

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**

**STOCKTON, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED June 30, 2005**

**Prepared by:**

**Steven Dial, Director of Administration/Chief Financial Officer**

**Robert Schiffler, Chief Accountant**

SAN JOAQUIN COUNCIL OF GOVERNMENTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 June 30, 2005

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# **INTRODUCTORY SECTION**





## SAN JOAQUIN COUNCIL OF GOVERNMENTS

555 E. Weber Avenue • Stockton, California 95202

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[www.sjcog.org](http://www.sjcog.org)

December 20, 2005

*Gary L. Haskin*  
CHAIR

*John Harris*  
VICE CHAIR

*Andrew Chesley*  
INTERIM 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, 2005.

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 J. Steven Pressley, CPA, 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, 2005, 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, 2005, 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 thirteen member Board composed of ten locally elected officials and three ex-officio members. The Board has two members of the San Joaquin County Board of Supervisors, two 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 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 and subsequently the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), have 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. Census Data Center

The Council of Governments is the Census Data Center for San Joaquin County. In this role, the Council receives directly from the U.S. Bureau of the Census all reports and documentation. The Council works with the Census Bureau in the preparation of these reports. The Council also generates numerous reports using the 2000 census data. In addition, the Council works with the State of California Department of Finance which is responsible for annual updates on California demographics. The Council was directly involved in the Census 2000 activities.

#### E. Congestion Management Agency (CMA)

The approval of Proposition 111 by the voters in June of 1990 put into effect the California Congestion Management Program. This program requires Congestion Management

Agencies to work with local governments to determine the impact of new development on the "regional transportation network", and to identify specific mitigation for any deleterious effects. The Council was named the CMA for San Joaquin County in 1991, and adopted its first Congestion Management Program(CMP) in November of 1991.

#### 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

The San Joaquin Council of Governments has a proven record of making environmentally aware transportation investments. San Joaquin County, is on the northern border of the eight county San Joaquin Valley Air Basin. While our county enjoys a much better level of air quality than most of the rest of the air basin, we must comply with the same federal rules and regulations as the rest of the eight county San Joaquin Valley Air Pollution Control District. The Air District has failed to meet federal air quality standards for Ozone and for PM10 by the federally mandated deadlines. The Air District cannot develop a new State Implementation Plan to meet the next deadline for Ozone. SJCOG staff has provided extensive assistance to the Air District over the last year to develop new air quality plans, and extensive assistance will again be required in the coming year.

## J. SJCOG, INC.

SJCOG, INC. is a not-for-profit public benefit corporation established to act as the designee of the joint powers agency organized pursuant to the San Joaquin County Multispecies 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 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 project 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, 2005.

Budget-to-actual comparisons are provided in this report for the Council's general fund. This comparison is provided on page 61 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 is estimated at 6.0% in 2003-2004 and 6.5% in 2004-2005 and 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.

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:

Measure K renewal - The Council is currently in the planning stages of proposing a renewal of Measure K, the ½ cent sales tax measure, originally approved by County voters in 1990. The measure is schedule to sunset in 2011. Renewal efforts are expected to take place at the earliest opportunity.

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

Measure K Delivery - The Council is in the fourteenth 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 highway system projects (which are under way) including: I-205 and Highway 99 widening, I-5 Hammer lane,

Route 99/Kettleman Lane, Yosemite Avenue and the Jack Tone Road Interchange improvement projects. 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 has recently coordinate the approval of a County-wide Regional Transportation Impact Fee. This unified fee schedule is currently being adopted by member agencies and is scheduled for implementation in 2005-06.

SAFETEA-LU - The Council participated in the process of reauthorizing the federal transportation legislation as described below:

In August 2005 the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law. This new federal transportation legislation continues to build upon the previous transportation acts, including the Intermodal Surface Transportation Equity Act (ISTEA) for the 21 st century (TEA-21). These acts have infused the region with significant amounts of funding for transportation projects using new management tools and 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 is the accountability to insure that projects are 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, 2005, consists of money market funds and federal agency discounted notes. Steven Dial, Director of Administration 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 \$95,000,000 of Sales Tax Revenue Tax Exempt Commercial Paper Notes outstanding at June 30, 2005. 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. In early 2005-06 the Council plans to authorize and issue an additional \$67,000,000 of commercial paper notes to provide interim financing for the Interstate 205 Freeway Widening Project. 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, 2005. 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 postemployment 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

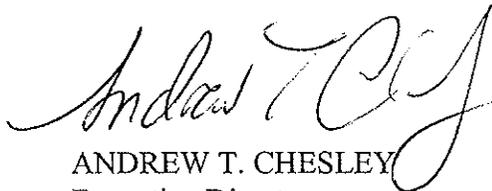
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Joaquin Council of Governments for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the seventh consecutive year that 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 J. Steven Pressley, 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  
Director of Administration/  
Chief Financial Officer

# 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 HERN
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
SJRRC	Stacey Mortensen	SJRRC	Brian Schmidt
SJVAPCD	John Cadrett	Port of Stockton	Henry McKay
Caltrans	Jane Perez	Caltrans	Annette Clark

***Professional Staff***

Andrew T. Chesley, Executive Director  
Steve Dial, Director of Administration/CFO  
Rebecca Montes-Calija, Mgr. of Administrative Services

***Senior Regional Planners***

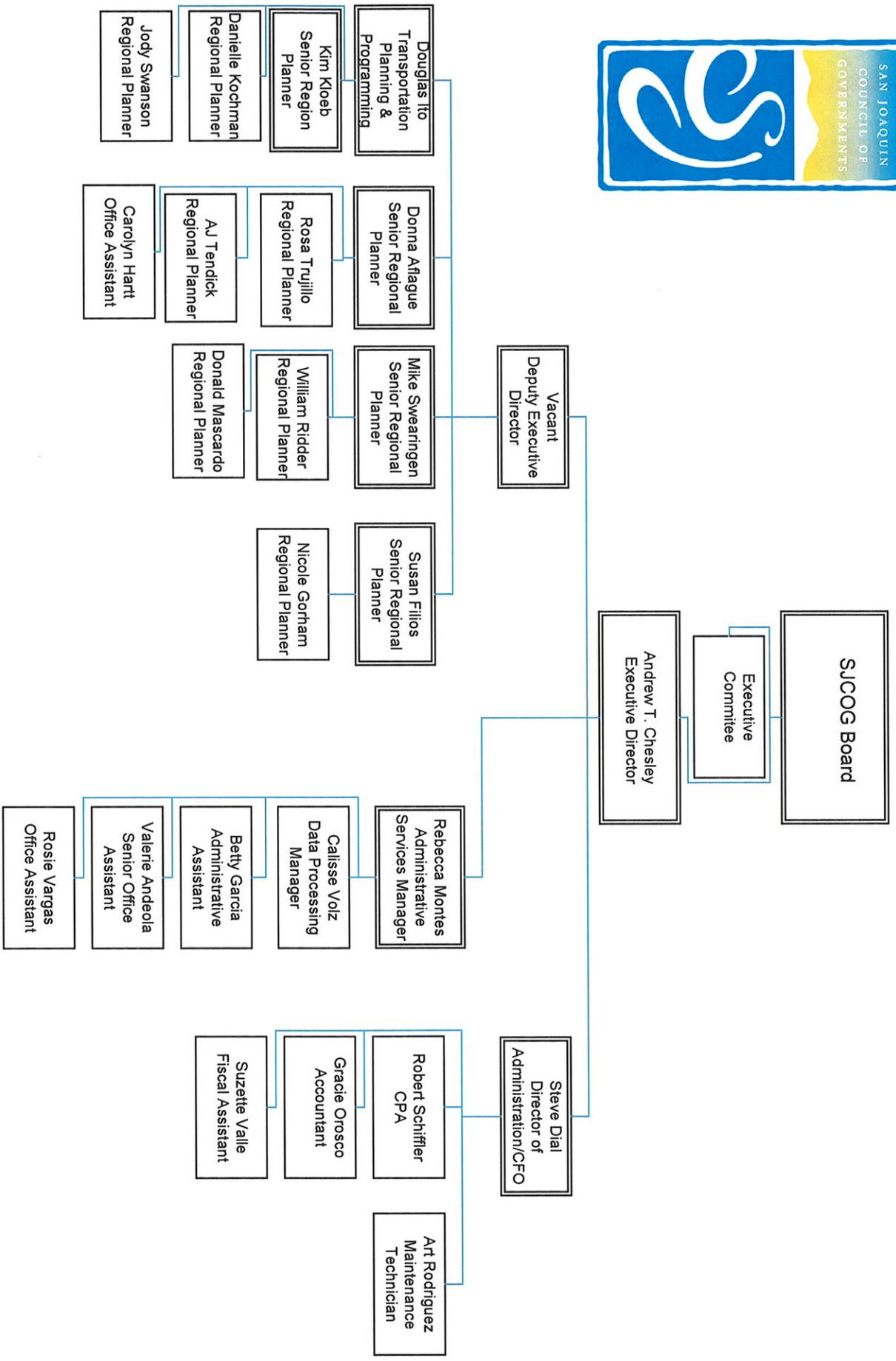
Susan Filios  
Kim Kloeb  
Donna Aflague  
Michael Swearingen  
Steve Mayo  
Douglas Ito

***Regional Planners***

William Ridder  
Rosa De León Park  
Nicole Gorham  
AJ Tendick  
Kevin Torell  
Danielle Kochman  
Jody Swanson  
Donald Mascardo

***Office and Administrative Staff***

Robert Schiffler, Chief Accountant  
Gracie Orosco, Accountant  
Suzette Valle, Fiscal Assistant  
Calisse Volz, Data Processing Manager  
Betty Garcia, Administrative Assistant  
Valerie Andeola, Senior Office Assistant  
Rosie C. Vargas, Office Assistant  
Carolyn Hartt, Office Assistant  
Arthur Rodriguez, Bldg. Maintenance Technician



# *SJCOG ADVISORY COMMITTEES*



*13 Member SJCOG Board*



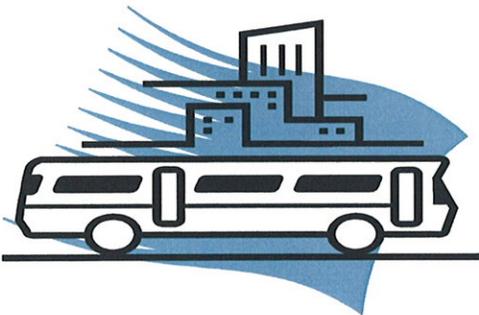
*Executive Committee*



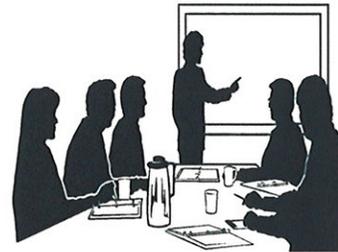
*Management & Finance  
Committee*



*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, 2004

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.



*Nancy L. Zjelke*

President

*Jeffrey R. Emer*

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, 2005, 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, 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, 2005, 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 December 6, 2005, 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 conjunction with this report in considering 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 section and statistical tables 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.

A handwritten signature in black ink, appearing to be 'J. S. P.' with a stylized flourish at the end.

Bakersfield, California  
December 6, 2005

## 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, 2005. 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 \$62,123,534 (net assets) for the fiscal year ended June 30, 2005. This compares to the previous year when assets exceeded liabilities by \$62,811,441.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt of \$1,922,459, 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 \$53,181,206 are restricted by constraints imposed from outside the Council, such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of \$7,019,869 represent the portion available to maintain the Council's continuing obligations.
- The Council's governmental funds reported total ending fund balance of \$149,420,658 this year. This compares to the prior year ending fund balance of \$149,789,086, showing a decrease of \$368,428 during the current year. Unreserved fund balance of (\$4,722,759) for fiscal year 2004-2005 shows a (\$139,044) decrease from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was (\$4,722,759).
- Total liabilities of the Council increased by \$419,140 to \$107,629,151 during the fiscal year. Commercial paper obligations outstanding during the fiscal year remained at \$95.0 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 Regional Multi-species Habitat Program, 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 37 & 38 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.

### ***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Council's own programs. The Council maintains one fiduciary fund, to account for the activities of the Department of Education Agency Fund.

## **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 - 58 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 \$62,123,534 at the close of the most recent fiscal year.

By far the largest portion of the Council's net assets (66.4 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 all three categories of net assets, for the government as a whole. The Council's net assets decreased by \$687,907 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 \$9,614,650, Congestion Relief \$12,691,102, Railroad Safety, \$5,490,476, and Streets and Roads \$17,229,461. These expenditures drew down on accumulated Measure-K fund contract commitment reserves. In addition, LTF and STA claimed amounts of \$23,964,095, and \$1,513,904, 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.

For the fiscal year ended June 30, 2005, the Council is reporting SJCOG, INC., as a blended component unit. This presentation is due to the fact that the Council and SJCOG, INC., share substantially the same governing bodies. Please see Note I, of the notes to the financial statements for a detailed description of SJCOG, INC.

The following tables related to net assets reflect the above described and other activities that took place during the June 30, 2005 fiscal year.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS' Net Assets**

	Governmental Activities	
	2005	2004
Current and other assets	\$ 161,759,868	\$ 161,737,359
Capital assets	7,922,817	8,284,093
Total assets	169,752,685	170,021,452
Long-term liabilities outstanding	95,289,941	95,261,738
Other liabilities	12,339,210	11,948,273
Total liabilities	107,629,151	107,210,011
Net assets:	62,123,534	62,811,441
Invested in capital assets, net of related debt	1,922,459	2,199,237
Restricted	53,181,206	53,778,744
Unrestricted	8,019,869	6,833,460
Total net assets	\$ 62,123,534	\$ 62,811,411

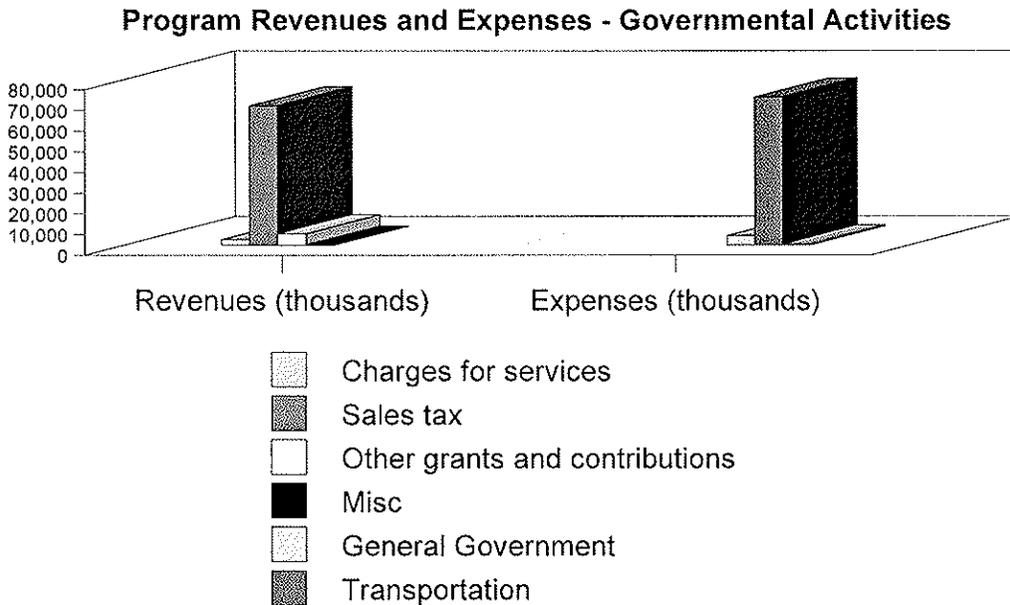
An additional portion of the Council's net assets (85.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$1,019,869, may be used to meet the Council's obligations to claimants and creditors.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS' Changes in Net Assets**

Governmental Activities		
	June 30, 2005	June 30, 2004
Revenues:		
Program revenues:		
Charges for services	\$ 2,890,046	\$ 2,687,413
Operating grants and contributions		
Sales tax	67,439,208	60,762,403
Other operating grants and contributions	5,659,115	4,130,684
Capital grants and contributions		34,291
General revenues - investments and miscellaneous	89,788	67,715
Total revenues	76,078,157	67,682,506
Expenses:		
General government	4,618,429	4,182,017
Transportation	71,652,827	74,914,345
Habitat development and management	494,808	316,077
Total expenses	77,766,064	79,412,439
Increases (Decreases) in net assets	(687,907)	(11,729,933)
Net assets - July 1, 2004	62,811,441	74,541,374
Net assets - June 30, 2005	\$ 62,811,441	\$ 62,811,441

- Overall program revenues increased by \$8,373,578 (12.4%) during the year. This was due in part as a result of increased revenues from various federal and state transportation grants.
- Local Transportation Fund (LTF), State Transit Assistance (STA) and Measure-K Sales tax revenues increased by \$2,152,636, \$119,667 and \$4,404,502 respectively due to an increase in sales tax and gasoline tax revenues collections during the current fiscal year.
- General revenues increased by \$22,073 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 \$149,420,658, a decrease of \$368,428 in comparison with the prior year. Of this total amount, (\$4,722,759) 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 \$135,914,530, (2) to pay debt service \$443, (3) to pay future LTF Fund claims of \$5,868,173, and STA Fund claims of \$1,588,076 and (4) for habitat acquisition and management \$10,772,195.

**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 (\$4,722,759). The Council's general fund currently has no reserved fund balance. The fund balance of the Council's general fund decreased by \$139,044 during the current fiscal year. Key factors in this change are as follows:

Interim financing of the Council's new headquarters building and related furnishings and equipment upgrades for the full fiscal year totaled \$120,000. In addition, costs for utilities for the full fiscal year totaled \$55,694. General fund expenditures for salaries and benefits increased due to growth in Council staff, termination costs for retiring employees and also reflect overall inflation rates for the region.

**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 \$43,625,573 for the June 30, 2005 fiscal year end, an increase of 11.2% over the previous fiscal year. The Measure-K Fund balance decreased by (\$1,125,831) over the previous year due mainly to a continuation of deliveries on various projects that have come on line over the past three years. These projects are in the areas of Transit, Congestion Relief, Railroad Safety and Streets and Roads.

**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, 2005 fiscal year, totaled \$22,528,054, an increase of 10.6% over the previous fiscal year. The LTF fund balance decreased by (\$1,295,935) due to claims from various entities that drew down on unclaimed apportionments from prior years.

**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, 2005 fiscal year end totaled \$1,285,581, an increase of 10.3% over the previous fiscal year. The STA fund balance decreased by (\$199,993) due to transit claimants who drew down on unclaimed apportionments from prior years.

**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, 2005 fiscal year totaled \$2,742,808, an increase of 5.1% over the previous fiscal year. The SJCOG, INC., fund balance increased by \$2,392,375 in the June 30, 2005 fiscal year. These funds are targeted for future

habitat land and easement acquisitions and for management of the habitat plan.

## **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, allowance for retiring employees and the overall effect of regional inflation.

Rents and leases - equipment budget was adjusted to allow for changes in various office equipment operating leases.

Publications and legal notices expenditures were slightly higher than originally budgeted.

Professional services were increased to allow for additional transportation project consulting contract expenditures.

Actual revenues were less than final budgeted revenues by \$586,148. This was primarily due to the fact that the Council did not draw down on Federal FHWA PL and IRP unobligated carryover funds that were budgeted in 2004-05.

Salaries and benefits exceeded the final budget by \$55,449. This was due to the fact that vacation sales are not budgeted. Vacation sales and related benefits exceeded the budget by \$45,644. In addition, costs of employee retirements contributed to the overall variance.

Office expense exceeded the final budget by \$67,894 because fixed asset purchases under \$5,000 per item are fully expensed in the year of acquisition. These acquisitions are included in the office expense category. Other unanticipated office expenses were incurred near year-end. The Council's Board members were notified of these contingencies.

Communications costs and travel exceeded their final budgeted amounts by \$3,680 and \$30,729 respectively. Communications costs reflect additional year-end expenditures slightly in excess of budgeted amounts. Outside parties reimbursed \$31,280 to the Council for travel and related costs for the 2004-05 fiscal year.

### ***Measure-K Fund***

Measure-K revenues exceeded budgeted amounts by \$1,879,573 because favorable sales tax collections exceeded the original estimates by 4.5%. The Council does not budget for Measure-K earnings on investments. The \$2,976,268 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 all 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.

### ***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 8.3% for the fiscal year ended June 30, 2005. Revenues from use of money and property are not budgeted.

LTF expenditures exceeded budgeted amounts because various entities claimed funds in excess of their current annual apportionments. The funds are held in trust for claimants until such time as they are needed for eligible LTF projects.

### ***State Transit Assistance Fund (STA)***

A preliminary estimate of State Transit Assistance Fund (STA) revenues for the 2004-05 fiscal year was provided by the California State Controller's Office in January 2004. A revised estimate for FYE 2004-05 was provided in August 2004. Actual STA fuel tax revenues fell short of the revised estimate by 2.7% for the fiscal year ended June 30, 2005. Revenues from use of money and property are not budgeted.

STA expenditures exceeded budgeted amounts because various entities claimed funds in excess of their current annual apportionments. The funds are held in trust for claimants until such time as they are needed for eligible STA Transit expenditures.

### ***SJCOG, INC.***

Actual collections of charges for services exceeded estimates by 9.7% for the fiscal year ended June 30, 2005.

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. Overall expenditures exceeded budgeted amounts by \$5,192 due to various habitat plan management costs that exceeded estimates.

## 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, 2005 amounts to \$7,992,817 (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 (\$291,276).

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

The Council acquired \$42,191 of capital assets. In addition, the Council acquired \$24,085 of office and computer equipment under various capital leases during the 2004-2005 fiscal year. The Council disposed of \$86,689 of capital assets in the fiscal year ended June 30, 2005.

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

	<u>Governmental Activities</u>	
	June 30, 2005	June 30, 2004
Land	\$ 400,000	\$ 400,000
Office furniture and fixtures	210,178	225,941
Office building and improvements	6,806,709	6,984,275
Electrical fixtures & multi-media	500,871	501,777
Office and computer equipment	75,059	172,100
Total	\$ 7,992,817	\$ 8,284,093

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 \$95,000,000. Of this amount, backup liquidity consisted of \$118,662,337 of liquid investments in the Public Financial Management portfolio, \$1,003,549 in California Asset Management Pool, \$413,044 in State of California Local Agency Investment Fund, \$6,116,333 in the San Joaquin County Pool and a \$100,000,000 line of credit with the Bank of New York.

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

	<u>Governmental Activities</u>	
	June 30, 2005	June 30, 2004
Commercial paper obligations	\$ 95,000,000	\$ 95,000,000
Total	\$ 95,000,000	\$ 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 plans to issue 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 are scheduled to begin in Spring 2006. The California Transportation Commission (CTC) is scheduled to repay the Council with cash, beginning in the 2008-06 fiscal year.

**Economic Factors and Next Year's Budgets and Rates**

SJCOG's revenues are being impacted by the financial condition of the State of California. The State's deficit in the transportation funding account will mean no State Transportation Improvement Plan (STIP) funding for program and planning management or Commute Connection transportation demand management operations. These activities will continue with funds substituted from other sources.

Total operating revenues are expected to increase by \$865,175 or 16.6% in the 2005-06 fiscal year.

Measure K and Local Transportation Fund revenues, sources that account for 36% of the operating budget, continue to grow at a rate of over 10%.

Federal Highways and Federal Transit Administration planning funds remain at or above the previous year's levels.

**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 Director of Administration/Chief Financial Officer, 555 East Weber Street, Stockton, California, 95202.

# **BASIC FINANCIAL STATEMENTS**

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Statement of Net Assets**  
**June 30, 2005**

	<b>Primary Government Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 16,181,271
Investments	120,078,496
Sales tax receivable	4,851,740
Interest receivable	1,051,449
Intergovernmental receivables	984,692
Prepays	46,297
Notes receivable	5,558,974
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	7,620,404
Interest receivable	57,649
Intergovernmental receivables	358,542
Deposits with State of California	1,624,700
Permanently restricted:	
Land and conservation easements	3,345,654
Capital assets:	
Capital assets, net of accumulated depreciation	7,992,817
Total assets	169,752,685
 <b><u>LIABILITIES</u></b>	
Accounts payable	11,538,542
Wages and benefits payable	120,642
Compensated absences, current	121,984
Interest payable	348,379
Deferred revenue	33,625
Lease obligations	37,738
Liabilities payable from restricted assets	176,038
Noncurrent liabilities:	
Sick leave and compensated absences	219,583
Lease obligations	32,620
Long-term debt	95,000,000
Total liabilities	107,629,151
 <b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	1,922,459
Restricted for:	
Habitat acquisition and management	10,772,195
Apportioned	42,408,568
Debt service	443
Unrestricted	7,019,869
Total net assets	\$ 62,123,534

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, 2005**

Functions/Programs Primary government: Governmental activities:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 4,483,182	\$ 2,863	\$ 2,514,411		\$ (1,965,908)
Transportation	71,652,827		70,583,912		(1,068,915)
Habitat development	494,808	2,887,183	-		2,392,375
Interest expense	135,247				(135,247)
Total primary government	<u>\$ 76,766,064</u>	<u>\$ 2,890,046</u>	<u>\$ 73,098,323</u>	<u>\$ -</u>	<u>(777,695)</u>
<b>General revenues</b>					
Unrestricted investment earnings					16,210
Miscellaneous					73,578
Total general revenues and transfers					89,788
Change in net assets					
Net assets--beginning					62,811,441
Net assets--ending					<u>\$ 62,123,534</u>

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	<u>General</u>	<u>Measure K</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance</u>	<u>SJCOG, INC.</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 889,155	\$ 6,116,333	\$ 7,663,330	\$ 1,512,010		\$ 16,180,828
Investments		120,078,496				120,078,496
Sales tax receivable		3,009,800	1,531,300	310,640		4,851,740
Interest receivable	5,533	996,215	40,245	9,456		1,051,449
Intergovernmental receivable	880,603	486,505				1,367,108
Prepays	46,297					46,297
Due from other funds	77,899	40,110				118,009
Notes receivable		5,558,974				5,558,974
Advance to other fund		6,000,000				6,000,000
Cash - restricted		443			\$ 7,620,404	7,620,846
Interest receivable - restricted					57,649	57,649
Intergovernmental receivable - restricted		51,600			306,942	358,542
Deposits with State of California - restricted		1,624,700				1,624,700
Land and conservation easements - restricted					3,345,654	3,345,654
Total assets	<u>\$ 1,899,487</u>	<u>\$ 143,963,175</u>	<u>\$ 9,234,875</u>	<u>\$ 1,832,106</u>	<u>\$ 11,330,648</u>	<u>\$ 168,260,292</u>
<b>LIABILITIES and FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 305,885	\$ 7,673,767	\$ 3,314,860	\$ 244,030	\$ 176,038	\$ 11,714,580
Accrued salaries & benefits	120,642					120,642
Accrued compensated absences	121,984					121,984
Interest payable		348,379				348,379
Due to other funds	40,110	26,057	51,842			118,009
Due to other agencies					382,416	382,416
Deferred revenue	33,625					33,625
Advance from other fund	6,000,000					6,000,000
Total liabilities	<u>6,622,246</u>	<u>8,048,203</u>	<u>3,366,702</u>	<u>244,030</u>	<u>558,453</u>	<u>18,839,634</u>
<b>FUND BALANCES</b>						
Reserved for debt service		443				443
Reserved for contract commitments		135,914,530				135,914,530
Reserved for habitat acquisition and management					10,772,195	10,772,195
Apportioned			5,868,173	1,588,076		7,456,249
Unreserved - undesignated	(4,722,759)					(4,722,759)
Total fund balances	<u>(4,722,759)</u>	<u>135,914,973</u>	<u>5,868,173</u>	<u>1,588,076</u>	<u>10,772,195</u>	<u>149,420,658</u>
Total liabilities and fund balances	<u>\$ 1,899,487</u>	<u>\$ 143,963,175</u>	<u>\$ 9,234,875</u>	<u>\$ 1,832,106</u>	<u>\$ 11,330,648</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.

7,992,817

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

(95,289,941)

Net assets of governmental activities

\$ 62,123,534

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, 2005**

	<u>General</u>	<u>Measure K</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance</u>	<u>SJCOG, Inc.</u>	<u>Total</u>
<b><u>REVENUES</u></b>						
Sales Tax		\$ 43,625,573	\$ 22,528,054	\$ 1,285,581		\$ 67,439,208
Intergovernmental	\$ 4,196,645	-			\$ -	4,196,645
Charges for services	2,863				2,742,808	2,745,671
Interest	16,210	2,973,917	134,112	27,293	141,920	3,293,452
Dividends		2,351				2,351
Contributions					-	-
Unrealized gains (losses) on investments		-	5,994	1,037	2,455	9,486
Other	73,578					73,578
Total revenues	<u>4,289,296</u>	<u>46,601,841</u>	<u>22,668,160</u>	<u>1,313,911</u>	<u>2,887,183</u>	<u>77,760,391</u>
<b><u>EXPENDITURES</u></b>						
General administration	4,212,319	443,517	837,842	20,459	382,416	5,896,553
Streets and roads		17,229,461	3,868,473			21,097,934
Pedestrian and bicycle			532,544			532,544
Transit		9,614,650	18,725,236	1,493,445		29,833,331
Congestion Relief		12,691,102				12,691,102
Railroad Safety Crossings		5,490,476				5,490,476
Habitat Plan					112,392	112,392
Investment expense		633,784				633,784
Debt service						-
Principal	38,583					38,583
Interest	135,247	1,624,682				1,759,929
Capital outlay						-
Fixed assets	42,191					42,191
Capital leases	24,085					24,085
Total expenditures	<u>4,452,425</u>	<u>47,727,672</u>	<u>23,964,095</u>	<u>1,513,904</u>	<u>494,808</u>	<u>78,152,904</u>
Excess (deficiency) of revenues over (under) expenditures	(163,129)	(1,125,831)	(1,295,935)	(199,993)	2,392,375	(392,513)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Capital Leases	24,085					24,085
Net change in fund balances	<u>(139,044)</u>	<u>(1,125,831)</u>	<u>(1,295,935)</u>	<u>(199,993)</u>	<u>2,392,375</u>	<u>(368,428)</u>
Fund balances, beginning of year	<u>(4,583,715)</u>	<u>137,040,804</u>	<u>7,164,108</u>	<u>1,788,069</u>	<u>8,379,820</u>	<u>149,789,086</u>
Fund balances, ending	<u>\$ (4,722,759)</u>	<u>\$ 135,914,973</u>	<u>\$ 5,868,173</u>	<u>\$ 1,588,076</u>	<u>\$ 10,772,195</u>	<u>\$ 149,420,658</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, 2005**

Amounts reported for Governmental activities in the statement of activities (page 38) are different because:	
<b>Net change in fund balances - total governmental funds (page 40)</b>	\$ (368,428)
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 (\$ 270,863) exceeded capital outlay (\$66,276) in the current period.	(204,587)
Disposal of fixed assets	(86,689)
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.	(28,203)
	<hr/>
<b>Change in net assets of governmental activities (page 38)</b>	<b>\$ (687,907)</b>
	<hr/>

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

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2005**

	<b>Department of Education Agency Fund</b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 266
Interest receivable	36
Due from other governments	0
	302
 <b><u>LIABILITIES</u></b>	
Due to other governments	302
	\$ 302

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, 2005

**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 thirteen member Board of Directors, made up of two members representing San Joaquin County, two Board of Governors 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 segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

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, 2005

*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 ½ 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, 2005

*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.

*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.

Additionally, the Council reports the following fund type:

The Department of Education Agency Fund, a fiduciary fund, accounts for the activities of the San Joaquin Reads Program, funded by the U.S. Department of Education. The Council acts as trustee for these funds that are administered by the San Joaquin A+ Program, and are distributed to schools throughout the County to support the improvement of intermediate grade students' reading skill levels. The fiscal year ended June 30, 2005 was the final year *SJCOG* administered this program.

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, 2005

*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, 2005 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, 2005. Intergovernmental receivables represent claims for reimbursements and sales tax revenues receivable from various federal, state and local governmental agencies as of June 30, 2005.

*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.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

*Capital assets (continued)*

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.

*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. The amount of compensated absences due within one year was \$121,984 at June 30, 2005.

*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 \$100,000,000 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 detail of these differences are as follows:

Capital assets	\$ 7,992,817
Long-term liabilities and notes-payable	<u>(95,289,941)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (87,297,124)</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

**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 a 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 (\$270,863) exceeded capital outlays (\$66,276) in the current period.

Depreciation expense	\$ (270,863)
Capital outlay	<u>66,276</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>\$ 204,587</u>
Disposal of fixed assets	<u>\$ 86,689</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	\$ 24,085
Debt service principal payments	38,586
Change in liability for long-term absences	<u>(42,701)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (28,203)</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 work program level as well as the object level. Transfers of appropriations within major objects may be approved by the Executive Director. Significant amendments, appropriation transfers between work programs and 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, 2005.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

**Budgetary information (continued)**

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, 2005, expenditures exceeded appropriations in the Salaries – vacation sales, fringe benefits, Office expense, Communications, Transportation, travel and training and Allocated service costs expenditure categories by \$45,644, \$67,894, \$3,680, \$30,729 and \$1,948, respectively. The over-expenditures in the Transportation, travel and training category were funded by private party reimbursements that totaled \$31,280. A provision for vacation sales and related fringe benefit costs was not made in the 2004-05 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**

**Deposits and investments**

*Cash deposits*

As of June 30, 2005, cash totaling \$23,801,232 is included within the San Joaquin County Treasurer's cash and investment pool, which is recorded at fair value. 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. Interest earned but not received from the County at year end is shown as interest receivable on the balance sheet. This cash is not subject to categorization under GASB Statement No. 3. The total amount invested by all public agencies in San Joaquin County's cash and investment pool is \$1,321,672,965 and is managed by the San Joaquin County Treasurer. San Joaquin County does not invest in any derivative financial products directly. The San Joaquin County Investment Oversight Committee (Committee) has oversight responsibility for San Joaquin County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in San Joaquin County that 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.

*Custodial credit risk related to deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be recovered. The County of San Joaquin's investment policy authorizes the investment of pooled funds into obligations of the U.S. Treasury, certain Federal agencies, bankers acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment Fund and repurchase agreements. All of the County pool's investments are of a mid-term and short-term nature. As of June 30, 2005, the Council's funds invested with the San Joaquin County Treasurer's cash and investment pool were exposed to custodial credit risk as shown below:

Uninsured and uncollateralized	\$14,590,155
Collateralized with securities held by the pledging financial institutions	<u>9,211,077</u>
<b>Total</b>	<b><u>\$ 23,801,232</u></b>

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

*Investments*

The Council's investments are recorded at fair value and are categorized to give an indication of the level of risk assumed by the entity at year-end. The three risk categories for investments are: Category 1 is insured or registered, or securities held by the Council or its agent in the Council's name; Category 2 is uninsured and unregistered with securities held by the counterpart's trust department or agent in the Council's name; and Category 3 is uninsured and unregistered with securities held by the counterpart or by its trust department or agent but not in the Council's name. Investments that are not individually identifiable are not required to be categorized. Carrying values of investment securities at June 30, 2005 are summarized as follows:

	Category 2	Uncategorized	Total
Investments with Fiscal Agents:			
Corporate notes	\$ 11,968,564		\$ 11,968,564
Federal agency bonds/notes	67,298,809		67,298,809
U.S. Treasury bonds/notes	40,275,033		40,275,033
PFM money market mutual fund		\$123,046	123,046
CAMP money market mutual fund		376	376
U. S. Government money market fund		67	67
State of California LAIF	_____	413,044	413,044
 Total Investments	 \$ 119,542,406	 \$ 536,533	 \$ 120,078,939

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF at June 30, 2005, is \$52.6 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.

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, 2005 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 \$67 and \$376, respectively. The investments with fiscal agents as well as the \$443 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.

SAN JOAQUIN COUNCIL OF GOVERNMENTS  
Notes to the Financial Statements  
June 30, 2005

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>SJCOG INC.</u>	<u>Total</u>
Receivables:						
Interest	\$ 5,533	\$ 996,215	\$40,245	\$9,456		\$ 1,051,449
Sales Taxes		3,009,800	1,531,300	310,640		4,851,740
Intergovernmental	880,603	486,505				1,367,108
Intergovernmental - Restricted		51,600			\$306,942	358,542
Interest - restricted					<u>57,649</u>	<u>57,649</u>
<b>Total Receivables:</b>	<u>\$886,136</u>	<u>\$4,544,120</u>	<u>\$1,571,545</u>	<u>\$320,096</u>	<u>\$ 364,591</u>	<u>\$7,686,488</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.

*City of Ripon Note*

The City of Ripon note balance as of June 30, 2005, is \$5,190,799. The City of Lodi's note balance as of June 30, 2005, is \$368,175. Accrued interest receivable on these borrowings is reflected in the Measure K Fund at June 30, 2005.

The Ripon note will be partially repaid over a remaining term of five 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 four 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, 2005. There was no outstanding balance or accrued interest receivable on the San Joaquin Regional Rail Commission line of credit at June 30, 2005.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	July 1, 2004	Increases	Decreases	June, 30 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 400,000	\$ -	\$ -	\$ 400,000
<b>Total capital assets, not     being depreciated</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>400,000</b>
Capital assets, being depreciated:				
Office furniture & fixtures	236,450	-	-	236,450
Office building & improvements	7,102,653	-	-	7,102,653
Electrical fixtures & multi-media	519,080	28,356	(79,352)	468,084
Office & computer equipment	278,612	37,920	(7,337)	309,195
	8,136,795	66,276	(86,689)	8,116,382
Less accumulated depreciation for:				
Office furniture & fixtures	(10,509)	(15,763)		(26,272)
Office building & improvements	(118,378)	(177,566)	-	(295,944)
Electrical fixtures & multi-media	(17,303)	(29,262)	-	(46,565)
Office & computer equipment	(106,512)	(48,272)		(154,784)
	(252,702)	(270,863)	-	(523,565)
<b>Total capital assets being   depreciated, net:</b>	<b>7,884,093</b>	<b>(204,587)</b>	<b>(86,689)</b>	<b>7,592,817</b>
<b>Governmental activities   capital assets, net</b>	<b>\$ 8,284,093</b>	<b>\$ (204,587)</b>	<b>\$ (86,689)</b>	<b>\$ 7,992,817</b>

Governmental activities:

Depreciation:

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

Governmental activities:	2005	2004
	270,863	166,699

*Financing - new 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 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. Other long-term financing arrangements may be considered by Council management, depending upon various market factors.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

*Financing - new Regional Center and administrative facilities (continued)*

Debt service and principal repayments 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, 2005, was \$120,000. 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.

**NOTE V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Measure K Fund	\$ 26,057
General Fund	Local Transportation Fund	51,842
Measure k Fund	General Fund	40,110

General Fund receivables from the Measure K Fund represent the final accrued Measure K Program transportation planning revenues due as of June 30, 2005. General fund receivables from the Local Transportation Fund (LTF) represent the final accrued LTF Planning funds due to the General Fund at June 30, 2005. Building debt interest payable in the amount of \$40,110 was due from the General Fund to the Measure K Fund at June 30, 2005.

**NOTE VI. LEASES**

Operating leases

The Council leases one executive automobile and various office equipment under noncancellable operating leases as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2006	\$ 105,267
2007	102,647
2008	97,056
2009	90,000
2010-2015	<u>540,000</u>
Total	<u>\$ 934,970</u>

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.

SAN JOAQUIN COUNCIL OF GOVERNMENTS  
Notes to the Financial Statements  
June 30, 2005

Capital leases (continued)

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 145,617
Less: Accumulated depreciation	<u>(75,259)</u>
Total	<u>\$ 70,358</u>

As of June 30, 2005, the future minimum lease payments and the net present value of these minimum lease payments were as follows:

Fiscal year ending June 30,	
2006	\$ 47,730
2007	28,207
2008	9,717
2009	177
2010	<u>-</u>
Total payments	85,831
Less amounts representing interest	<u>(15,473)</u>
Net present value of future minimum lease payments	<u>\$ 70,358</u>

NOTE VII. LONG-TERM DEBT

Long-term liability activity during the year ended June 30, 2005 was as follows:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>
Sick leave benefits payable	\$ 138,047	\$ 44,578	\$ (1,689)	\$ 180,936
Compensated absences	38,835	-	(188)	38,647
Capital leases	84,856	24,085	(38,583)	70,358
Commercial paper	<u>95,000,000</u>	<u>-</u>	<u>-</u>	<u>95,000,000</u>
Total	<u>\$ 95,261,738</u>	<u>\$ 68,663</u>	<u>\$ (40,460)</u>	<u>\$ 95,289,941</u>

Capital lease payments due within one year total \$47,730. No other long-term liabilities are due within one year.

*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.

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 3.08%.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

*Commercial paper obligations (continued)*

The Council was originally authorized to issue up to \$100,000,000 of these notes. In September 2005, the SJCOG Board of Directors 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 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 are scheduled to begin in spring 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 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. The notes outstanding as of June 30, 2005 bear interest at 0.90% to 1.03%, 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 Westdeutsche Landesbank Girozentrale, New York Branch (West LB), 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 October 9, 2008, 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 October 9, 2008. If the term out agreement were to be exercised because the entire outstanding balance of \$95,000,000 of notes was not resold, the Council would be required to pay \$35,540,432 a year for 3 years under the installment loan agreement assuming a 6.00 percent interest rate.

The Council is required to pay to the Bank an annual commitment fee for the letter of credit of .18% per annum of the stated amount of \$108,000,000. No amounts were utilized on the letter of credit during the year ended June 30, 2005. The Council has paid commitment fees of \$387,256 to the Bank during the year ended June 30, 2005.

**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.

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.

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

June 30, 2005

**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, 2005, accrued vacation and sick leave pay totaled \$341,568. The noncurrent portion of accrued vacation pay and sick leave totaled \$219,583.

**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, 2005 was \$1,720,010. The Council's total contributions to the retirement plans on behalf of employees were \$318,453 for the year ended June 30, 2005.

**Subsequent events**

The Council was originally authorized to issue up to \$100,000,000 of commercial paper notes. In September 2005, the SJCOG Board of Directors 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 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 are scheduled to begin in spring 2006. The California Transportation Commission (CTC) is scheduled to repay the Council with cash beginning in the 2008-09 fiscal year.

**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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 4,311,013	\$ 4,835,443	\$ 4,196,644	\$ (638,799)
Use of money and property	10,000	10,000	16,210	6,210
Other	30,000	30,000	76,441	46,441
Total Revenues	<u>4,351,013</u>	<u>4,875,443</u>	<u>4,289,295</u>	<u>(586,148)</u>
<b><u>EXPENDITURES</u></b>				
Salaries and benefits				
Salaries	1,673,797	1,675,997	1,674,366	1,631
Salaries - vacation sales			45,644	(45,644)
Fringe benefits	725,000	725,000	736,436	(11,436)
Total salaries and benefits	<u>2,398,797</u>	<u>2,400,997</u>	<u>2,456,446</u>	<u>(55,449)</u>
Service and supplies				
Office expense	184,500	184,500	252,394	(67,894)
Communications	40,000	40,000	43,680	(3,680)
Memberships	25,000	30,000	29,352	648
Rents and leases - equipment	104,000	114,000	106,459	7,541
Debt service				
Principal	40,000	40,000	38,583	1,417
Interest - leases	16,000	16,000	15,247	753
Interest - Building debt service	215,000	215,000	120,000	95,000
Transportation, travel & training	100,000	100,000	130,729	(30,729)
Allocated service cost	2,000	2,000	3,948	(1,948)
Publications and legal notices	10,000	12,000	11,538	462
Insurance	70,500	70,500	63,845	6,655
Rents - other	10,000	10,000	7,599	2,401
Maintenance - equipment	10,000	10,000	3,971	6,029
Maint. - building & grounds	60,000	60,000	43,444	16,556
Utilities	60,000	60,000	55,694	4,306
Unallocated/Reserve	16	16		16
Total service and supplies	<u>947,016</u>	<u>964,016</u>	<u>926,483</u>	<u>37,533</u>
Professional and special services	954,700	1,459,930	1,003,219	456,711
Capital outlay	50,500	50,500	66,276	(15,776)
Total Expenditures	<u>4,351,013</u>	<u>4,875,443</u>	<u>4,452,424</u>	<u>423,019</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Capital leases	-		24,085	24,085
Total Other Financing Sources (Uses)	<u>-</u>		<u>24,085</u>	<u>24,085</u>
Net Change in Fund Balances			(139,044)	(139,044)
Fund Balance - Beginning			(4,583,715)	(4,583,715)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,722,759)</u>	<u>\$ (4,722,759)</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, 2005**

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental	\$ 4,311,013	\$ 4,835,443	\$ 4,196,644	\$ (638,799)
Use of money and property	10,000	10,000	16,210	6,210
Miscellaneous	30,000	30,000	76,441	46,441
<b>Total Revenues</b>	<b>4,351,013</b>	<b>4,875,443</b>	<b>4,289,295</b>	<b>(586,148)</b>
 <u>EXPENDITURES</u>				
Regional Transportation Plan	85,800	92,000	87,440	4,560
Regional Planning Studies	179,513	244,500	72,319	172,181
Transportation Improvement Program	205,000	209,600	182,096	27,504
Roads and Streets Monitoring	376,000	530,851	506,476	24,375
Transit Coordination and Planning	218,600	215,091	213,414	1,677
Transportation Air Quality Planning	134,500	189,600	173,907	15,693
Ongoing Technical Assistance	56,100	101,900	100,838	1,062
Intergovernmental Coordination	314,700	341,800	340,899	901
Projections and Forecasts	161,600	149,600	97,117	52,483
Airport and Land Use	10,000	10,000	3,740	6,260
Congestion Management Prog/Sys	3,700	14,700	13,444	1,256
Regional Planning	368,900	540,370	539,041	1,329
Valley MPO Coordination	116,900	22,400	14,515	7,885
Interregional Partnership	30,000	8,000	6,791	1,209
Measure K Program Mgmt/Admin	280,600	280,600	243,150	37,450
COG Overall Work Plan Administration	141,400	163,400	155,404	7,996
TDA Administration	160,000	160,000	133,284	26,716
Community Involvement Program	295,400	301,102	296,176	4,926
TEA-21 Management	11,300	11,300	735	10,565
Transportation Demand Management	788,100	875,700	431,861	443,839
Freeway Service Patrol	412,900	412,929	414,316	(1,387)
<b>Total 2004/05 project Expenditures</b>	<b>4,351,013</b>	<b>4,875,443</b>	<b>4,026,963</b>	<b>848,480</b>
Other (not billed through Overall Work Program)				
Additional provision for capital outlay			66,276	(66,276)
Depreciation cost recovery A-87 assets only			(218,363)	218,363
<b>Total Other</b>			<b>(152,087)</b>	<b>152,087</b>
Overhead (overclaimed) underclaimed - prior periods			553,463	(553,463)
<b>Total Adjusted Project Expenditures</b>	<b>4,351,013</b>	<b>4,875,443</b>	<b>4,428,339</b>	<b>447,104</b>
<b>Net Change in Fund Balance</b>			<b>(139,044)</b>	<b>(139,044)</b>
Fund Balance - Beginning			(4,583,715)	(4,583,715)
Fund Balance - Ending	\$ -	\$ -	\$ (4,722,759)	\$ (4,722,759)

**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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
Measure K sales tax revenue	\$ 41,746,000	\$ 41,746,000	\$ 43,625,573	1,879,573
Use of money and property	0	0	2,976,268	\$ 2,976,268
 Total Revenues	 41,746,000	 41,746,000	 46,601,841	 4,855,841
<b><u>EXPENDITURES</u></b>				
General administration	417,460	417,460	443,517	(26,057)
Streets and roads	14,193,640	14,193,640	17,229,461	(3,035,821)
Transit	13,567,450	13,567,450	9,614,650	3,952,800
Congestion relief	10,436,500	10,436,500	12,691,102	(2,254,602)
Railroad safety crossings	3,130,950	3,130,950	5,490,476	(2,359,526)
Investment expense	0	0	633,784	(633,784)
Interest expense	0	0	1,624,682	(1,624,682)
 Total Expenditures	 41,746,000	 41,746,000	 47,727,672	 (5,981,672)
 Net Change in Fund Balances			 (1,125,831)	 (1,125,831)
 Fund Balance - Beginning			 137,040,804	 137,040,804
 Fund Balance - Ending	 \$ -	 \$ -	 \$ 135,914,973	 \$ 135,914,973

**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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
LTF sales tax revenue	\$ 20,800,000	\$ 22,528,054	\$ 22,528,054	0
Use of money and property	0	0	140,106	\$ 140,106
Total Revenues	<u>20,800,000</u>	<u>22,528,054</u>	<u>22,668,160</u>	<u>140,106</u>
<b><u>EXPENDITURES</u></b>				
General administration	786,000	837,842	837,842	0
Streets and roads	2,616,975	3,255,021	3,868,473	(613,452)
Pedestrian & bicycle	416,000	450,561	532,544	(81,983)
Transit	16,981,025	17,984,630	18,725,236	(740,606)
Total Expenditures	<u>20,800,000</u>	<u>22,528,054</u>	<u>23,964,095</u>	<u>(1,436,041)</u>
Net Change in Fund Balances			(1,295,935)	(1,295,935)
Fund Balance - Beginning			<u>7,164,108</u>	<u>7,164,108</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,868,173</u>	<u>\$ 5,868,173</u>

**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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
STA tax revenue	\$ 1,122,017	\$ 1,321,171	\$ 1,285,581	(35,590)
Use of money and property	0	0	28,330	\$ 28,330
Total Revenues	<u>1,122,017</u>	<u>1,321,171</u>	<u>1,313,911</u>	<u>(7,260)</u>
<b><u>EXPENDITURES</u></b>				
General administration	17,458	20,459	20,459	0
Transit	<u>1,104,559</u>	<u>1,300,712</u>	<u>1,493,445</u>	<u>(192,733)</u>
Total Expenditures	<u>1,122,017</u>	<u>1,321,171</u>	<u>1,513,904</u>	<u>(192,733)</u>
Net Change in Fund Balances			(199,993)	(199,993)
Fund Balance - Beginning			<u>1,788,069</u>	<u>1,788,069</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,588,076</u>	<u>\$ 1,588,076</u>

**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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
Charges for services	\$ 2,500,000	\$ 2,500,000	\$ 2,742,808	242,808
Use of money and property	0	0	144,375	\$ 144,375
Total Revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,887,183</u>	<u>387,183</u>
<b><u>EXPENDITURES</u></b>				
General administration	400,000	400,000	382,416	17,584
Habitat Plan	100,000	100,000	112,392	(12,392)
Total Expenditures	<u>500,000</u>	<u>500,000</u>	<u>494,808</u>	<u>5,192</u>
Net Change in Fund Balances	2,000,000	2,000,000	2,392,375	392,375
Fund Balance - Beginning	<u>8,000,000.00</u>	<u>8,000,000.00</u>	<u>8,379,820</u>	<u>8,379,820</u>
Fund Balance - Ending	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,772,195</u>	<u>\$ 8,772,195</u>

## **OTHER SUPPLEMENTARY INFORMATION**

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Schedule of Direct and Indirect Expenditures**  
**For the Year Ended June 30, 2005**

	<u>Direct</u>	<u>Indirect</u>	<u>Unallowable Expense</u>	<u>Total</u>
Salaries	\$ 899,700	\$ 820,310	\$ -	\$ 1,720,010
Fringe benefits	249,577	486,859		736,436
Office expense	104,010	148,384		252,394
Communications	7,784	35,896		43,680
Memberships	4,683	24,669		29,352
Rent - equipment		106,459		106,459
Capital lease principal payments		38,583		38,583
Capital lease interest payments		15,247		15,247
Interest - building debt service		88,243	31,757	120,000
Transportation, travel and training	93,238	8,731	28,760	130,729
Professional and special services	803,603	52,931	146,685	1,003,219
Departmental costs allocated	3,948	-		3,948
Publications and legal notices	735	10,803		11,538
Insurance		63,845		63,845
Rents - other	6,056	1,543		7,599
Capital outlay			66,276	66,276
Maintenance - equipment		3,971		3,971
Maint. - struct. & grounds		43,444		43,444
Utilities		55,694		55,694
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	2,173,334	2,005,612	273,478	4,452,424
Other reconciling items:				
Depreciation		218,363	-	218,363
Total Expenditures Recovered		<hr/>	<hr/>	<hr/>
Under Indirect Cost Rate	<u>\$ 2,173,334</u>	2,223,975	<u>\$ 273,478</u>	<u>\$ 4,670,787</u>
Total expenditures recovered under				
Indirect Cost Rate		1,376,606		
2004-05 under recovered indirect cost carryforward		<u>\$ 847,369</u>		

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Final Budget and Actual - Agency Fund**  
**By Object Class**  
**For the Year Ended June 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Department of Education	\$ 199,925	\$ 199,925	\$ -
Use of money and property		190	190
Total Revenues	<u>199,925</u>	<u>200,115</u>	<u>190</u>
<b><u>EXPENDITURES</u></b>			
Professional and special services	<u>199,925</u>	<u>200,115</u>	<u>(190)</u>
Total Expenditures	<u>199,925</u>	<u>200,115</u>	<u>(190)</u>
Net Change in Fund Balances	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Final Budget and Actual - Agency Fund**  
**By Work Program**  
**For the Year Ended June 30, 2005**

	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Intergovernmental	\$ 199,925	\$ 199,925	\$ -
Use of money and property	0	190	190
Total Revenues	<u>199,925</u>	<u>200,115</u>	<u>190</u>
<b><u>EXPENDITURES</u></b>			
Department of Education	<u>199,925</u>	<u>200,115</u>	<u>(190)</u>
Total Expenditures	<u>199,925</u>	<u>200,115</u>	<u>(190)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
 Combining Balance Sheet  
 Local Transportation Fund  
 For the Fiscal Year Ending June 30, 2005

	<u>SURTD</u>	<u>Lathrop</u>	<u>Lodi</u>	<u>Manateca</u>	<u>Tracy</u>	<u>Ripon</u>	<u>Escalon</u>	<u>SJRR</u>	<u>S.J. County</u>	<u>Stockton</u>	<u>S/COG Planning</u>	<u>S/COG TDA Admin.</u>	<u>S.J. County Auditor</u>	<u>Total LTF Funds</u>
<b>ASSETS:</b>														
Cash in treasury	\$ 3,358,458	\$ 541,949	\$ 562,363	\$ 533,163	\$ 916,072	\$ 396,227	\$ 450,132	\$ 719,233	\$ 104,348	\$ 21,669	\$ 51,866	\$ 7,851	\$ -	\$ 7,663,330
Sales tax apportionment receivable	936,144	30,079	151,021	142,783	173,756	28,831	16,600	52,106	-	-	-	-	-	1,531,300
Interest receivable	13,464	3,676	2,285	5,434	3,973	2,289	2,858	4,168	671	47	-	1,380	-	40,245
<b>Total Assets</b>	<b>\$ 4,308,065</b>	<b>\$ 575,704</b>	<b>\$ 715,669</b>	<b>\$ 681,380</b>	<b>\$ 1,093,781</b>	<b>\$ 427,347</b>	<b>\$ 469,590</b>	<b>\$ 775,507</b>	<b>\$ 105,019</b>	<b>\$ 21,716</b>	<b>\$ 51,866</b>	<b>\$ 9,231</b>	<b>\$ -</b>	<b>\$ 9,234,875</b>
<b>LIABILITIES AND FUND EQUITY</b>														
<b>Liabilities:</b>														
Due to other funds	\$ 1,600,000	\$ -	\$ 473,832	\$ -	\$ -	\$ 390,817	\$ 55,294	\$ 699,721	\$ 95,196	\$ -	\$ 51,842	\$ -	\$ -	\$ 51,842
Intergovernmental payable	1,600,000	-	473,832	-	-	390,817	55,294	699,721	95,196	-	51,842	-	-	3,314,860
<b>Total Liabilities</b>														
<b>Fund Equity:</b>														
Apportioned	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
<b>Total Fund Equity</b>	<b>2,708,065</b>	<b>575,704</b>	<b>241,837</b>	<b>681,380</b>	<b>1,093,781</b>	<b>36,530</b>	<b>414,296</b>	<b>75,786</b>	<b>9,823</b>	<b>21,716</b>	<b>24</b>	<b>9,231</b>	<b>-</b>	<b>5,868,173</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 4,308,065</b>	<b>\$ 575,704</b>	<b>\$ 715,669</b>	<b>\$ 681,380</b>	<b>\$ 1,093,781</b>	<b>\$ 427,347</b>	<b>\$ 469,590</b>	<b>\$ 775,507</b>	<b>\$ 105,019</b>	<b>\$ 21,716</b>	<b>\$ 51,866</b>	<b>\$ 9,231</b>	<b>\$ -</b>	<b>\$ 9,234,875</b>

SAN JOAQUIN COUNCIL OF GOVERNMENTS  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Local Transportation Fund  
 For the Fiscal Year Ending June 30, 2005

	SJRTD	Lathrop	Lodi	Manitoba	Tracy	Ripon	Escalon	SJRBC	S.J. County	Stockton	SJCOG Planning	SJCOG TDA Admin.	S.J. County Auditor	Total
<b>REVENUE:</b>														
Sales tax	\$ 12,984,631	\$ 426,061	\$ 2,139,143	\$ 2,022,464	\$ 2,460,899	\$ 408,382	\$ 235,129	\$ 722,726	\$ 98,860	\$ 191,917	\$ 675,842	\$ 160,000	\$ 2,000	\$ 22,528,054
Interest	42,947	10,012	6,805	24,564	12,712	5,248	6,839	16,840	2,385	1,635	24	4,173	-	134,112
Uncallied Gains (Losses) on Investments	193	70	2,242	619	468	221	(17)	2,111	83	4	-	-	-	5,994
Total Revenue	13,027,771	436,143	2,148,188	2,047,647	2,474,079	413,851	241,941	741,677	101,248	193,576	675,866	164,173	2,000	22,668,160
<b>EXPENDITURES:</b>														
SJRTD	13,000,000													13,000,000
Lathrop		208,750												208,750
Lodi			1,973,832											1,973,832
Manitoba				2,203,287										2,203,287
Tracy					2,325,635									2,325,635
Ripon						390,817								390,817
Escalon							55,294							55,294
SJRBC								2,583,621						2,583,621
S.J. County									201,848					201,848
Stockton										183,169				183,169
SJCOG Planning											675,842			675,842
SJCOG TDA Admin.												160,000		160,000
Total Expenditures	13,000,000	208,750	1,973,832	2,203,287	2,325,635	390,817	55,294	2,583,621	201,848	183,169	675,842	160,000	2,000	23,964,095
Excess (deficit) of Revenues Over Expenditures	27,771	227,393	174,356	(155,640)	148,444	23,034	186,647	(1,841,944)	(100,600)	10,407	24	4,173	-	(1,295,935)
<b>Fund Balance</b>														
Beginning of Year	2,680,294	348,311	67,481	837,020	945,337	13,496	227,649	1,917,730	110,423	11,309	-	5,058	-	7,164,108
End 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	\$ -	\$ 8,868,173

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

For the Year Ended June 30, 2005

PUC Section	Purpose	Allocated/ Expended
99233.1	Administration:	
	Council	\$ 160,000
	County of San Joaquin	2,000
		<u>162,000</u>
99234	Pedestrian and Bicycle Facilities:	
	County of San Joaquin	201,848
	City of Stockton	183,169
	City of Tracy	47,198
	City of Escalon	4,510
	City of Lodi	41,027
	City of Manteca	38,789
	City of Ripon	7,832
	City of Lathrop	8,171
		<u>532,544</u>
99260	Public Transportation:	
	San Joaquin Regional Transit District	13,000,000
	City of Ripon	5,140
		<u>13,005,140</u>
99260	Public Transportation System Planning:	
	Council of Governments	675,842
99400(a)	Streets, Roads, Pedestrian and Bicycle Projects:	
	City of Tracy	1,312,936
	City of Lodi	150,000
	City of Manteca	1,827,379
	City of Ripon	377,845
	City of Lathrop	200,313
		<u>3,868,473</u>
99400(c)	Contracted Public Transportation - Operations:	
	San Joaquin Regional Rail Commission	699,721
	City of Tracy	368,900
	City of Escalon	50,784
	City of Lodi	1,782,805
	City of Manteca	220,099
		<u>3,122,309</u>
99400(e)	Contracted Public Transportation - Capital:	
	City of Tracy	596,601
99400(b,c,d)	Other:	
	San Joaquin Regional Rail Commission	1,883,900
	City of Lathrop	266
	City of Manteca	117,020
		<u>2,001,186</u>
	Total:	\$ <u>23,964,095</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Combining Balance Sheets**  
**State Transit Assistance Fund**  
**For the Fiscal Year Ending June 30, 2005**

	<u>SJRTD</u>	<u>Local</u>	<u>Ripon</u>	<u>SJRRC</u>	<u>SJCOG</u>	<u>Total</u>
					<u>TDA Admin.</u>	<u>LTF Funds</u>
<b>ASSETS:</b>						
Cash in treasury	1,279,431	6,672	16	225,111	780	1,512,010
Sales tax apportionment receivable	298,219	1,487	4	10,930		310,640
Interest receivable	7,928	36		1,487	5	9,456
Total Assets	<u>1,585,578</u>	<u>8,195</u>	<u>20</u>	<u>237,528</u>	<u>785</u>	<u>1,832,106</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Intergovernmental payable		6,482	20	237,528		244,030
Total Liabilities		<u>6,482</u>	<u>20</u>	<u>237,528</u>		<u>244,030</u>
<b>FUND EQUITY</b>						
Apportioned	1,585,578	1,713			785	1,588,076
Total Fund Equity	<u>1,585,578</u>	<u>1,713</u>			<u>785</u>	<u>1,588,076</u>
Total Liabilities and Fund Equity	<u>1,585,578</u>	<u>8,195</u>	<u>20</u>	<u>237,528</u>	<u>785</u>	<u>1,832,106</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**State Transit Assistance Fund**  
**For the Fiscal year Ending June 30, 2005**

	SJRTD	Lodi	Ripon	SJCRRRC	SJCOG STA Admin.	Total STA Funds
<b><u>REVENUE:</u></b>						
Sales tax	\$ 1,204,272	\$ 6,789	\$ 14	\$ 54,047	\$ 20,459	\$ 1,285,581
Interest	22,918	79		4,097	199	27,293
Unrealized Gains (Losses) on investments	968	(1)		70		1,037
Total Revenue	\$ 1,228,158	\$ 6,867	\$ 14	\$ 58,214	\$ 20,658	\$ 1,313,911
<b><u>EXPENDITURES:</u></b>						
SJRTD	1,249,421					1,249,421
Lodi		6,482				6,482
Ripon			14			14
SJRRRC				237,528		237,528
SJCOG TDA Admin.					20,459	20,459
Total Expenditures	\$ 1,249,421	\$ 6,482	\$ 14	\$ 237,528	\$ 20,459	\$ 1,513,904
Excess (deficit) of Revenues Over Expenditures	(21,263)	385		(179,314)	199	(199,993)
Fund Balance Beginning of Year	1,606,841	1,328		179,314	586	1,788,069
Fund Balance End of Year	\$ 1,585,578	\$ 1,713	\$	\$	\$ 785	\$ 1,588,076

SAN JOAQUIN COUNCIL OF GOVERNMENTS

SCHEDULE OF ALLOCATIONS AND EXPENDITURES  
STATE TRANSIT ASSISTANCE

For the Year Ended June 30, 2005

<u>PUC Section</u>	<u>Purpose</u>	<u>Allocated/ Expended</u>
6730(a)	<b>Public Transit:</b>	
	San Joaquin Regional Rail Commission	\$ 237,528
	City of Ripon	14
		<u>237,542</u>
6730(b)	<b>Transit Capital:</b>	
	San Joaquin Regional Transit District	1,249,421
6731(b)	<b>Contracted Transit:</b>	
	City of Lodi	6,482
6731(b)	<b>Transit Administration/Planning:</b>	
	Council	<u>20,459</u>
	<b>Total:</b>	\$ <u><u>1,513,904</u></u>

# **STATISTICAL SECTION**

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

For the Fiscal years Ending June 30, 1996 Through June 30, 2005

	June 30, 1996	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
<b>INTERGOVERNMENTAL:</b>										
TDA Administration	\$ 77,000	\$ 101,000	\$ 101,000	\$ 101,000	\$ 111,000	\$ 131,000	\$ 133,000	\$ 133,000	\$ 158,000	\$ 160,000
State Transit Assistance	11,637	13,668	14,000	16,425	16,444	16,652	28,651	16,658	18,003	20,459
State Subventions/Mandated Costs							7,078			
Stoehion - Arch Road/Hwy 99						1,620				
Freeway Service Patrol		98,500	244,350	178,496	324,924	278,853	289,759	289,007	336,806	330,361
Ridesharing - S.J. County TDM	272,071	246,846	309,000	134,919	168,081	157,000	160,000	164,000	121,000	139,000
Ridesharing - Stanislaus Co				100,000	104,500	105,000	107,000	109,000		
National Fish & Wildlife	116,087	62,783	11,700							
Habitat Funds/Habitat Management					250,000		40,006	296,163	250,000	382,415
Measure K	469,690	450,473	390,388	520,800	776,800	1,038,000	900,000	965,000	3,213,617	1,038,217
Fed. Highways Ping. & Admin/SPR/PPM	643,656	553,337	481,534	586,655	606,890	696,187	762,049	801,168	872,450	980,375
Federal Transit Administration	88,210	106,795	92,995	77,983	102,589	104,816	263,621	184,297	172,757	188,008
Department of Education							172,635	257,990	172,757	32,352
CM/AQ/RRP/WTW/CRIS							74,295	91,339	120,030	105,414
CM/AQ/Congest. Mitigation/Rideshare								179,798	68,924	24,956
San Joaquin Valley APCD	7,185	1,157		18,587	66,144	196,650	750	500	500	500
Airport Land Use Commission	1,050	875		9,820	3,675	5,715	4,747	3,920	15,000	4,390
Great Valley Ctr. Legacy Grant				50,000	25,000	77,000	101,000	212,000		
Caltrans PPM Program				58,000	75,000	77,000	101,000	15,000		
Caltrans ITS Program				6,000	174,145	354,227	76,772			90,556
SB 45 STRIP P&EM Program										
Urban Area Focus/Strat. Deployment							102,592			
Manatee/Lahrop Interchange Feasibility					88,649	158,201		55,161	43,454	
Ripon Bike Bridge Funds					93,533			12,938	46,651	
State Census 2000								76,621		
Interregional Partnership - ABAG						26,424	22,495			
San Joaquin A-Plus Reading Program										
CCASP Aviation Plan	3,750	7,418	10,486							
Valley CAN										24,000
Planning - since TDA	202,429	212,000	240,000	284,224	454,375	456,750	601,979	547,500	626,815	675,842
Total Intergovernmental	1,892,755	1,854,852	2,047,053	2,142,903	3,441,249	3,804,095	3,848,429	4,411,060	6,534,276	4,196,645
<b>Use of monies and property:</b>										
Interest income	18,084	24,332	29,463	22,911	28,533	28,935	19,914	18,606	29,025	16,255
Unrealized Gain (Loss) On Inv.			(2,551)	(390)	347	(2,462)	587	(2,169)	(794)	(45)
Total use of money and prop.	18,084	24,332	26,912	22,521	29,180	26,473	20,501	16,437	28,231	16,210
<b>Miscellaneous:</b>										
SI/COG fees - data sales	324	2,854	2,244	703	2,228	2,043	13,254	4,478	1,158	1,406
Insurance proceeds	22,273	28,764	7,386	10,423	1,900	69,484	76,094	82,685	39,484	75,034
Donations & Other local revenue			9,630	15,093	7,935	12,063	89,348	87,165	40,642	76,440
Total other revenue	23,097	31,618	26,912	26,219	12,063	71,527	13,254	13,254	4,478	1,406
Total Revenues	\$ 1,933,937	\$ 1,910,802	\$ 2,083,595	\$ 2,191,643	\$ 3,482,492	\$ 3,902,095	\$ 3,988,278	\$ 4,514,660	\$ 6,423,149	\$ 4,289,295

Source: Audited financial statements for the fiscal years ending June 30, 1996 through June 30, 2005

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

For the Fiscal years Ending June 30, 1996 Through June 30, 2005

	June 30, 1996	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
<b>EXPENDITURES:</b>										
RTP Update	\$ 97,445	\$ 62,140	\$ 61,326	\$ 15,954	\$ 18,649	\$ 135,995	\$ 121,613	\$ 45,629	\$ 74,841	\$ 87,440
RTP studies	46,233	33,468	41,037	67,541	5,939	14,229	35,145	57,967	18,752	72,319
Foothill/Valley (94/96)	3,992									
Regional Transp. Improv. Plan	58,413	85,835	61,922	84,177	147,832	141,533	170,378	232,800	151,315	182,096
Road/Street Monitoring	10,892	112,512	97,529	90,809	227,165	222,871	185,305	366,457	321,224	506,476
Transit Coordination	105,619	174,534	116,244	93,935	128,236	131,555	185,089	211,690	200,209	213,414
Transportation Air Quality	40,637	12,730	38,693	10,728	22,783	49,955	124,280	131,769	90,903	173,907
Transportation A.Q. Model	49,766	78,109	49,191	48,506	95,602	123,050	53,077			
Social Service Transit	11,616									
Technical Assistance	109,457	206,038	542,585	334,799	532,308	837,404	710,190	458,423	76,221	100,838
Intergovernmental Coordination	86,098	90,006	74,574	117,766	190,315	223,641	361,856	304,212	299,315	340,899
Projects & Forecasts	97,728	87,693	71,868	70,911	278,155	54,146	103,304	143,816	124,636	97,117
Aviation and Land Use	10,197	14,737	13,713	3,892	5,484	4,915	5,877	6,242	12,808	3,740
Congestion Management	33,180	67,844	34,162	22,720	5,240	3,563	1,152	283	1,161	13,444
Regional Planning	189,881	147,480	76,933	193,116	492,153	310,922	292,626	302,577	515,446	539,041
Valley M.P.O. coordination	17,691	46,661	26,288	61,182	196,990	403,034	126,084	107,511	59,563	6,791
Interregional Partnership						16,453	43,907	107,511	59,563	6,791
Measure K Program Management	299,712	87,924	89,699	105,324	152,417	97,287	147,860	201,596	157,741	243,150
Allamont Study/Partnership	9,603									
COG OWP Mgmt. & Admin.	69,291	105,239	104,820	213,742	87,607	121,714	161,942	171,771	153,050	155,404
TDA Administration	72,879	97,645	98,959	83,985	108,349	123,349	126,316	134,823	154,835	133,284
Community Involvement	88,536	86,455	91,191	78,590	161,330	224,955	192,502	249,420	330,221	296,176
Capital Outlay/Deprec/Ins adjustment	29,195	6,930	(9,712)	(9,712)	(1,962)	(822)	(1,402)	(6,106)	7,818,061	(152,087)
ISTEA/TEA-21 Management	17,390	21,459	11,338	18,097	3,567	172	4,032	5,096	1,742	735
Ridesharing - S.J. County/Stan. County TDM	374,286	350,255	240,407	360,555	379,033	311,118	489,034	546,020	442,989	431,861
Freeway Service Patrol									421,007	414,316
Under (over) - applied costs	(58,389)	(71,196)	319,245	449,203	354,428	332,111	85,024	161,438	537,768	553,463
<b>Total Expenditures</b>	\$ 1,871,348	\$ 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

Source: Audited financial statements for the fiscal years ending June 30, 1996 through June 30, 2005.

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

	1991	1992	1993	1994	1995	1996	1997
<b>Retail Stores</b>							
Apparel stores	2.17%	2.09%	2.05%	2.02%	2.14%	2.18%	2.11%
General merchandise	12.25%	13.06%	13.14%	12.87%	12.54%	12.25%	12.30%
Specialty stores	5.51%	5.47%	5.72%	5.75%	5.66%	5.70%	5.77%
Eating and drinking group	7.71%	7.68%	7.73%	7.36%	7.31%	7.11%	6.85%
Building material group	5.08%	5.13%	5.29%	5.36%	5.31%	5.13%	5.23%
Automotive group	21.20%	21.12%	21.33%	21.76%	21.77%	22.72%	20.68%
Other retail stores	14.22%	14.75%	14.08%	13.22%	12.75%	12.30%	13.47%
<b>Business and personal services</b>	4.06%	4.00%	3.95%	3.74%	3.68%	3.75%	3.81%
<b>All other</b>	27.81%	26.71%	26.71%	27.93%	28.84%	28.86%	29.77%
<b>Total</b>	<b>100.00%</b>						

SOURCE: CALIFORNIA STATE BOARD OF EQUALIZATION

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**PROFILE OF TAXABLE SALES**  
1998 - 2005  
(UNAUDITED)

	1998	1999	2000	2001	2002	2003	2004	2005
<b>Retail Stores</b>								
Apparel stores	1.92%	1.73%	1.80%	1.76%	1.92%	3.29%	n/a	n/a
General merchandise	12.74%	12.28%	11.71%	10.53%	11.78%	10.99%	n/a	n/a
Specialty stores	5.81%	6.27%	6.50%	6.05%	7.57%	9.82%	n/a	n/a
Eating and drinking group	6.68%	6.37%	6.11%	6.34%	6.43%	8.70%	n/a	n/a
Building material group	5.38%	5.83%	5.79%	6.46%	6.53%	6.13%	n/a	n/a
Automotive group	19.49%	20.90%	22.39%	24.71%	23.88%	20.60%	n/a	n/a
Other retail stores	13.09%	12.81%	12.35%	12.22%	11.69%	10.06%	n/a	n/a
<b>Business and personal services</b>								
	3.86%	3.98%	3.53%	3.95%	3.97%	4.71%	n/a	n/a
<b>All other</b>								
	31.04%	29.83%	29.82%	27.99%	26.23%	25.70%	n/a	n/a
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>n/a*</b>	<b>n/a*</b>

SOURCE: CALIFORNIA STATE BOARD OF EQUALIZATION

\* TAXABLE SALES DATA FOR 2004 AND 2005 IS NOT YET AVAILABLE FROM SBOE

**SAN JOAQUIN COUNCIL OF GOVERNMENTS  
DEMOGRAPHIC INFORMATION**

(UNAUDITED)  
LAST THIRTEEN YEARS

<u>YEAR</u>	<u>COUNTY POPULATION (JANUARY 1)</u>	<u>TOTAL HOUSING UNITS</u>	<u>NEW HOUSING UNITS</u>	<u>TAXABLE SALES (IN THOUSANDS)</u>
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	n/a*
2005	653,333	213,688	6,239	n/a*

**SOURCES:**

POPULATION AND NEW HOUSING - CALIFORNIA DEPARTMENT OF FINANCE

TAXABLE SALES - CALIFORNIA STATE BOARD OF EQUALIZATION

\* TAXABLE SALES DATA FOR 2004 AND 2005 IS NOT YET AVAILABLE FROM SBOE