing for the Council's headquarters building. The balance of note proceeds are used to finance transportation projects under the twenty year transportation expenditure plan. Please refer to Note VII of the notes to the financial statements for further information on the Council's commercial paper notes. In addition, the Council has several capital equipment lease agreements outstanding at June 30, 2006. Please refer to Note VI of the notes to the financial statements for additional information

on the Council's lease liabilities. There are no delinquencies on debt payments.

Retirement and other post employment benefits

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 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 VIII of the notes to the financial statements.

Awards and Acknowledgments

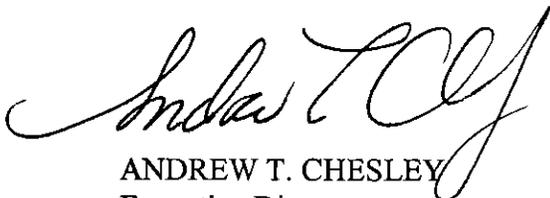
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Joaquin Council of Governments for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the eighth consecutive year that 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Pressley and Associates, Inc., CPA.

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



STEVEN DIAL
Deputy Executive Director/CFO

SAN JOAQUIN COUNCIL OF GOVERNMENTS

BOARD OF DIRECTORS

City of Escalon	Gary L. Haskin
City of Lathrop	Gloryanna Rhodes
City of Lodi	Larry Hansen
City of Manteca	John Harris
City of Ripon	Michael Restuccia
City of Stockton	Gary S. Giovanetti
City of Stockton	Ed Chavez
City of Tracy	Dan Bilbrey
San Joaquin County	Victor Mow
San Joaquin County	Jack Sieglock

EX-OFFICIO MEMBERS

Port of Stockton	Ron Coale
Caltrans	Dana Cowell
San Joaquin RTD	Duane Isetti

CITIZENS ADVISORY COMMITTEE

City of Escalon	Steve Castellanos
City of Lathrop	Jim Hilson
City of Lodi	Richard Blackston
City of Manteca	Joseph Pellegrino
City of Stockton	Karl Knodt
City of Stockton	Vacant
City of Tracy	Vacant
City of Ripon	Tim Hems
San Joaquin County	Robert Bivens
Caltrans	Paul Cavanaugh

MANAGEMENT & FINANCE COMMITTEE

City of Escalon	Greg Greeson
City of Lathrop	Pam Carder
City of Lodi	Blair King
City of Manteca	Robert Adams
City of Ripon	Leon Compton
City of Stockton	Mark Lewis
City of Tracy	Daniel Hobbs
San Joaquin County	Manuel Lopez

SOCIAL SERVICES TRANSPORTATION ADVISORY COMMITTEE (SSTAC)

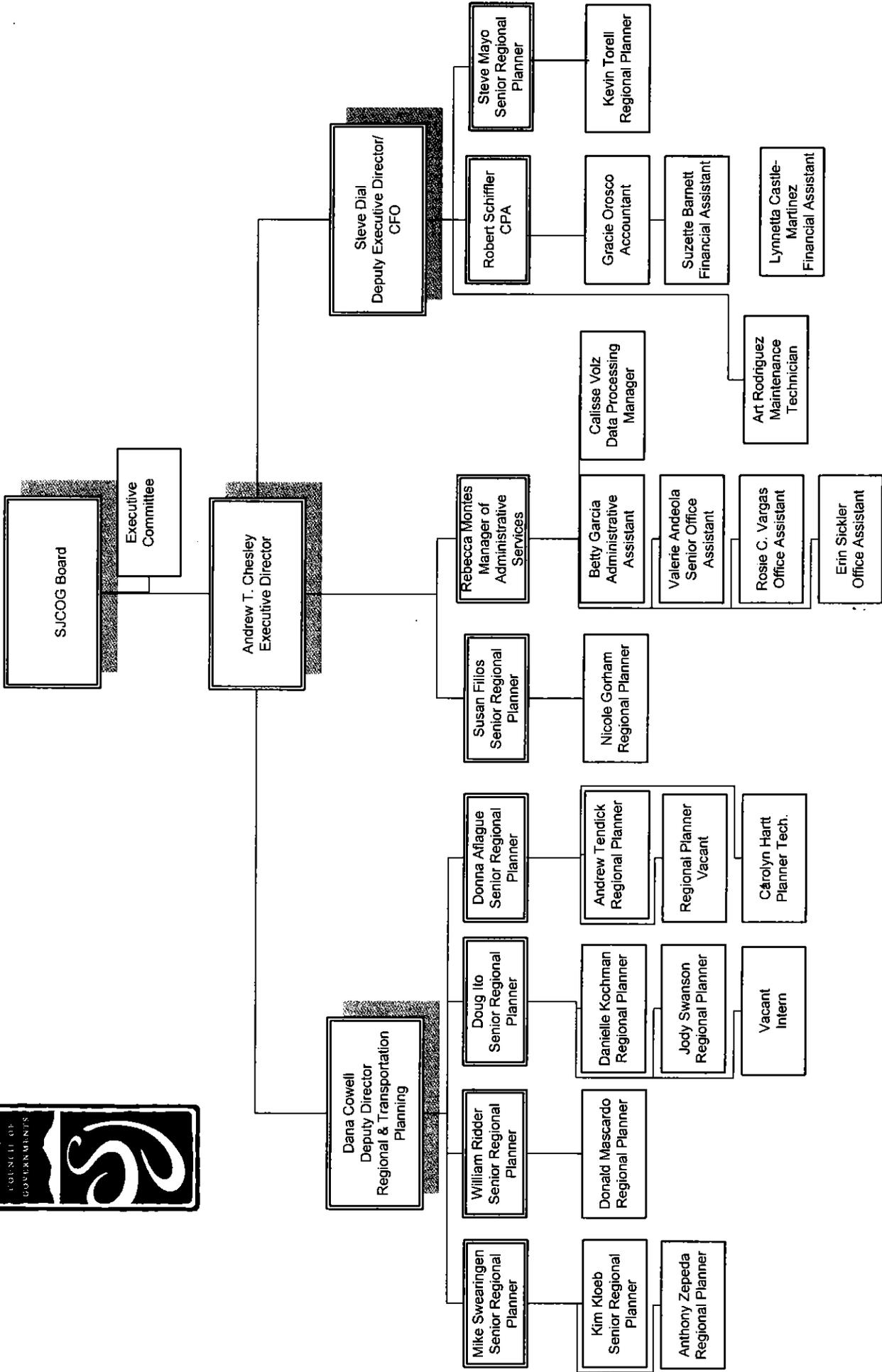
Community Center for the Blind	Joni Bauer	City of Tracy	Rod Buchanan
United Cerebral Palsy	Laurie Crawford	Caltrans District 10	Tom Dumas
City of Lodi	Tiffani Fink	Arc San Joaquin	Ann Fisler
SJRTD	Jennifer Wimberly	SJRTD	Nate Knodt
Advocate – Paratransit	Dawn Landeen	City of Lathrop	Yesenia Linnell
Judy Brown ADHC	Elizabeth McClure	SJC Dept. of Aging	Wendy Moore
Valley Mountain Regional Ctr.	Wilma Murray	City of Manteca	Adam Emmer
City of Ripon	Barbara Schneider	City of Tracy	Johanna Ferreira
Seniors First	Kendra Noonan	Health for All	Kathy Williams
Emergency Food Bank	Tim Viall	Transp. Commuter	Sean Reilly

TECHNICAL ADVISORY COMMITTEE

City of Escalon	Duane Peterson	City of Escalon	Doug Stidham
City of Lathrop	Jim Constantini	City of Lathrop	Cary Keaten
City of Lodi	Tiffani Fink	City of Lodi	Rich Prima
City of Lodi	Wally Sandelin	City of Manteca	Michael Brinton
City of Manteca	Adam Emmer	City of Manteca	Dave Vickers
City of Manteca	Kyle Kollar	City of Manteca	Jeff Koester
City of Ripon	Matt Machado	City of Ripon	Ernie Tyhurst
City of Stockton	Eric Alvarez	City of Stockton	James Giottonini
City of Stockton	Gary Dickson	City of Stockton	Mark Parrott
City of Stockton	Mike McDowell	City of Tracy	Zabih Zaca
City of Tracy	Arlene Roberts	Stockton Airport Mgr.	Barry Rondinella
San Joaquin County	Tom Flinn	San Joaquin County	Manuel Solorio
San Joaquin County	Mike Selling	San Joaquin County	Tom Gau
San Joaquin RTD	Donna Kelsay	San Joaquin RTD	Eunice Lovi
SJRRRC	Stacey Mortensen	SJRRRC	Brian Schmidt
SJVAPCD	John Cadrett	Port of Stockton	Henry McKay
Caltrans	Jane Perez	Caltrans	Annette Clark

SJCOG STAFF

Executive Director	Andrew T. Chesley
Deputy Executive Director/CFO	Steven C. Dial
Deputy Director	Dana Cowell
Chief Accountant	Robert R. Schiffler
Manager of Administrative Services	Rebecca E. Montes
Senior Regional Planner	Donna Aflague
Senior Regional Planner	Susan Filios
Senior Regional Planner	Douglas Ito
Senior Regional Planner	Kim Kloeb
Senior Regional Planner	Michael Swearingen
Senior Regional Planner	Steve Mayo
Senior Regional Planner	William Ridder
Regional Planner	Nicole Gorham
Regional Planner	Andrew Tendick
Regional Planner	Kevin Torell
Regional Planner	Danielle Kochman
Regional Planner	Jody Swanson
Regional Planner	Donald Mascardo
Regional Planner	Anthony Zepeda
Accountant	Gracie Orosco
Financial Assistant	Suzette Barnett
Financial Assistant	Lynnetta Castle-Martinez
Data Processing Manager	Calisse Volz
Administrative Assistant	Betty Garcia
Senior Office Assistant	Valerie Andeola
Office Assistant	Rosie C. Vargas
Planner Technician	Carolyn Hartt
Office Assistant	Erin Sickler
Building Maintenance Technician	Art Rodriguez



SJCOG ADVISORY COMMITTEES



13 Member SJCOG Board



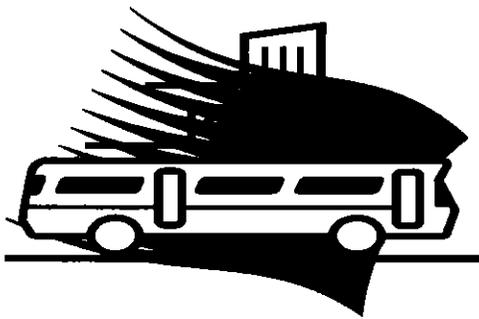
Executive Committee



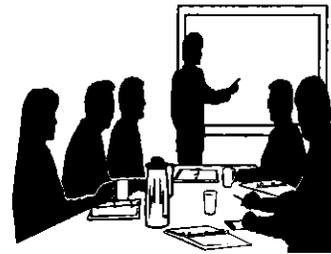
***Management & Finance
Committee***



***Citizens Advisory
Committee***



***Social Service Transportation
Advisory Committee***



***Technical Advisory
Committee***



***Habitat Technical Advisory
Committee***

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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Joaquin Council of Governments (Council), Stockton, California, as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2006, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, the other supplementary information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory 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.

Pressley & Associates, Inc.

Accountancy Corporation
Bakersfield, California
September 14, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the San Joaquin Council of Governments (Council) 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, 2006. 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 Management's Discussion and Analysis. The discussion focuses on the Council's primary government and component unit.

Financial Highlights

- The Council's assets exceeded its liabilities by \$61,107,669 (net assets) for the fiscal year ended June 30, 2006. This compares to the previous year when assets exceeded liabilities by \$62,123,534.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt of \$1,692,370, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$95,213,450 are restricted by constraints imposed from outside the Council, such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of (\$35,798,151) represent the portion available to maintain the Council's continuing obligations and Measure-K contract commitments in excess of current available resources.
- The Council's governmental funds reported total ending fund balance of \$220,544,291 this year. This compares to the prior year ending fund balance of \$149,420,658, showing an increase of \$71,123,633 during the current year. Unreserved fund balance of (\$4,144,956) for fiscal year 2005-2006 shows a \$577,803 increase over the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was (\$4,144,956).
- Total liabilities of the Council increased by \$72,068,677 to \$179,697,828 during the fiscal year. Commercial paper obligations outstanding during the fiscal year increased by \$72.0 million to \$167.0 million. Also see Note VII of the notes to the financial statements.

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 Assets*. 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 assets*. Over time, increases or decreases in net assets 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 agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected claims receivable and earned but unused vacation leave).

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

The government-wide financial statements include not only the San Joaquin Council of Governments itself (known as the *primary government*), but also a legally separate not-for-profit corporation, SJCOG, INC., the San Joaquin County Multi-species Habitat Plan, for which the San Joaquin Council of Governments is financially accountable. Financial information for this *blended component unit* is reported in conjunction with the financial information presented for the primary government. SJCOG, INC., is reported as a major governmental fund.

The government-wide financial statements can be found on pages 39 & 40 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 San Joaquin Council of Governments, 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 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The San Joaquin Council of Governments maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the all funds which are considered to be major funds.

The San Joaquin Council of Governments 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 37 - 43 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 45 - 61 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the San Joaquin Council of Governments, assets exceeded liabilities by \$61,107,669 at the close of the most recent fiscal year.

By far the largest portion of the Council's assets (84.2 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 San Joaquin Council of Governments is able to report positive balances in two of three categories of net assets, for the government as a whole. Unrestricted net assets of (\$35,798,151) reflect \$60,540,437 of Measure-K contract commitments that partially exceed current resources.

The Council's net assets decreased by (\$1,015,865) during the current fiscal year. A large portion of this decrease is due to significant Measure K project delivery expenditures in the areas of Transit \$13,018,038, Congestion Relief \$34,269,287, Railroad Safety, \$1,028,118, and Streets and Roads \$15,859,076. These expenditures drew down on accumulated Measure-K fund contract commitment reserves. In addition, LTF and STA claimed amounts of \$24,020,628, and \$896,706, respectively, for transit operations, capital, pedestrian/bicycle and street and roads, by various claimants reduced cumulative fund balance reserves. The activities described above are looked upon favorably by Council management, since progress in the aforementioned areas is a core goal of the Council and its member agencies.

The following tables related to net assets reflect the above described and other activities that took place during the June 30, 2006 fiscal year.

SAN JOAQUIN COUNCIL OF GOVERNMENTS' Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	\$ 233,065,302	\$ 161,759,868
Capital assets	7,740,195	7,922,817
Total assets	240,805,497	169,752,685
Long-term liabilities outstanding	167,248,511	95,289,941
Other liabilities	12,449,207	12,339,210
Total liabilities	179,697,828	107,629,151
Net assets:	61,107,669	62,123,534
Invested in capital assets, net of related debt	1,692,370	1,922,459
Restricted	95,213,450	53,181,206
Unrestricted	(35,798,151)	8,019,869
Total net assets	\$ 61,107,669	\$ 62,123,534

An additional portion of the Council's net assets (97.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, (\$35,798,151), may be used to meet the Council's obligations to claimants and creditors.

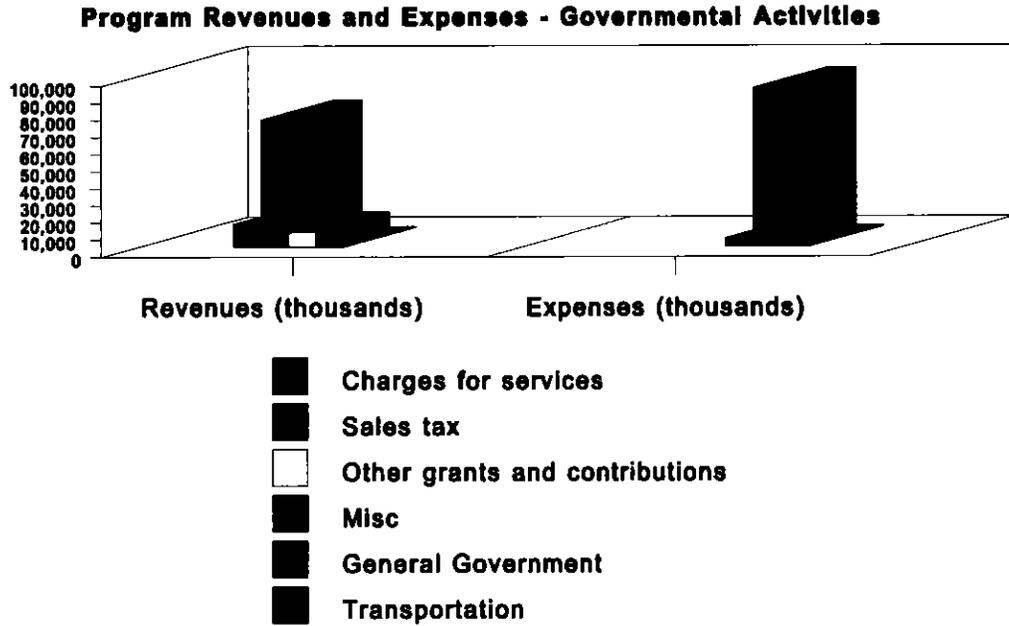
SAN JOAQUIN COUNCIL OF GOVERNMENTS' Changes in Net Assets

Governmental Activities		
	June 30, 2006	June 30, 2005
Revenues:		
Program revenues:		
Charges for services	\$ 13,486,878	\$ 2,890,046
Operating grants and contributions		
Sales tax	74,394,499	67,439,208
Other operating grants and contributions	8,643,840	5,659,115
General revenues - investments and miscellaneous	93,236	89,788
Total revenues	96,618,453	76,078,157
Expenses:		
General government	4,904,378	4,618,429
Transportation	92,855,576	71,652,827
Habitat development and management	682,184	494,808
Total expenses	98,442,138	77,766,064
Increases (Decreases) in net assets	(1,823,685)	(687,907)
Net assets - July 1, 2005 - as restated	62,931,354	62,811,441
Net assets - June 30, 2006	\$ 61,107,699	\$ 62,123,534

Overall program revenues increased by \$20,536,848 (27%) during the year. This was due in part as a result of increased revenues from various federal and state transportation grants and a significant increase in habitat development fee collections of \$10,312,718.

Local Transportation Fund (LTF), State Transit Assistance (STA) and Measure-K Sales tax revenues increased by \$2,447,156, \$966,181 and \$3,541,954 respectively due to an increase in sales tax and gasoline tax revenues collections during the current fiscal year. General revenues increased by \$3,448 chiefly as a result of additional interest revenues and the cumulative impact in fair market valuations for investments and cash balances in the major funds.

Program Revenues and Expenses - Governmental Activity



For the most part, increases in expenses closely paralleled inflation and growth in Council staff and related activities.

Financial Analysis of the Council's Funds

As noted earlier, the San Joaquin Council of Governments 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 combined ending fund balances of \$220,544,291, an increase of \$71,123,633 in comparison with the prior year. Of this total amount, (\$4,144,956) constitutes *unreserved fund balance*, which is a result of the Council's advancing \$6,000,000 of funds from the Measure K Fund to the General Fund in FYE June 30, 2004, to provide interim financing for the Council's new headquarters building. Once this advance has been repaid, the negative unreserved fund balance is expected to be corrected. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate future Measure K contract commitments \$60,540,437, (2) to pay debt service \$167,000,000, (3) to pay future LTF Fund claims of \$7,124,698, and STA

Fund claims of \$3,032,320 and (4) for habitat acquisition, maintenance and management \$24,381,711.

General Fund - The general fund is the chief operating fund of the San Joaquin Council of Governments. At the end of the current fiscal year, unreserved fund balance of the general fund was (\$4,144,956). The Council's general fund currently has no reserved fund balance. The fund balance of the Council's general fund increased by \$577,803 during the current fiscal year. Key factors in this change are as follows:

The Council's General Fund revenue increased primarily due to a payment of previously unclaimed Freeway Service Patrol local match revenue from the Measure K fund in the amount of \$560,569.

Measure-K Fund - The Measure K Fund, which is used to account for the additional ½ cent sales tax approved by the San Joaquin county voters Under Measure-K, had sales tax revenues of \$47,167,527 for the June 30, 2006 fiscal year end, an increase of 8.12% over the previous fiscal year. The Measure-K Fund balance increased by \$54,101,261 over the previous year due mainly to the following:

The Council issued \$72,000,000 of Sales Tax Revenue Commercial Paper Notes to provide interim financing for the State of California in order to facilitate construction of Interstate 205 Freeway improvements. In addition, a large increase in Measure K project deliveries accounted for an excess of expenditures over revenue in the amount of (\$17,898,739).

Local Transportation Fund - The Local Transportation Fund (LTF) is used to account for 1/4 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 for the June 30, 2006 fiscal year, totaled \$24,975,210, an increase of 10.8% over the previous fiscal year. The LTF fund balance increased by \$1,256,525 due to a reduction in total claims from various entities and the increase in sales tax revenues.

State Transit Assistance Fund - The State Transit Assistance Fund (STA) is used to account for statewide sales tax on motor vehicle fuel collected and allocated back to San Joaquin County by the State of California, to be used for Public Transit purposes. STA sales tax revenues for the June 30, 2006 fiscal year end totaled \$2,251,762, an increase of 75.16% over the previous fiscal year. The STA fund balance increased by \$1444, 243 due to a reduction in the amount of transit claims coupled with an increase in sales tax revenues.

SJCOG, INC. - SJCOG, INC., is a not-for-profit public benefit corporation, formed to act as the designee of the joint powers agency organized pursuant to the San Joaquin County 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, 2006 fiscal year totaled \$13,055,526, an increase of 376% over the previous fiscal year, reflecting a significant increase in mitigation fee collections. The SJCOG, INC., fund balance increased by \$12,801,696 in

the June 30, 2006 fiscal year. These funds are targeted for future habitat land and easement acquisitions and for management of the habitat plan.

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 fund 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 will be managed for the benefit of the entire County region. RTIF Fees for the June 30, 2006 fiscal year totaled \$160,184.

Governmental Fund Budgetary Highlights

General Fund

Differences between the original budget and the final amended budget were chiefly a result of changes in the following categories:

Salaries and benefits budget was increased to adjust for staffing increases, allowances for retiring employees and the overall effect of regional inflation.

Office expense exceeded the final budget by \$20,695 due to unanticipated office expenses incurred near year-end. The Council's Board members were notified of these contingencies.

Membership expenditures were slightly higher than originally budgeted.

Communications were increased to allow for inflationary rate increases.

Transportation, travel and training exceeded the final budget by \$25,015. Outside parties reimbursed \$23,100 to the Council for travel and related costs for the 2005-06 fiscal year.

Allocated service costs exceeded final budget by \$7,339 due to an increase in the San Joaquin County Auditor Controller's allocation rate.

Publications and legal notices exceeded the final budget by \$7,657 due to increased public outreach efforts on the RTIF Program and Measure K Renewal. The Council also posted higher than normal job classified ads due to an increased attrition rate.

Utilities exceeded the final budget by \$5,812 due to unanticipated utility expense incurred near year-end. The Council's Board members were notified of this contingency.

Measure-K Fund

Measure-K revenues exceeded budgeted amounts by \$1,879,573 because favorable sales tax collections exceeded the original estimates by 5.0%. The Council does not budget for Measure-K earnings on investments. The \$4,818,730 of revenue from use of money and property reflects earnings on funds reserved for future contract commitments.

Measure-K expenditures are budgeted based upon original revenue estimates for sales tax collections. Total expenditures exceeded revenues in most categories because excess sales tax collection revenues and earnings on investments are applied to projects throughout the year as they become available. It is the mission of Measure-K to implement project delivery when funds become available.

AB 3090 Financing Agreements on Measure K Projects – The San Joaquin Council of Governments (SJCOG) currently holds two Assembly Bill 3090 cash reimbursement agreements with the State of California. Under these agreements, SJCOG has advanced the State, Measure K transportation sales tax funds to construct projects in place of the State Transportation Improvement Program (STIP) funds previously programmed on projects by the California Transportation Commission (CTC) when the CTC determined that the STIP funds would not be available for allocation at the time of project construction. The State has no responsibility to reimburse the San Joaquin Council of Governments for the advances until such time an annual legislative appropriation occurs, a State Budget Authority exists to fund those eligible improvement reimbursements, the California Transportation Commission allocates funds to the improvements, and the SJCOG has satisfied any and all other necessary requirements. Based on information collected by the SJCOG regarding the States' fiscal condition, the San Joaquin Council of Governments expects to start receiving reimbursement from the State in fiscal 2008/2009.

The first AB 3090 cash reimbursement agreement was approved by the SJCOG Board in January 2004 and subsequently by the CTC in April 2004 for \$19,476,000 on the Route 99/Hammer Lane Interchange and Route 99 Widening Project. Per the terms of this agreement, the SJCOG advanced the State \$19,476,000 of Measure K funds in accordance with Assembly Bill 3090. The advance is programmed in the STIP to be paid back to SJCOG as cash in one lump sum in fiscal year 2008/2009. The second AB 3090 cash reimbursement agreement was approved by the SJCOG Board in July 2005 and subsequently by the CTC in September 2005 for \$66,327,000 on the I-205 Widening Project. According to this AB 3090 agreement, the \$66,327,000 advance is programmed in the STIP to be paid back to SJCOG as cash in three equal installments of \$22,109,000 in fiscal years 2008/2009, 2009/2010, and 2010/2011.

Local Transportation Fund (LTF)

Local Transportation Fund (LTF) revenues are estimated in February, four months before the fiscal year begins. At the end of the fiscal year, the budget is adjusted to agree to the actual revenues collected for the year. Actual LTF sales tax revenues exceeded the estimated revenues by 2.4% for the fiscal year ended June 30, 2006. Revenues from use of money and property are not budgeted.

State Transit Assistance Fund (STA)

A preliminary estimate of State Transit Assistance Fund (STA) revenues for the 2005-06 fiscal year was provided by the California State Controller's Office in January 2005. A revised estimate for FYE 2005-06 was provided in August 2005. Actual STA fuel tax revenues exceeded the estimated revenues by 1.0% for the fiscal year ended June 30, 2006. Revenues from use of money and property are not budgeted.

Regional Transportation Impact Fee Fund (RTIF)

Actual collections of charges for services exceeded estimates by 6.8% for the fiscal year ended June 30, 2006.

SJCOG, INC.

Actual collections of charges for services exceeded estimates by 8.8% for the fiscal year ended June 30, 2006.

Budgeted expenditures are limited to general administration and habitat plan management. The budgeted increase in fund balance is to be used for the acquisition and maintenance of habitat land and conservation easements.

Capital Asset and Debt Administration

Capital assets

The San Joaquin Council of Governments' investment in capital assets for its governmental type activities as of June 30, 2006 amounts to \$7,740,195 (net of accumulated depreciation). This investment in capital assets includes land, office building and improvements, office furniture and fixtures, electrical fixtures and multi-media and office and computer equipment. The net decrease in the Council's investment in capital assets, net of depreciation, for the current fiscal year was (\$252,622).

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

The Council acquired \$21,998 of capital assets. In addition, the Council acquired \$18,368 of office and computer equipment under various capital leases during the 2005-2006 fiscal year. The Council disposed of \$64,363 of capital assets in the fiscal year ended June 30, 2006.

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

	<u>Governmental Activities</u>	
	June 30, 2006	June 30, 2005
Land	\$ 400,000	\$ 400,000
Office furniture and fixtures	194,415	210,178
Office building	6,629,143	6,806,709
Building improvements	370,517	396,471
Office and computer equipment	146,120	179,459
Total	\$ 7,740,195	\$ 7,992,817

Additional information on the Council's capital assets can be found in note IV, of the notes to the financial statements.

Long-term debt

At the end of the current fiscal year, the San Joaquin Council of Governments had total commercial paper debt outstanding of \$167,000,000. Of this amount, backup liquidity consisted of \$121,187,829 of liquid investments in the Public Financial Management portfolio, 58,256,118 in California Asset Management Pool, 427,527 in State of California Local Agency Investment Fund, \$2,799,837 in the San Joaquin County Pool and a \$181,824,110 line of credit with Citicorp N.A.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS' Outstanding Debt
Commercial Paper Obligations**

	<u>Governmental Activities</u>	
	June 30, 2006	June 30, 2005
Commercial paper obligations	\$167,000,000	\$ 95,000,000
Total	\$167,000,000	\$ 95,000,000

In September 2005, the Council's 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 \$67,000,000 in December 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 Spring 2006. The California Transportation Commission (CTC) is scheduled to repay the Council with cash, beginning in the 2008-09 fiscal year.

For additional information on long-term debt activity refer to Note VII, page 59 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The San Joaquin Council of Government's revenues are strong with the agency's ability to deliver projects enhanced by the improving financial condition of the State of California. State Transportation Improvement Program Funds for planning and program management and transportation demand management have been restored releasing other revenue for other projects. In addition, the reauthorization of federal transportation program has increased revenues from Federal Highways Administration and Federal Transit Administration for planning activities.

Total operating revenues are expected to increase by \$939,820 or 14.58% in the 2006-2007 fiscal year.

Measure K and Local Transportation Fund revenue sources that account for 20.6% is expected to grow at an 8.5% rate.

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.

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BASIC FINANCIAL STATEMENTS

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SAN JOAQUIN COUNCIL OF GOVERNMENTS
Statement of Net Assets
June 30, 2006

	Primary Government Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 13,671,318
Investments	142,644,857
Sales tax receivable	5,532,521
Interest receivable	1,158,617
Intergovernmental receivables	2,188,576
Prepays	69,328
Refunds and miscellaneous receivables	21,208
Deferred issuance costs	100,408
Notes receivable	5,190,150
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	47,393,068
Interest receivable	125,439
Intergovernmental receivables	681,790
Deposits with State of California	653,900
Permanently restricted:	
Land and conservation easements	13,634,122
Capital assets:	
Capital assets, net of accumulated depreciation	7,740,195
Total assets	240,805,497
<u>LIABILITIES</u>	
Accounts payable	12,091,329
Wages and benefits payable	57,103
Interest payable	79,693
Unearned revenue	2,577
Liabilities payable from restricted assets	82,623
Noncurrent liabilities:	
Due within one year -	
Compensated absences	107,278
Lease obligations	28,604
Due in more than one year -	
Sick leave and compensated absences	229,400
Lease obligations	19,221
Long-term debt	167,000,000
Total liabilities	179,697,828
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,692,370
Restricted for:	
Habitat acquisition and management	24,381,711
Apportioned	70,648,046
Debt service	183,693
Unrestricted	(35,798,151)
Total net assets	\$ 61,107,669

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Statement of Activities
For the Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Functions/Programs					
Primary government:					
Governmental activities:					
General government	\$ 4,708,473	\$ 2,998	\$ 3,273,795		\$ (1,431,680)
Transportation	92,855,576		79,764,544		(13,091,032)
Habitat development	682,184	13,483,880	-		12,801,696
Interest expense	195,905				(195,905)
Total primary government	\$ 98,442,138	\$ 13,486,878	\$ 83,038,339	\$ -	(1,916,921)
General revenues					
Unrestricted investment earnings					33,470
Miscellaneous					59,766
Total general revenues and transfers					93,236
				Change in net assets	(1,823,685)
Net assets--beginning as restated					62,931,354
Net assets--ending					\$ 61,107,669

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Measure K</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance</u>	<u>Regional Transportation Impact</u>	<u>SJCOG, INC.</u>	<u>Total</u>
ASSETS							
Cash and Cash Equivalents	\$ 940,019	\$ 2,797,336	\$ 7,402,976	\$ 2,530,987	\$ -		\$ 13,671,318
Investments		142,644,858					142,644,858
Sales tax receivable		3,245,800	1,718,300	568,421			5,532,521
Interest receivable	9,708	1,042,572	78,826	27,511			1,158,617
Intergovernmental receivable	1,008,861	1,019,531			160,184		2,188,576
Prepays	66,828	2,500					69,328
Refunds and miscellaneous receivables	17,655	3,553					21,208
Due from other funds	242,106						242,106
Notes receivable		5,190,150					5,190,150
Advance to other fund		6,000,000					6,000,000
Cash - restricted		37,226,616				\$ 10,166,451	47,393,067
Interest receivable - restricted						125,439	125,439
Intergovernmental receivable - restricted						681,790	681,790
Deposits with State of California - restricted		653,900					653,900
Land and conveyance easements - restricted						13,634,122	13,634,122
Total assets	<u>\$ 2,285,177</u>	<u>\$ 199,826,816</u>	<u>\$ 9,200,102</u>	<u>\$ 3,126,919</u>	<u>\$ 160,184</u>	<u>\$ 24,607,802</u>	<u>\$ 239,207,000</u>
LIABILITIES and FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 263,175	\$ 9,650,107	\$ 2,057,548	\$ 94,599	\$ 25,900	\$ 82,623	\$ 12,173,952
Accrued salaries & benefits	57,103						57,103
Accrued compensated absences	107,278						107,278
Interest payable		79,693					79,693
Due to other funds		80,782	17,856			143,468	242,106
Deferred revenue	2,577						2,577
Advance from other fund	6,000,000						6,000,000
Total liabilities	<u>6,430,133</u>	<u>9,810,582</u>	<u>2,075,404</u>	<u>94,599</u>	<u>25,900</u>	<u>226,091</u>	<u>18,662,709</u>
FUND BALANCES							
Reserved for debt service		167,000,000					167,000,000
Reserved for contract commitments		60,540,437					60,540,437
Reserved for habitat acquisition and management						24,381,711	24,381,711
Apportioned			7,124,698	3,032,320	134,284		10,291,302
Unreserved - undesignated	(4,144,956)	(37,524,203)					(41,669,159)
Total fund balances	<u>(4,144,956)</u>	<u>190,016,234</u>	<u>7,124,698</u>	<u>3,032,320</u>	<u>134,284</u>	<u>24,381,711</u>	<u>220,544,291</u>
Total liabilities and fund balances	<u>\$ 2,285,177</u>	<u>\$ 199,826,816</u>	<u>\$ 9,200,102</u>	<u>\$ 3,126,919</u>	<u>\$ 160,184</u>	<u>\$ 24,607,802</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

7,740,195

Charges for commercial paper issuance costs are expensed in the funds, but are deferred and amortized in the government-wide statements. The unamortized balance of deferred issuance costs is:

100,408

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(167,277,225)

Net assets of governmental activities

\$ 61,107,669

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	General	Measure K	Local Transportation Fund	State Transit Assistance	Regional Transportation Impact	SJCOG, Inc.	Total
REVENUES							
Sales Tax		\$ 47,167,527	\$ 24,975,210	\$ 2,251,762			\$ 74,394,499
Intergovernmental	\$ 5,146,041	-				\$ -	5,146,041
Charges for services	2,998				\$ 160,184	13,055,526	13,218,708
Interest	33,470	5,200,166	297,316	88,381	-	424,032	6,043,365
Dividends		965,024					965,024
Unrealized gains (losses) on investments		(1,346,460)	4,627	806	-	4,322	(1,336,705)
Other	59,766						59,766
Total revenues	<u>5,242,275</u>	<u>51,986,257</u>	<u>25,277,153</u>	<u>2,340,949</u>	<u>160,184</u>	<u>13,483,880</u>	<u>98,490,698</u>
EXPENDITURES							
General administration	4,405,668	487,000	951,256	35,607	13,400	384,983	6,277,914
RTIF program updates					12,500		12,500
Streets and roads		15,859,076	5,493,962				21,353,038
Pedestrian and bicycle			456,883				456,883
Transit		13,018,038	17,118,527	861,099			30,997,664
Congestion Relief		34,269,287					34,269,287
Railroad Safety Crossings		1,028,118					1,028,118
Habitat Plan						297,201	297,201
Investment expense		840,548					840,548
Debt service							-
Principal	40,901						40,901
Interest	195,905	4,382,929					4,578,834
Capital outlay							-
Capital assets	21,998						21,998
Capital leases	18,368						18,368
Total expenditures	<u>4,682,840</u>	<u>69,884,996</u>	<u>24,020,628</u>	<u>896,706</u>	<u>25,900</u>	<u>682,184</u>	<u>100,193,254</u>
Excess (deficiency) of revenues over (under) expenditures	559,435	(17,898,739)	1,256,525	1,444,243	134,284	12,801,696	(1,702,556)
OTHER FINANCING SOURCES (USES)							
Commercial paper proceeds		72,000,000					72,000,000
Capital Leases	18,368						18,368
Total other financing sources (uses)	<u>18,368</u>	<u>72,000,000</u>					<u>72,018,368</u>
Net change in fund balances	<u>577,803</u>	<u>54,101,261</u>	<u>1,256,525</u>	<u>1,444,243</u>	<u>134,284</u>	<u>12,801,696</u>	<u>70,315,812</u>
Fund balances, beginning of year - restated	(4,722,759)	135,914,973	5,868,173	1,588,077	-	11,580,015	150,228,479
Fund balances, ending	<u>\$ (4,144,956)</u>	<u>\$ 190,016,234</u>	<u>\$ 7,124,698</u>	<u>\$ 3,032,320</u>	<u>\$ 134,284</u>	<u>\$ 24,381,711</u>	<u>\$ 220,544,291</u>

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

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, 2006

Amounts reported for Governmental activities in the statement of activities (page 40) are different because:		
Net change in fund balances - total governmental funds (page 42)	\$	70,315,812
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported depreciation expense. This is the amount by which depreciation (\$ 292,988) exceeded capital outlay (\$40,366) in the current period.		(252,622)
Disposal of fixed assets		64,363
Disposal of fixed assets - accumulated depreciation adjustment		(64,363)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(71,886,875)
		<hr style="border-top: 1px solid black;"/>
Change in net assets of governmental activities (page 40)	\$	(1,823,685)
		<hr style="border-top: 3px double black;"/>

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

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SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

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 one-half of one percent for transportation improvements. The Council oversees the collection and distribution of the sales tax in accordance with the twenty year transportation expenditure plan. 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 and provides technical assistance to local agencies and member jurisdictions as needed and is overseeing 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, made up of three members representing San Joaquin County, three members representing the City of Stockton City Council, one member from the Councils of the Cities of Escalon, Lathrop, Lodi, Manteca, Ripon and Tracy, and three ex-officio members from Caltrans, District 10, the Port of Stockton and the San Joaquin Regional Transit District.

Blended component unit

SJCOG, INC. 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 San Joaquin Council of Governments is responsible for the administration of SJCOG, INC., and the San Joaquin County Multispecies Habitat Conservation Plan. The Council's Board of Directors 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, is presented as a major governmental fund.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

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 assets 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

GASB Statement 34 defines major funds and requires that the Council's major governmental funds be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either 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 Measure K Fund is used to account for the additional 1/2 cent sales tax approved by the San Joaquin County voters under Measure-K, to fund a twenty year transportation expenditure plan. Revenues are

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Major funds (continued)

distributed to various entities and vendors, for the design, construction, operation and maintenance of specific projects. The Board of Directors bi-annually 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 Program; and the Council derives revenues from the fund for administrative and project management functions related to Measure-K.

The *Local Transportation Fund (LTF)* is used to account for retail sales tax, collected statewide under the Transportation Development Act 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 *State Transit Assistance Fund (STA)* is used to account for statewide sales tax on motor vehicle fuel collected under the Transportation Development Act that is allocated to San Joaquin County. The revenues are distributed to eligible claimants to provide transit operator or contracted transit services. Council management and staff administer the STA program; and the Council derives revenues from the fund for administrative and planning functions related to STA.

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 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 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.

Agency fund:

In prior years, the Council reported the activities of the Department of Education Agency Fund, a fiduciary fund. The fiscal year ending June 30, 2005 was the last year of activity for this fund. The Council has no agency funds for the fiscal year ending June 30, 2006.

Assets, liabilities, and net assets

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.

Under State law the Council may invest in obligations of the U.S. Treasury, U.S. agencies, State of California and local agencies and instrumentalities, commercial paper of the highest short-term rating category as provided by Moody's Investor Service, Inc. or Standard and Poors Corporation, banker's acceptances, repurchase agreements, medium-term corporate notes, mutual funds, time certificates of deposit and 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 unit, are recorded at fair value.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

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, 2006 are considered to be current and due to be repaid within the upcoming fiscal year.

All accounts receivable and intergovernmental receivables are shown at their net collectible balances. Accounts receivable represent various non-intergovernmental collectible amounts due at June 30, 2006. Intergovernmental receivables represent claims for reimbursements and sales tax revenues receivable from various federal, state and local governmental agencies as of June 30, 2006.

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.

Restricted assets

Restricted assets are those portions of the fund balance that are not available for appropriation or expenditure and/or are legally segregated for a specific future use. The restricted balance for noncurrent notes receivable is for amounts not expected to be collected during the current year and does not represent available expendable resources. The restricted balance for debt service is the portion of fund balance legally restricted for the payment of interest and principal on the commercial paper obligations. Designations of unrestricted fund balances in governmental funds indicate management's tentative plans for use of financial resources in a future period for possible contingencies and to cover infrequent or one-time costs that may not be covered by regularly budgeted allocations. Apportioned fund balance represents amounts that have been reserved for allocation and payment under the Transportation Development Act to certain jurisdictions upon the submission of a claim by a claimant for that jurisdiction and the approval of the claim by the Council. A component of the Measure K Fund Balance is titled Reserved For Contract Commitments. This component represents contract committed Measure K funds that remain in the Fund and are not a component of current Accounts Payable or Intergovernmental Payable. This portion of fund balance represents Measure K funds that have been committed to specific long-term contracted projects.

Capital assets

Capital assets, which include office furniture and equipment, leasehold improvements and assets under capital leases, are reported in the governmental activity 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 five (5) years to forty (40) years. Land related to the Council's Headquarters building and parking lot is not subject to depreciation. Capital assets of the component unit consist entirely of land and real property easements and are not subject to depreciation.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Compensated absences

It is the Council's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is limited liability for unpaid accumulated sick leave for employees. This benefit is limited to employees who have completed twenty (20) years of service or have reached the normal retirement age, and have accumulated a minimum of 160 hours of sick leave. Compensated absences are reported in the governmental funds only if they have matured. The amount of compensated absences due within one year was \$107,278 at June 30, 2006.

Long-term obligations

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

The Council is authorized to issue up to \$167,000,000 of commercial paper notes. These notes are payable from and secured by a subordinate pledge of certain revenues derived from the one-half of one percent retail transactions and use tax in San Joaquin County. The notes mature every 1 to 270 days and are repaid with new notes. These notes can be rolled over until March 31, 2011, at which time all principal must be repaid. These notes are considered a long-term obligation because the Council does not intend to refund or retire the principal within the next operating cycle.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The second element of the reconciliation explains that "Some liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds." The details of these differences are as follows:

Capital assets	\$ 7,740,195
Charges for commercial paper issuance costs are expensed in the funds but are deferred and amortized in the government-wide statements. The unamortized balance of deferred issuance costs is:	100,408
Long-term liabilities and notes-payable	<u>(167,277,225)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$(159,436,622)</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported depreciation expense. This is the amount by which depreciation (\$292,987) exceeded capital outlays (\$40,366) in the current period.

Depreciation expense	\$ (292,987)
Capital outlay	<u>40,366</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 252,621</u>
 Disposal of fixed assets	 64,363
 Accumulated depreciation adjustment	 <u>(64,363)</u>
 Disposal of fixed assets - net change	 <u><u>\$ -0-</u></u>

Another element of that reconciliation states "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items."

Proceeds from capital leases	\$ (18,368)
Proceeds from commercial paper issuance	(72,000,000)
Issuance cost expenditures	114,500
Issuance cost amortization	(14,092)
Debt service principal payments	40,901
Change in liability for long-term absences	<u>(9,816)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 71,886,875</u>

NOTE III. 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 30 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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Budgetary information (continued)

Executive Director. 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, 2006. The annual expenditure plan and revenue estimate for the Measure K Special Revenue Fund are approved by the SJCOG Board. The Local Transportation Special Revenue Fund (LTF) budgeted revenue is created by Council staff and San Joaquin county Auditor Controller. The budgeted revenue is allocated to each claimant based on population. The State Transit Assistance Special Revenue 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 SJCOG Board.

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 of expenditures over appropriations

For the fiscal year ended June 30, 2006, expenditures exceeded appropriations in the salaries – vacation sales, office expense, memberships, transportation, travel and training, allocated service costs, publications and legal notices and utilities expenditure categories by \$41,539, \$20,695, \$1,553, \$25,015, \$7,339, \$7,657 and \$5,812, respectively. The over-expenditures in the Transportation, travel and training category were funded by private party reimbursements that totaled \$23,100. A provision for vacation sales and related fringe benefit costs was not made in the 2005-06 budget. The excess expenditures not covered by private party reimbursements were funded by other local revenues in the general fund.

NOTE IV. DETAILED NOTES ON GOVERNMENTAL FUNDS

Cash and investments

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

Statement of net assets:	
Cash and investments	\$ 23,837,770
Cash and investments held by bond trustee	<u>179,871,474</u>
Total cash and investments	<u>\$ 203,709,244</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash and investments	\$ 23,837,770
Cash and investments held by bond trustee	<u>179,871,474</u>
Total cash and investments	<u>\$203,709,244</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Cash and Investments (continued)

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 City's investment policy. The table also identifies certain provisions of the City'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 City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of * portfolio	Maximum investment in one issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	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 table below 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.

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
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Cash and Investments (continued)

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 (in months)			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
State investment pool	\$ 427,527	\$ 427,527	\$ -	\$ -	\$ -
Held by trustee:					
Money market funds	37,269,073	37,269,073	-	-	-
Commercial paper	12,604,624	12,604,624	-	-	-
Corporate debt securities	10,194,549	1,174,200	5,947,930	3,072,418	-
US Treasury securities	28,354,154		25,500,032	2,854,122	
Federal agency securities	91,021,547	31,682,441	33,284,836	26,054,271	-
	<u>\$ 179,871,474</u>	<u>\$ 83,157,865</u>	<u>\$64,732,798</u>	<u>\$31,980,811</u>	<u>\$ -</u>

Investments with fair values highly sensitive to interest rate fluctuations

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year-End</u>
Mortgage backed 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.	\$72,679,662

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

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
State investment pool	\$ 427,527	N/A	-	\$ 427,527
Held by trustee:				
Money market funds	37,269,073	AAA/Aa	AAA	-
Commercial paper	12,604,624	A	A-1+	
Corporate debt securities:				
Merrill Lynch & Co. MTN	1,174,200	A	A+	-
General Electric Capital Corp.	3,923,092	A	AAA	-
Associates Corp. N.A. Gbl	2,024,838	A	AA-	-
Merrill Lynch & Co. Inc Notes	2,121,971	A	A+	
Merrill Lynch & Co, Inc Gbl	950,448	A	A+	
US Treasury Bonds/Notes	28,354,154	TSY	AAA, Aaa	
Federal agency securities	91,021,547	N/A	AAA, Aaa	-
	<u>\$179,871,474</u>			<u>\$ 427,527</u>

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:

Issuer	Investment type	Reported amount
FHLMC	Federal agency securities	\$26,801,846
FNMA	Federal agency securities	23,260,875
FHLB	Federal agency securities	22,616,941

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.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Cash and Investments (continued)

Investment in San Joaquin County Pool

The Council maintains its cash balances in the San Joaquin County Treasury Investment Pool. The pool is non-SEC registered, but 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 Board of Supervisors and causes an audit of investments to occur annually.

At year-end, the carrying amount of the County's cash on hand and authorized deposits at various financial institutions was \$30, million dollars. Of the total deposits, \$27.4 million was uninsured but secured by the pledging banks and, therefore, was exposed to custodial credit risk. Statutes and County investment policy allow the pool deposits to be covered by federal depository insurance or by a multiple financial institution collateral pool, which is maintained at a minimum of 110% of the uninsured deposits with the pledging institution's agent in the institution's name. The County has made no exception to this requirement during the current year.

The fair value of the Council's shares in the San Joaquin County Pool is the same as the value of the pool shares. The San Joaquin Council of Governments had a total of \$23, 837,770 invested in the San Joaquin County Pool at June 30, 2006.

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. 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, 2006, is \$59.5 billion, managed by the State Treasurer. Of that amount, 100 percent is invested in non-derivative financial products and -0- percent in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The 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, 2006 was \$427,527.

Investments in Public Financial Management and CAMP

Public Financial Management (PFM) manages a significant portion of the Council's investments. These investment include corporate notes, federal agency bonds/notes, US 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, 2006 of 182 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 Standard and Poors. To maintain the Aam rating, the portfolio weighted average maturity may not exceed 70 days.

Included in the CAMP money market fund balances above are accounts that are created for the payment and tracking of interest and principal on the commercial paper debt obligations, totaling \$37,042,924, \$87, and

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Cash and Investments (continued)

\$183,606, respectively. The investments with fiscal agents as well as the \$37,226,617 of the CAMP balances are also created for the payment and tracking of Measure K project expenditures.

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. Cash on deposit with the County Treasurer is invested as authorized by statutes.

Receivables

Receivables as of year end for the Council's individual major funds are as follows:

	<u>General</u>	<u>Measure K</u>	<u>Local Trans- portation</u>	<u>State Transit Assistance</u>	<u>RTIF</u>	<u>SJCOG INC.</u>	<u>Total</u>
Receivables:							
Interest	\$ 9,708	\$ 1,042,572	\$78,826	\$27,511			\$1,158,617
Sales Taxes		3,245,800	1,718,300	568,421			5,532,521
Intergovernmental	1,008,861	1,019,531			\$160,184		2,224,088
Intergovernmental - Restricted						\$681,940	681,940
Interest - restricted						<u>125,439</u>	<u>125,439</u>
Total Receivables:	<u>\$1,018,569</u>	<u>\$5,307,903</u>	<u>\$1,797,126</u>	<u>\$595,932</u>	<u>\$160,184</u>	<u>\$ 807,379</u>	<u>\$9,722,605</u>

Notes receivable

Notes receivable represents advance loans of Measure K Fund monies to the cities of Ripon and Lodi, to facilitate Measure K projects.

The City of Ripon note balance as of June 30, 2006, is \$4,911,638. The City of Lodi's note balance as of June 30, 2006, is \$278,512. Accrued interest receivable on these borrowings is reflected in the Measure K Fund at June 30, 2006.

City of Ripon Note

The Ripon note will be partially repaid over a remaining term of four years, with annual principal and interest payments of \$370,000, at an annual interest rate of 1.75%. At the end of this initial term, there will be a remaining principal balance due of \$3,745,279, subject to renewal payment terms to be negotiated at that time.

City of Lodi Note

The Lodi note is scheduled to be repaid over a remaining term of three years at an annual interest rate of 1.75%. Annual principal and interest payments are \$96,106.

The San Joaquin Regional Rail Commission (RRC) currently has a \$5 million line of credit with SJCOG. The line was originally established at \$10 million, but was reduced to \$5 million in October of 2000. The line of credit is designed to provide Measure K Funds for short term financing and has no stated term and bears interest at an average daily rate based upon the annualized San Joaquin County cash and investment pool rate applied only to principal borrowed. The RRC borrowed no funds on the line of credit within the fiscal year ended June 30, 2006.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Notes receivable (continued)

There was no outstanding balance or accrued interest receivable on the San Joaquin Regional Rail Commission line of credit at June 30, 2006.

Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2006</u>
Governmental activities:				
Governmental activities:	July 1, 2005	Increases	Decreases	June, 30 2006
Capital assets, not being depreciated:				
Land and land rights	\$ 400,000	\$ -	\$ -	\$ 400,000
Total capital assets, not being depreciated	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Capital assets, being depreciated:				
Office furniture & fixtures	236,450	-	-	236,450
Office building	7,102,653	-	-	7,102,653
Building improvements	439,728	-	-	439,728
Office & computer equipment	337,551	40,366	(64,363)	313,554
	<u>8,116,382</u>	<u>40,366</u>	<u>(64,363)</u>	<u>8,092,385</u>
Less accumulated depreciation for:				
Office furniture & fixtures	(26,272)	(15,763)	-	(42,035)
Office building	(295,944)	(177,566)	-	(473,510)
Building improvements	(43,257)	(25,954)	-	(69,211)
Office & computer equipment	(158,092)	(73,705)	64,363	(167,434)
	<u>(523,565)</u>	<u>(292,988)</u>	<u>64,363</u>	<u>(752,190)</u>
Total capital assets being depreciated, net:	<u>7,592,817</u>	<u>(252,622)</u>	<u>-</u>	<u>7,340,195</u>
Governmental activities capital assets, net	<u>\$ 7,992,817</u>	<u>\$ (252,622)</u>	<u>\$ -</u>	<u>\$ 7,740,195</u>

Depreciation:

All depreciation expense is related to the general administrative functions of the Council.

Depreciation expense was charged to the following activities of the Council as follows:

Governmental activities:	<u>2006</u>	<u>2005</u>
	292,988	270,863

Financing - Regional Center and administrative facilities

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 \$7,935,244. 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 from the Measure K

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Financing - new Regional Center and administrative facilities (continued)

Fund. These funds were advanced to the General Fund to provide interim financing for the building and improvements. Of these funds, \$2,000,000 was repaid from General Fund reserves to the Measure K Fund in April of 2005. The Measure K Fund, in turn, retired \$2,000,000 of commercial paper obligations. The \$2,000,000 of General Fund reserves 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 Fund. The cost of debt service interest, paid from the General Fund to the Measure K Fund, for the fiscal year ended June 30, 2006, was \$184,800. The Council currently occupies the lower two floors of the three story building. The Council expects to rent the third floor to a commercial tenant in order to defray costs of maintenance. Beginning February 1, 2007, regular payments of principal and interest from the General Fund to the Measure K Fund will begin in order to repay the \$6,000,000 advance. The repayment schedule will consist of 480 monthly principal and interest payments in the amount of \$22,949.31, bearing a nominal annual interest rate of 3.418%.

NOTE V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Measure K Fund	\$ 80,782
General Fund	Local Transportation Fund	17,856
General Fund	SJCOG, INC. Fund	143,468

General Fund receivables from the Measure K Fund represent the final accrued Measure K Program transportation planning revenues due as of June 30, 2006. General fund receivables from the Local Transportation Fund (LTF) represent the final accrued LTF Planning funds due to the General Fund at June 30, 2006. Habitat Plan management fees in the amount of \$143,468 were due from the SJCOG, INC. Fund to the General fund at June 30, 2006.

NOTE VI. LEASES

Operating leases

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

<u>Year ending June 30:</u>	<u>Amount</u>
2007	\$ 118,762
2008	118,372
2009	12,389
2010	1,572
2011-2016 (no commitments)	<u>-0-</u>
Total	<u>\$ 251,095</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

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	\$ 106,087
Less: Accumulated depreciation	<u>(58,262)</u>
Total	<u>\$ 47,825</u>

As of June 30, 2006, the future minimum lease payments and the net present value of these minimum lease payments were as follows:

Fiscal year ending June 30,	
2007	\$ 35,567
2008	17,653
2009	3,985
2010	-
2011	-
2012	<u>-</u>
Total payments	57,205
Less amounts representing interest	<u>(9,380)</u>
Net present value of future minimum lease payments	<u>\$ 47,825</u>

NOTE VII. LONG-TERM DEBT

Long-term liability activity during the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006
Sick leave benefits payable	\$ 180,936	\$ 20,339	\$ (12,247)	\$ 189,028
Compensated absences	38,647	1,725	-	40,372
Capital leases	70,358	18,368	(40,901)	47,825
Commercial paper	95,000,000	72,000,000	-	167,000,000
Total	<u>\$ 95,289,941</u>	<u>\$ 72,040,432</u>	<u>\$ (53,148)</u>	<u>\$ 167,277,225</u>

Capital lease payments due within one year total \$35,567. Compensated absences due to be paid within one year from the General Fund total \$107,278.

Commercial paper obligations

In relation to the Council's Measure K program, the Council issued \$65,000,000 of Sales Tax Revenue Commercial Paper Notes (Limited Tax Bonds) in September 1997 and \$24 million in October 1999 to finance transportation projects under the twenty year transportation expenditure plan.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

Commercial paper obligations (continued)

In October 2003, the Council issued an additional \$8,000,000 of commercial paper obligations to provide interim financing for construction of new administrative facilities in Stockton, California. These funds were advanced to the General Fund. In April 2005, the General Fund repaid \$2,000,000 to the Measure K Fund from reserves. The Measure K Fund retired \$2,000,000 of commercial paper debt at that time. The General Fund is currently paying interest to the Measure K Fund on the remaining \$6,000,000 balance at an annual rate of 3.418%.

The Council was originally authorized to issue up to \$100,000,000 of these notes. In September 2005, the SJCOG Board of Directors authorized and 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 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) is scheduled to repay the Council with cash beginning in the 2008-09 fiscal year.

These notes are payable from and secured by a subordinate pledge of certain revenues derived from the one-half of one percent retail transactions and use tax in San Joaquin County. The notes mature every 7 days and are repaid with new notes. These notes can be rolled over until March 31, 2011, at which time all principal must be repaid. These notes are considered a long-term obligation because the Council does not intend to refund or retire the principal within the next operating cycle. The notes outstanding as of June 30, 2006 bear interest at 3.94% which is payable upon maturity of the note. There are no minimum debt service requirements. Revenues of the Measure K Trust Fund are used to repay the commercial paper obligations.

In addition, under an irrevocable letter of credit issued by Citibank, N.A., the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of notes delivered to it. The letter of credit is valid through March 31, 2011, at which time it will be renewed. The line of credit fees are paid at an annual rate of .18% of the stated amount. West LB was replaced by Citibank on November 30, 2005. If the remarketing agent is unable to resell any notes within 60 days of the letter of credit draw date, the Council has a take out agreement with the same bank to convert the notes to an installment loan payable over a three-year period bearing an adjustable interest rate equal to the base rate plus 1 percent. The term out agreement expires March 31, 2011. If the term out agreement were to be exercised because the entire outstanding balance of \$167,000,000 of notes was not resold, the Council would be required to pay \$63,345,175.68 a year for 3 years under the installment loan agreement assuming a 6.75 percent interest rate.

The Council is required to pay to the Bank an annual commitment fee for the letter of credit of .22% per annum for any utilized amount and .18% per annum for any unused portion of the stated amount of \$181,824,110. No amounts were utilized on the letter of credit during the year ended June 30, 2006. The Council has paid commitment fees of \$440,847 to the Bank during the year ended June 30, 2006.

NOTE VIII. OTHER INFORMATION

Risk management

The Council participates in the County of San Joaquin self-insurance program for workers compensation insurance. Loss contingency reserves established by the County of San Joaquin self-insurance program are funded by contributions from all funds of the County and other participants based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The Council pays monthly premiums to the County of San Joaquin self-insurance program that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the County of San Joaquin self-insurance program.

The County of San Joaquin self-insurance program is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Notes to the Financial Statements
June 30, 2006

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 officials 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.

Other active and postemployment benefits

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 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 at retirement. Other than this conversion at retirement, there is no cash payment of sick leave. As of June 30, 2006, accrued vacation and sick leave pay totaled \$336,678. The non-current portion of accrued vacation pay and sick leave totaled \$229,400. Payment of accrued sick leave to eligible employees upon termination is the only post employment benefit provided by the Council.

Employee retirement plans

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.

Contributions to the plan by the Council are limited to 15% of compensation. The Council's contributions are fully vested after six years of continuous service. 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.

The Council provides an Executive Retirement Plan for the Council's Executive Director. This plan is a defined contribution pension plan with contributions entrusted to the ICMA Retirement Corporation. Under the Executive Plan, the Council contributes 15% of compensation on behalf of the Executive Director, and the Executive Director may contribute additional amounts up to a maximum of 10% of compensation. There are no vesting requirements for this plan.

Plan provisions and contribution requirements for both retirement plans are established and may be amended by the Council's Board of Directors. The Council's total salaries, including vacation and termination pay, for the year ended June 30, 2006 was \$1,717,587. The Council's total contributions to the retirement plans on behalf of employees were \$294,008 for the year ended June 30, 2006.

Restatement of Fund Balance – SJCOG, INC.

A prior period adjustment in the amount of \$807,820 was made to the SJCOG, INC. Fund, a blended component unit. This adjustment was a result of a change in the valuation of a contributed conservation easement made on April 21, 2004. The valuation change was made as a result of an updated appraisal of the subject property and was approved by the SJCOG, INC. Board. Detail of adjustment is as follows:

Fund balance June 30, 2005:	\$10,772,195
Fund balance adjustment:	<u>807,820</u>
Fund balance – restated	\$11,580,015

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**REQUIRED SUPPLEMENTAL
INFORMATION**

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SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - General Fund
By Object Class
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 5,176,188	\$ 6,394,248	\$ 5,146,041	\$ (1,248,207)
Use of money and property	10,000	10,000	33,470	23,470
Other	30,000	30,000	62,764	32,764
Total Revenues	5,216,188	6,434,248	5,242,275	(1,191,973)
<u>EXPENDITURES</u>				
Salaries and benefits				
Salaries	1,799,200	1,829,721	1,686,704	143,017
Salaries - vacation sales			41,539	(41,539)
Fringe benefits	760,000	760,000	714,113	45,887
Total salaries and benefits	2,559,200	2,589,721	2,442,356	147,365
Service and supplies				
Office expense	190,800	228,800	249,495	(20,695)
Communications	42,000	48,000	45,624	2,376
Memberships	29,000	29,000	30,553	(1,553)
Rents and leases - equipment	107,000	107,000	105,647	1,353
Debt service				
Principal	42,000	42,000	40,901	1,099
Interest - leases	16,000	16,000	11,105	4,895
Interest - Building debt service	222,000	222,000	184,800	37,200
Transportation, travel & training	100,000	100,000	125,015	(25,015)
Allocated service cost	2,000	2,000	9,339	(7,339)
Publications and legal notices	12,000	19,000	26,657	(7,657)
Insurance	74,000	74,000	70,250	3,750
Rents - other	8,000	8,000	2,760	5,240
Maintenance - equipment	10,000	10,000	4,606	5,394
Maint. - building & grounds	60,000	60,000	41,443	18,557
Utilities	60,000	60,000	65,812	(5,812)
Unallocated/Reserve	588	54		54
Total service and supplies	975,388	1,025,854	1,014,006	11,848
Professional and special services	1,631,100	2,768,173	1,186,112	1,582,061
Capital outlay	50,500	50,500	40,366	10,134
Total Expenditures	5,216,188	6,434,248	4,682,840	1,751,408
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital leases	-		18,368	18,368
Total Other Financing Sources (Uses)	-		18,368	18,368
Net Change in Fund Balances	\$ -	\$ -	577,803	\$ 577,803
Fund Balance - Beginning			(4,722,759)	
Fund Balance - Ending			<u>\$ (4,144,956)</u>	

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - Measure K Special Revenue Fund

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Measure K sales tax revenue	\$ 44,908,000	\$ 44,908,000	\$ 47,167,527	2,259,527
Use of money and property	0	0	4,818,730	\$ 4,818,730
Total Revenues	<u>44,908,000</u>	<u>44,908,000</u>	<u>51,986,257</u>	<u>7,078,257</u>
<u>EXPENDITURES</u>				
General administration	487,000	487,000	487,000	0
Streets and roads	15,230,800	15,230,800	15,859,076	(628,276)
Transit	14,595,100	14,595,100	13,018,038	1,577,062
Congestion relief	11,227,000	11,227,000	34,269,287	(23,042,287)
Railroad safety crossings	3,368,100	3,368,100	1,028,118	2,339,982
Investment expense	0	0	840,548	(840,548)
Interest expense	0	0	4,382,929	(4,382,929)
Total Expenditures	<u>44,908,000</u>	<u>44,908,000</u>	<u>69,884,996</u>	<u>(24,976,996)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(17,898,739)</u>	<u>\$ (17,898,739)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Commercial paper proceeds			<u>72,000,000</u>	
Fund Balance - Beginning			<u>135,914,973</u>	
Fund Balance - Ending			<u>\$ 190,016,234</u>	

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - Local Transportation Special Revenue Fund

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
LTF sales tax revenue	\$ 24,380,000	\$ 24,975,210	\$ 24,975,210	0
Use of money and property	0	0	301,943	\$ 301,943
Total Revenues	<u>24,380,000</u>	<u>24,975,210</u>	<u>25,277,153</u>	<u>301,943</u>
<u>EXPENDITURES</u>				
General administration	933,400	951,256	951,256	0
Streets and roads	8,735,873	3,717,468	5,493,962	(1,776,494)
Pedestrian & bicycle	487,600	499,504	456,883	42,621
Transit	14,223,127	19,806,982	17,118,527	2,688,455
Total Expenditures	<u>24,380,000</u>	<u>24,975,210</u>	<u>24,020,628</u>	<u>954,582</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	1,256,525	<u>\$ 1,256,525.00</u>
Fund Balance - Beginning			<u>5,868,173</u>	
Fund Balance - Ending			<u>\$ 7,124,698</u>	

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - State Transit Assistance Special Revenue Fund

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
STA tax revenue	\$ 1,545,289	\$ 2,229,808	\$ 2,251,762	21,954
Use of money and property	0	0	89,187	\$ 89,187
Total Revenues	<u>1,545,289</u>	<u>2,229,808</u>	<u>2,340,949</u>	<u>111,141</u>
<u>EXPENDITURES</u>				
General administration	23,929	35,607	35,607	0
Transit	<u>1,521,360</u>	<u>2,194,201</u>	<u>861,099</u>	<u>1,333,102</u>
Total Expenditures	<u>1,545,289</u>	<u>2,229,808</u>	<u>896,706</u>	<u>1,333,102</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	1,444,243	<u>\$ 1,444,243</u>
Fund Balance - Beginning			<u>1,588,076</u>	
Fund Balance - Ending			<u>\$ 3,032,320</u>	

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - Regional Transportation Impact Special Revenue Fund

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 25,900	\$ 150,000	\$ 160,184	10,184
Use of money and property	0	0	0	\$ -
Total Revenues	<u>25,900</u>	<u>150,000</u>	<u>160,184</u>	<u>10,184</u>
<u>EXPENDITURES</u>				
General administration	13,400	13,400	13,400	0
RTIF program updates	12,500	12,500	12,500	0
Total Expenditures	<u>25,900</u>	<u>25,900</u>	<u>25,900</u>	<u>0</u>
Net Change in Fund Balances	-	-	134,284	10,184
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>-</u>	<u>\$ 124,100</u>	<u>\$ 134,284</u>	<u>\$ 10,184</u>

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Original, Final Budget and Actual - SJCOG, INC. Blended Component Unit

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 12,000,000	\$ 12,000,000	\$ 13,055,526	1,055,526
Use of money and property	0	0	428,354	\$ 428,354
Total Revenues	<u>12,000,000</u>	<u>12,000,000</u>	<u>13,483,880</u>	<u>1,483,880</u>
<u>EXPENDITURES</u>				
General administration	400,000	400,000	384,983	15,017
Habitat Plan	<u>11,600,000</u>	<u>11,600,000</u>	<u>297,201</u>	<u>11,302,799</u>
Total Expenditures	<u>12,000,000</u>	<u>12,000,000</u>	<u>682,184</u>	<u>11,317,816</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	12,801,696	<u>\$ 12,801,696</u>
Fund Balance, Beginning - Restated			<u>11,580,015</u>	
Fund Balance - Ending			<u>\$ 24,381,711</u>	

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

**OTHER SUPPLEMENTARY
INFORMATION**

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SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Direct and Indirect Expenditures
For the Year Ended June 30, 2006

	<u>Direct</u>	<u>Indirect</u>	<u>Unallowable Expense</u>	<u>Total</u>
Salaries	\$ 876,353	\$ 851,890	\$ -	\$ 1,728,243
Fringe benefits	310,755	403,358		714,113
Office expense	98,269	151,226		249,495
Communications	7,515	38,109		45,624
Memberships	4,901	19,634	6,018	30,553
Rent - equipment		105,647		105,647
Capital lease principal payments		40,901		40,901
Capital lease interest payments		11,105		11,105
Interest - building debt service		130,161	54,639	184,800
Transportation, travel and training	116,964	4,027	4,024	125,015
Professional and special services	966,477	145,798	73,837	1,186,112
Departmental costs allocated	-	9,339		9,339
Publications and legal notices	9,217	17,440		26,657
Insurance		70,250		70,250
Rents - other	1,500	1,260		2,760
Capital outlay			40,366	40,366
Maintenance - equipment		4,606		4,606
Maint. - struct. & grounds		41,443		41,443
Utilities		65,812		65,812
TOTAL EXPENDITURES	2,391,951	2,112,005	178,884	4,682,840
Other reconciling items:				
Depreciation		240,487	52,500	292,987
Total Expenditures Recovered				
Under Indirect Cost Rate	<u>\$ 2,391,951</u>	2,352,492	<u>\$ 231,384</u>	<u>\$ 4,975,827</u>
Total expenditures recovered under				
Indirect Cost Rate		1,709,663		
2005-06 under recovered indirect cost carryforward		<u>\$ 642,829</u>		

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - General Fund
By Work Program
For the Year Ended June 30, 2006

REVENUES	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final		
Intergovernmental	\$ 5,176,188	\$ 6,394,248	\$ 5,147,097	\$ (1,247,151)
Use of money and property	10,000	10,000	32,414	22,414
Miscellaneous	30,000	30,000	62,764	32,764
Total Revenues	5,216,188	6,434,248	5,242,275	(1,191,973)
EXPENDITURES				
Regional Transportation Plan	95,000	89,800	89,731	69
Regional Planning Studies	509,100	784,439	149,458	634,981
Transportation Improvement Program	180,000	342,144	341,682	462
Roads and Streets Monitoring	507,940	527,144	357,210	169,934
Transit Coordination and Planning	262,507	203,607	203,517	90
Transportation Air Quality Planning	189,312	258,900	258,762	138
Ongoing Technical Assistance	91,500	63,800	50,921	12,879
Intergovernmental Coordination	321,900	296,900	291,893	5,007
Projections and Forecasts	195,000	27,300	10,299	17,001
Airport and Land Use	20,000	293,520	80,379	213,141
Congestion Management Prog/Sys	3,700	18,700	12,653	6,047
Regional Planning	620,000	27,000	26,890	110
Valley MPO Coordination	95,000	21,100	7,926	13,174
Interregional Partnership	40,000	1,700	1,607	93
S.J. Valley Blueprint	0	324,489	80,506	243,983
Habitat Plan Implementation	0	400,000	241,459	158,541
Measure K Program Mgmt/Admin	281,500	312,102	312,057	45
COG Overall Work Plan Administration	196,400	166,200	166,162	38
TDA Administration	200,000	200,000	199,767	233
Community Involvement Program	299,100	687,177	687,150	27
TEA-21 Management	6,300	8,300	8,276	24
Transportation Demand Management	689,000	728,634	511,567	217,067
Freeway Service Patrol	412,929	651,292	443,969	207,323
Total 2005/06 project Expenditures	5,216,188	6,434,248	4,533,842	1,900,406
Other (not billed through Overall Work Program)				
Additional provision for capital outlay	0	0	40,366	(40,366)
Depreciation cost recovery A-87 assets only			(240,487)	240,487
Total Other	0	0	(200,121)	200,121
Overhead (overclaimed) underclaimed - prior periods	0	0	469,795	(469,795)
Total Adjusted Project Expenditures	5,216,188	6,434,248	4,803,516	1,630,732
Net Change in Fund Balance	0	0	438,759	438,759
Fund Balance - Beginning	0	0	(4,583,715)	(4,583,715)
Fund Balance - Ending	\$ -	\$ -	\$ (4,144,956)	\$ (4,144,956)

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Balances
Local Transportation Fund
For the Fiscal Year Ending June 30, 2006

	<u>SJRTD</u>	<u>Lathrop</u>	<u>Lodi</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Ripon</u>	<u>Escalon</u>	<u>SJRRRC</u>	<u>S.J. County</u>	<u>Stockton</u>	<u>SJCOG Planning</u>	<u>SJCOG TDA Admin.</u>	<u>S.J. County Auditor</u>	<u>Total LTF Funds</u>
ASSETS:														
Cash in treasury	\$ 2,084,472	\$ 744,912	\$ 574,379	\$ 1,183,314	\$ 702,927	\$ 472,390	\$ 660,398	\$ 763,476	\$ 197,490	\$ 19,219	\$ -	\$ -	\$ -	\$ 7,402,976
Sales tax apportionment receivable	1,026,832	33,570	163,937	160,972	199,799	33,165	18,066	-	59,024	5,080	17,856	-	-	1,718,500
Interest receivable	11,642	11,119	6,562	17,678	8,199	4,795	7,910	9,031	1,840	230	-	-	-	78,826
Total Assets	<u>\$ 3,122,946</u>	<u>\$ 789,601</u>	<u>\$ 744,678</u>	<u>\$ 1,361,963</u>	<u>\$ 910,924</u>	<u>\$ 510,349</u>	<u>\$ 686,374</u>	<u>\$ 772,506</u>	<u>\$ 258,354</u>	<u>\$ 24,549</u>	<u>\$ 17,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,200,102</u>
LIABILITIES AND FUND EQUITY														
Liabilities:														
Due to other funds	\$ -	\$ -	\$ 603,151	\$ -	\$ -	\$ 481,097	\$ -	\$ 743,158	\$ 230,142	\$ -	\$ 17,856	\$ -	\$ -	\$ 17,856
Intergovernmental payable	-	-	603,151	-	-	481,097	-	743,158	230,142	-	17,856	-	-	2,057,548
Total Liabilities														
Fund Equity:														
Apportioned	3,122,946	789,601	141,527	1,361,963	910,924	29,252	686,374	29,348	28,212	24,549	-	-	-	7,124,698
Total Fund Equity	<u>3,122,946</u>	<u>789,601</u>	<u>141,527</u>	<u>1,361,963</u>	<u>910,924</u>	<u>29,252</u>	<u>686,374</u>	<u>29,348</u>	<u>28,212</u>	<u>24,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,124,698</u>
Total Liabilities and Fund Equity	<u>\$ 3,122,946</u>	<u>\$ 789,601</u>	<u>\$ 744,678</u>	<u>\$ 1,361,963</u>	<u>\$ 910,924</u>	<u>\$ 510,349</u>	<u>\$ 686,374</u>	<u>\$ 772,506</u>	<u>\$ 258,354</u>	<u>\$ 24,549</u>	<u>\$ 17,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,200,102</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Local Transportation Fund
For the Fiscal year Ending June 30, 2006

	SJRTD	Lathrop	Lodi	Manteca	Tracy	Ripon	Escalon	SJRRRC	S.J. County	Stockton	SJCOG Planning	SJCOG TDA Admin.	S.J. County Auditor	Total LTF Funds
REVENUE:														
Sales tax	\$ 13,900,122	\$ 461,105	\$ 2,251,821	\$ 2,211,081	\$ 2,744,407	\$ 455,549	\$ 248,145	\$ 666,866	\$ 871,718	\$ 213,140	\$ 749,256	\$ 200,000	\$ 2,000	\$ 24,975,210
Interest	64,870	31,602	23,251	54,229	42,824	17,771	22,943	28,961	6,678	4,187	-	-	-	297,316
Unrealized Gains (Losses) on investments	2,024	513	92	884	592	19	446	19	18	16	-	5	-	4,627
Total Revenue	13,967,016	493,220	2,275,164	2,266,194	2,787,823	473,339	271,534	695,846	878,414	217,343	749,256	200,005	2,000	25,277,153
EXPENDITURES:														
SJRTD	13,556,261													13,556,261
Lathrop		279,980												279,980
Lodi			2,376,159											2,376,159
Manteca				1,586,262										1,586,262
Tracy					2,971,795									2,971,795
Ripon						481,097								481,097
Escalon														-
SJRRRC								743,158						743,158
S.J. County									860,142					860,142
Stockton										214,518				214,518
SJCOG Planning											749,256			749,256
SJCOG TDA Admin.												200,000		200,000
S.J. County Auditor/Contr.													2,000	2,000
Total Expenditures	13,556,261	279,980	2,376,159	1,586,262	2,971,795	481,097	-	743,158	860,142	214,518	749,256	200,000	2,000	24,020,628
Excess (deficit) of Revenues Over Expenditures	410,755	213,240	(100,996)	679,932	(183,972)	(7,758)	271,534	(47,312)	18,272	2,825	-	5	-	1,256,525
OTHER FINANCING SOURCES (USES):														
Interfund transfers														-
Fund Balance Beginning of Year	2,708,065	575,704	241,837	681,380	1,093,781	36,530	414,296	75,786	9,823	21,716	24	9,231	-	5,868,173
Fund Balance End of Year	\$ 3,122,946	\$ 789,601	\$ 141,528	\$ 1,361,963	\$ 910,924	\$ 29,252	\$ 686,375	\$ 29,348	\$ 28,212	\$ 24,549	\$ -	\$ -	\$ -	\$ 71,124,698

SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND

For the Year Ended June 30, 2006

<u>PUC</u> <u>Section</u>	<u>Purpose</u>	<u>Allocated/</u> <u>Expended</u>
99233.1	Administration:	
	Council	\$ 200,000
	County of San Joaquin	2,000
		<u>202,000</u>
99234	Pedestrian and Bicycle Facilities:	
	County of San Joaquin	114,655
	City of Stockton	214,518
	City of Tracy	57,292
	City of Lodi	47,009
	City of Manteca	4,273
	City of Ripon	9,510
	City of Lathrop	9,626
		<u>456,883</u>
99260	Public Transportation:	
	San Joaquin Regional Transit District	13,556,261
	City of Ripon	4,367
		<u>13,560,628</u>
99260	Public Transportation System Planning:	
	Council of Governments	749,256
99400(a)	Streets, Roads, Pedestrian and Bicycle Projects:	
	County of San Joaquin	745,487
	City of Tracy	2,811,258
	City of Lodi	150,000
	City of Ripon	467,220
	City of Manteca	1,049,643
	City of Lathrop	270,354
		<u>5,493,962</u>
99400(c)	Contracted Public Transportation - Operations:	
	San Joaquin Regional Rail Commission	743,158
	City of Lodi	1,725,999
	City of Manteca	280,136
		<u>2,749,293</u>
99400(e)	Contracted Public Transportation - Capital:	
	City of Tracy	103,245
	City of Lodi	453,151
	City of Manteca	144,610
		<u>701,006</u>
99400(b,c,d)	Other:	
	City of Manteca	107,600
		<u>107,600</u>
	Total:	\$ <u>24,020,628</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Schedule of Balances

State Transit Assistance Fund

For the Fiscal Year Ending June 30, 2006

<u>ASSETS:</u>	<u>SJRFD</u>	<u>Lodi</u>	<u>Ripon</u>	<u>SJRR</u>	<u>SJCOG TDA Admin.</u>	<u>Total LTF Funds</u>
Cash in treasury	2,454,190	10,871	20	65,906		2,530,987
Sales tax apportionment receivable	548,803	3,185	6	16,427		568,421
Interest receivable	26,781	97		633		27,511
Total Assets	<u>3,029,774</u>	<u>14,153</u>	<u>26</u>	<u>82,966</u>		<u>3,126,919</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities						
Intergovernmental payable		11,614	26	82,959		94,599
Total Liabilities		<u>11,614</u>	<u>26</u>	<u>82,959</u>		<u>94,599</u>
<u>FUND EQUITY</u>						
Apportioned	3,029,774	2,539		7		3,032,320
Total Fund Equity	<u>3,029,774</u>	<u>2,539</u>		<u>7</u>		<u>3,032,320</u>
Total Liabilities and Fund Equity	<u>3,029,774</u>	<u>14,153</u>	<u>26</u>	<u>82,966</u>		<u>3,126,919</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures
And Changes in Fund Balances
State Transit Assistance Fund
For the Fiscal year Ending June 30, 2006

	<u>SJRTD</u>	<u>Lodi</u>	<u>Ripon</u>	<u>SJCRRRC</u>	<u>SJCOG STA Admin.</u>	<u>Total STA Funds</u>
<u>REVENUE:</u>						
Sales tax	\$ 2,124,861	\$ 12,179	\$ 26	\$ 79,089	\$ 35,607	\$ 2,251,762
Interest	84,489	257		3,635		88,381
Unrealized Gains (Losses) on investments	805	1				806
Total Revenue	<u>\$ 2,210,155</u>	<u>\$ 12,437</u>	<u>\$ 26</u>	<u>\$ 82,724</u>	<u>\$ 35,607</u>	<u>\$ 2,340,949</u>
<u>EXPENDITURES:</u>						
SJRTD	766,500					766,500
Lodi		11,614				11,614
Ripon			26			26
SJCRRRC				82,959		82,959
SJCOG IDA Admin.					35,607	35,607
Total Expenditures	<u>\$ 766,500</u>	<u>\$ 11,614</u>	<u>\$ 26</u>	<u>\$ 82,959</u>	<u>\$ 35,607</u>	<u>\$ 896,706</u>
Excess (deficit) of Revenues Over Expenditures	1,443,655	823		(235)		1,444,243
<u>OTHER FINANCING SOURCES (USES):</u>						
Interfund transfers	541			242	(786)	
Fund Balance Beginning of Year	<u>1,585,578</u>	<u>1,713</u>			<u>786</u>	<u>1,588,077</u>
Fund Balance End of Year	<u>\$ 3,029,774</u>	<u>\$ 2,539</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 3,032,320</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE

For the Year Ended June 30, 2006

<u>PUC</u> <u>Section</u>	<u>Purpose</u>	<u>Allocated/</u> <u>Expended</u>
6730(a)	Public Transit:	
	San Joaquin Regional Rail Commission	\$ 82,959
	City of Ripon	26
		<u>82,985</u>
6730(b)	Transit Capital:	
	San Joaquin Regional Transit District	766,500
6731(b)	Contracted Transit:	
	City of Lodi	11,614
6731(b)	Transit Administration/Planning:	
	Council	<u>35,607</u>
	Total:	\$ <u><u>896,706</u></u>

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STATISTICAL SECTION

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS (1)**

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Program revenues:										
Governmental activities:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,813,277	\$ 2,687,413	\$ 2,890,046	\$ 13,486,878
Operating grants and contributions	-	-	-	-	-	-	66,270,395	64,893,087	73,098,323	83,038,339
Capital grants and contributions	-	-	-	-	-	-	-	34,291	-	-
Total program revenues - primary government	-	-	-	-	-	-	69,083,672	67,614,791	75,988,369	96,525,217
General revenues:										
Governmental activities:										
Unrestricted investment earnings	-	-	-	-	-	-	173,892	28,231	16,210	33,470
Miscellaneous	-	-	-	-	-	-	82,685	39,484	73,578	59,766
Total general revenues - primary government	-	-	-	-	-	-	256,577	67,715	89,788	93,236
Total revenues - primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,340,249	\$ 67,682,506	\$ 76,078,157	\$ 96,618,453

(1) 2002-03 Marks the year of GASB Statement #34 implementation for the San Joaquin Council of Governments. GASB 34 does not require the "government-wide" presentation of data for fiscal years ended prior to June 30, 2003.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS (1)**

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985,528	\$ 4,069,600	\$ 4,483,182	\$ 4,708,473
Transportation	-	-	-	-	-	-	71,275,686	74,914,345	71,652,827	92,855,576
Habitat development	-	-	-	-	-	-	349,176	316,077	494,808	714,662
Interest expense	-	-	-	-	-	-	8,714	112,417	135,247	195,905
Total Expenditures	\$ -	\$ 75,619,104	\$ 79,412,439	\$ 76,766,064	\$ 98,474,616					

(1) 2002-03 Marks the year of GASB Statement #34 implementation for the San Joaquin Council of Governments. GASB 34 does not require the "government-wide" presentation of data for fiscal years ended prior to June 30, 2003.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Governmental activities:										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,686	\$ 8,199,237	\$ 1,922,459	\$ 1,692,370
Restricted for:										
Habitat acquisition and management	-	-	-	-	-	-	5,773,546	8,379,820	10,772,195	24,349,234
Appropriated	-	-	-	-	-	-	64,449,709	45,263,481	42,408,568	70,648,046
Debt service	-	-	-	-	-	-	2,952,922	135,443	443	183,693
Unrestricted	-	-	-	-	-	-	972,217	833,460	7,019,869	(35,798,151)
Total primary government net assets	\$ -	\$ 74,292,080	\$ 62,811,441	\$ 62,123,534	\$ 61,075,192					

(1) 2002-03 Marks the year of GASB Statement #34 implementation for the San Joaquin Council of Governments. GASB 34 does not require the "government-wide" presentation of data for fiscal years ended prior to June 30, 2003.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (1)
 (accrual basis of accounting)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
EXPENSES										
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985,528	\$ 4,069,600	\$ 4,483,182	\$ 4,708,473
Transportation	-	-	-	-	-	-	71,275,686	74,914,345	71,652,827	92,855,576
Habitat development	-	-	-	-	-	-	349,176	316,077	494,808	714,662
Interest expense	-	-	-	-	-	-	8,714	112,417	135,247	195,905
Total primary government expenses	-	-	-	-	-	-	75,619,104	79,412,439	76,766,064	98,474,616
PROGRAM REVENUES										
Governmental activities:										
Charges for services	-	-	-	-	-	-	2,813,277	2,687,413	2,890,046	13,486,878
Operating grants and contributions	-	-	-	-	-	-	66,270,395	64,893,087	73,098,323	83,038,339
Capital grants and contributions	-	-	-	-	-	-	-	34,291	-	-
Total governmental activities program revenues	-	-	-	-	-	-	69,083,672	67,614,791	75,988,369	96,525,217
Total primary government net revenue (expense)	-	-	-	-	-	-	(6,535,432)	(11,797,648)	(777,695)	(1,949,399)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Unrestricted investment earnings	-	-	-	-	-	-	173,892	28,231	16,210	33,470
Miscellaneous	-	-	-	-	-	-	82,685	39,484	73,578	59,766
Total general revenues - primary government	-	-	-	-	-	-	256,577	67,715	89,788	93,236
CHANGE IN NET ASSETS										
TOTAL PRIMARY GOVERNMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,278,855)	\$ (11,729,933)	\$ (687,907)	\$ (1,856,163)

(1) 2002-03 Marks the year of GASB Statement #34 implementation for the San Joaquin Council of Governments.
 GASB 34 does not require the "government-wide" presentation of data for fiscal years ended prior to June 30, 2003.

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

<u>Fiscal Year</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance</u>	<u>Measure K</u>	<u>Total</u>
1996-97	\$ 11,515,592	\$ 554,841	\$ 22,280,843	\$ 34,351,276
1997-98	12,192,817	1,000,557	23,884,734	37,078,108
1998-99	13,038,365	967,484	26,831,193	40,837,042
1999-00	15,145,856	981,296	29,094,198	45,221,350
2000-01	17,238,128	1,007,740	32,988,839	51,234,707
2001-02	17,632,624	1,913,861	34,377,742	53,924,227
2002-03	18,768,399	1,073,638	36,378,280	56,220,317
2003-04	20,375,418	1,165,914	39,221,071	60,762,403
2004-05	22,528,054	1,285,581	43,625,573	67,439,208
2005-06	24,975,210	2,251,762	47,167,527	74,394,499

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

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General fund										
Reserved	\$ 225,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	70,685	278,114	230,385	205,802	166,514	627,192	972,217	(4,583,715)	(4,722,759)	(4,144,956)
Total general fund	\$ 295,983	\$ 278,114	\$ 230,385	\$ 205,802	\$ 166,514	\$ 627,192	\$ 972,217	\$ (4,583,715)	\$ (4,722,759)	\$ (4,144,956)
All other governmental funds										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,777,202	\$ 143,290,174	\$ 137,040,804	\$ 135,914,973	\$ 190,016,234
Unreserved, reported in Special revenue funds	430,229	277,617	11,592	171,635	230,068	0	0	0	0	0
Total all other governmental funds	\$ 430,229	\$ 277,617	\$ 11,592	\$ 171,635	\$ 230,068	\$ 165,777,202	\$ 143,290,174	\$ 137,040,804	\$ 135,914,973	\$ 190,016,234

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

	Fiscal Year									
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
REVENUES										
Sales Tax	\$34,351,276	\$37,078,108	\$40,837,042	\$45,221,350	\$51,234,707	\$53,924,227	\$56,220,317	\$60,762,403	\$67,439,208	\$74,394,499
Intergovernmental	2,334,200	2,195,848	2,146,121	3,963,490	3,907,406	4,098,354	4,201,070	6,388,567	4,196,645	5,146,041
Charges for services	2,854	-	-	-	-	1,994,084	2,813,277	2,610,642	2,745,671	13,218,708
Investment earnings	3,985,349	6,983,350	6,802,609	7,521,403	9,549,270	8,592,953	6,687,520	1,363,123	3,305,289	5,671,684
Charitable contributions - easements	-	-	-	-	-	589,717	-	201,805	-	-
Other	84,059	9,632	26,219	12,063	952,063	91,212	82,685	39,484	73,578	59,766
Total revenues	40,757,738	46,266,938	49,811,991	56,718,306	65,643,446	69,290,547	70,004,869	71,366,024	77,760,391	98,490,698
EXPENDITURES										
General administration	2,742,098	406,541	418,447	740,879	2,218,276	4,296,173	4,729,944	7,586,419	5,896,553	6,277,914
Transportation	33,579,733	47,569,801	50,140,838	49,841,454	51,597,288	55,271,248	69,608,545	73,511,899	69,645,387	88,117,490
Habitat Plan	-	-	-	-	-	948,288	349,176	66,077	112,392	329,678
Investment expense	106,214	218,730	-	-	-	-	446,428	582,363	633,784	840,548
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	29,187	53,294	72,593	68,685	29,474	29,028	28,519	38,583	40,501
Interest	-	1,389,163	2,029,594	2,309,840	3,244,588	1,686,433	1,229,427	1,182,500	1,759,929	4,578,834
Capital outlay	-	-	-	-	-	-	-	-	-	-
Capital assets	-	25,423	196,632	35,488	54,585	30,759	14,556	7,935,244	42,191	21,998
Capital leases	-	30,229	69,270	114,080	10,958	15,542	49,693	49,516	24,085	18,368
Total expenditures	36,428,045	49,669,074	52,908,075	53,114,334	57,194,380	62,277,917	76,456,797	90,942,537	78,152,904	100,225,731
Excess of revenues over (under) expenditures	4,329,693	(3,402,136)	(3,096,084)	3,603,972	8,449,066	7,012,630	(6,451,928)	(19,576,513)	(992,513)	(1,735,033)
OTHER FINANCING SOURCES (USES)										
Commercial paper proceeds	-	65,000,000	-	24,000,000	-	-	-	8,000,000	-	72,000,000
Commercial paper retirements	-	-	-	(244,588)	-	2,462	-	(2,462)	-	-
Operating transfers-in	-	-	-	-	-	-	-	-	-	-
Operating transfers-out	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	10,423	-	-	-	-	-	-	-
Capital Leases	-	30,229	196,632	114,080	10,958	15,542	49,693	49,516	24,085	18,368
Total other financing sources (uses)	-	30,229	207,055	24,114,080	10,958	15,542	49,693	49,516	24,085	18,368
NET CHANGE IN FUND BALANCES	\$4,329,693	\$61,628,093	(\$2,889,029)	\$27,718,052	\$8,460,024	\$7,028,172	(\$6,402,235)	(\$13,526,997)	(\$368,428)	\$70,283,335

SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND

For the Fiscal years Ending June 30, 1997 Through June 30, 2006

	June 30, 1997	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
INTERGOVERNMENTAL:										
TDA Administration	101,000	101,000	101,000	111,000	131,000	133,000	133,000	158,000	160,000	200,000
State Transit Assistance	13,668	14,000	16,425	16,444	16,652	28,651	16,658	18,003	20,459	35,607
State Subventions/Mandated Costs						7,078				
Stockton - Arch Road/Hwy 99		244,350			1,620					
Freeway Service Patrol	98,500	160,600	178,490	324,924	278,853	289,759	289,007	336,806	330,361	323,127
Ridesharing - S.J. County TDM	246,846	300,000	134,919	168,081	157,000	160,000	164,000			
Ridesharing - Stanislaus Co.			100,000	104,500	105,000	107,000	109,000	121,000	139,000	155,000
National Fish & Wildlife	62,783	11,700								
Habitat Funds/Habitat Management				250,000		40,006	296,163	230,000	382,415	384,983
Measure K	450,473	390,388	520,800	776,900	1,038,000	900,000	965,000	3,515,617	1,038,517	1,644,128
Fed. Highways Pkg. & Admin/SPR/PPM	553,337	481,534	586,655	606,890	696,187	762,049	801,168	872,450	980,375	782,606
Federal Transit Administration	106,795	92,995	77,983	102,589	104,816	263,621	184,297	172,757	188,008	179,054
Department of Education						172,635	257,990		32,352	
CMAQ/JRP/TW/CIRIS						74,295	91,339	120,030	105,414	79,733
CMAQ/Congest. Mitigation/Rideshare							179,798	68,924	24,956	343,911
San Joaquin Valley APCD	1,157		18,587	66,144	196,650	750	500	500		
Airport Land Use Commission	875		9,820	3,675	5,715	4,747	3,920	3,270	4,390	3,430
Great Valley Cr. Legacy Grant			50,000	25,000			15,000			
Caltrans PPM Program			58,000	75,000	77,000	101,000	212,000			
Caltrans ITS Program			6,000	174,145	354,227	76,772				
SB 45 STIP PP&M Program									90,556	94,444
Urban Area Focus/Strat. Deployment										
Manatee/Lahrom Interchange Feasibility										
Ripon Bike Bridge Funds				88,049	158,201		55,161	43,454		
State Census 2000				91,533						
Interregional Partnership - ABAG										
San Joaquin A-Plus Reading Program					26,424	22,495		46,651		
CCASP Aviation Plan	7,418	10,486								
Valley CAN/Valley blue print										
USDOT SR130/FAA	212,000	240,000	284,224	454,375	456,750	601,979	547,500	626,815	675,842	80,070
Planning - sjccog TDA	1,854,852	2,047,053	2,142,903	3,441,249	3,804,095	3,848,429	4,411,060	6,354,276	4,196,645	5,146,041
Total intergovernmental										
Use of money and property:										
Interest income	24,332	29,463	22,911	28,833	28,935	19,914	18,606	29,025	16,255	32,942
Unrealized Gain (Loss) On Inv.		(2,551)	(390)	347	(2,462)	587	(2,169)	(794)	(45)	529
Total use of money and prop	24,332	26,912	22,521	29,180	26,473	20,501	16,437	28,231	16,210	33,471
Miscellaneous:										
SJCCOG fees - data sales	2,854	2,244	703	2,228	2,043	13,254	4,478	1,158	1,406	2,827
Insurance proceeds			10,423	1,900						
Donations & Other local revenue	28,764	7,386	15,093	7,935	69,484	76,094	82,685	39,484	75,034	59,936
Total other revenue	31,618	9,630	26,219	12,063	71,527	89,348	87,163	40,642	76,440	62,763
Total Revenues	1,910,802	2,083,595	2,191,643	3,482,492	3,902,095	3,958,278	4,514,660	6,423,149	4,289,295	5,242,275

Source: Audited financial statements for the fiscal years ending June 30, 1997 through June 30, 2006

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL FUND**

For the Fiscal years Ending June 30, 1997 Through June 30, 2006

	June 30, 1997	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
EXPENDITURES:										
RTP Update	\$ 62,140	\$ 61,326	\$ 15,954	\$ 18,649	\$ 135,995	\$ 121,613	\$ 45,629	\$ 74,841	\$ 87,440	\$ 89,731
RTP studies	33,468	41,037	67,541	5,939	14,229	35,145	57,967	18,752	72,319	149,458
Foothill/Valley (94/96)										
Regional Transp. Improv. Plan	85,835	61,922	84,177	147,832	141,533	170,378	232,800	151,315	182,096	341,682
Road/Street Monitoring	112,512	97,529	90,809	227,165	222,871	185,305	366,457	321,224	506,476	357,210
Transit Coordination	174,534	116,244	93,895	128,236	131,355	185,089	211,690	200,209	213,414	203,517
Transportation Air Quality	12,730	28,693	10,728	22,783	49,955	124,280	131,709	90,903	173,907	238,762
Transportation A.Q. Model	78,109	49,191	48,506	95,602	123,050	53,077				
Social Service Transit										
Technical Assistance	206,038	542,585	334,799	532,308	837,404	710,190	458,423	76,221	100,838	50,921
Intergovernmental Coordination	90,006	74,574	117,766	190,315	223,641	361,850	304,212	299,515	340,899	291,893
Projects & Forecasts	87,693	71,868	70,911	278,155	54,146	103,304	143,816	124,636	97,117	10,299
Aviation and Land Use	14,737	13,713	3,892	5,484	4,915	5,877	6,242	12,808	3,740	80,379
Congestion Management	67,844	34,162	22,720	5,240	3,563	1,152	283	1,161	13,444	12,653
Regional Planning	147,480	76,933	193,116	492,153	310,922	292,626	302,577	515,446	539,041	26,890
Valley M/P.O. coordination	46,661	26,288	61,182	196,990	403,034	126,084	23,160	15,073	14,515	7,926
Interregional Partnership					16,453	43,907	107,511	59,363	6,791	1,607
Measure K Program Management	87,924	89,699	105,324	152,417	97,287	147,860	201,596	157,741	243,150	312,057
San Joaquin Valley Blueprint										80,506
Habitat Implementation										241,459
COG OWP Mgmt. & Admin.	105,239	104,820	213,742	87,607	121,714	161,942	171,771	159,050	155,404	166,162
TDA Administration	97,645	98,959	83,985	108,349	123,349	126,316	134,823	154,835	133,284	199,767
Community Involvement	86,455	91,191	78,590	161,330	224,955	192,502	249,420	330,221	296,176	687,150
Capital Outlay/Deprac/Ins adjustment	6,930	7,838	(9,712)	(1,962)	(822)	(1,402)	(6,106)	7,818,061	(152,087)	(200,121)
ISTEA/TEA-21 Management	21,459	11,338	18,097	3,567	172	4,032	5,096	1,742	735	8,276
Ridesharing - S.J. County/Staan. County	350,255	240,407	360,555	379,033	311,118	489,054	546,020	442,989	431,861	511,567
Freeway Service Patrol							361,259	421,007	414,316	443,969
Under (over) -applied costs	(71,196)	319,245	449,203	354,428	332,111	85,024	161,438	537,768	553,463	469,795
Total Expenditures	\$ 1,904,498	\$ 2,259,562	\$ 2,515,820	\$ 3,591,620	\$ 3,882,950	\$ 3,725,205	\$ 4,217,793	\$ 11,979,081	\$ 4,428,339	\$ 4,803,516

Source: Audited financial statements for the fiscal years ending June 30, 1997 through June 30, 2006.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
PROFILE OF TAXABLE SALES
 1991 - 1997
 (UNAUDITED)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Retail Stores																
Apparel stores	2.17%	2.09%	2.05%	2.02%	2.14%	2.18%	2.11%	1.92%	1.73%	1.80%	1.76%	1.92%	3.29%	3.39%	n/a	n/a
General merchandise	12.25%	13.06%	13.14%	12.87%	12.54%	12.25%	12.30%	12.74%	12.28%	11.71%	10.53%	11.78%	10.99%	10.79%	n/a	n/a
Specialty stores	5.51%	5.47%	5.72%	5.75%	5.66%	5.70%	5.77%	5.81%	6.27%	6.50%	6.05%	7.57%	9.82%	9.79%	n/a	n/a
Eating and drinking group	7.71%	7.68%	7.73%	7.36%	7.31%	7.11%	6.85%	6.68%	6.37%	6.11%	6.34%	6.43%	8.70%	8.65%	n/a	n/a
Building material group	5.08%	5.13%	5.29%	5.36%	5.31%	5.13%	5.23%	5.38%	5.83%	5.79%	6.46%	6.53%	6.13%	6.83%	n/a	n/a
Automotive group	21.20%	21.12%	21.33%	21.76%	21.77%	22.72%	20.68%	19.49%	20.90%	22.39%	24.71%	23.88%	20.60%	20.70%	n/a	n/a
Other retail stores	14.22%	14.75%	14.08%	13.22%	12.75%	12.30%	13.47%	13.09%	12.81%	12.35%	12.22%	11.69%	10.06%	9.86%	n/a	n/a
Business and personal services	4.06%	4.00%	3.95%	3.74%	3.68%	3.75%	3.81%	3.86%	3.98%	3.53%	3.95%	3.97%	4.71%	4.46%	n/a	n/a
All other	27.81%	26.71%	26.71%	27.93%	28.84%	28.86%	29.77%	31.04%	29.83%	29.82%	27.99%	26.23%	25.70%	25.52%	n/a	n/a
Total	100.00%	n/a	n/a													

SOURCE: CALIFORNIA STATE BOARD OF EQUALIZATION

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DEMOGRAPHIC INFORMATION**

**(UNAUDITED)
LAST FOURTEEN YEARS**

YEAR	COUNTY POPULATION (JANUARY 1)	TOTAL HOUSING UNITS	NEW HOUSING UNITS	TAXABLE SALES (IN THOUSANDS)
1993	507,170	173,590	2,362	\$3,708,151
1994	513,135	176,066	2,476	\$3,957,158
1995	519,836	178,243	2,177	\$4,176,036
1996	528,894	180,214	1,971	\$4,422,080
1997	537,669	182,444	2,230	\$4,733,123
1998	525,249	184,238	1,794	\$5,080,400
1999	554,438	186,718	2,430	\$5,761,960
2000	563,598	189,160	2,442	\$6,582,353
2001	583,700	192,268	3,108	\$6,995,905
2002	596,000	197,316	5,048	\$7,305,586
2003	616,500	201,375	4,082	\$7,745,868
2004	636,466	207,449	6,074	\$8,703,241
2005	653,333	213,688	6,239	n/a*
2006	668,265	n/a*	n/a*	n/a*

SOURCES:

POPULATION AND NEW HOUSING - CALIFORNIA DEPARTMENT OF FINANCE

TAXABLE SALES - CALIFORNIA STATE BOARD OF EQUALIZATION

* DATA IS NOT YET AVAILABLE

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