SAN JOAQUIN COUNCIL OF GOVERNMENTS

STOCKTON, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED June 30, 2004

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, 2004

TABLE OF CONTENTS

TABLE OF CONTENTS I

INTRODUCTORY SECTION

Letter of Transmittal 3

List of Principal Officials 13

Organizational Chart 16

GFOA Certificate of Achievement 18

FINANCIAL SECTION

Independent Auditor's Report 21

Management's Discussion and Analysis 23

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 37

Statement of Activities. 38

Fund Financial Statements:

Balance Sheet - Governmental Funds 39

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 40

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 41

Statement of Fiduciary Net Assets - Fiduciary Funds 43

Notes to the Financial Statements 44

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances Original, Final Budget and Actual - General Fund By Object Class 61

Schedule of Revenues, Expenditures and Changes in Fund Balances Final Budget and Actual - General Fund and Agency Fund By Object Class 62

TABLE OF CONTENTS (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - General Fund and Agency Fund By Work Program 63

Overall Work Program Costing System - Schedule of Revenues, Expenditures and
Other Items By Funding Source 67

Schedule of Direct and Indirect Expenditures - Budget and Actual 68

Combining Balance Sheet - Local Transportation Fund 69

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Local Transportation Fund 70

Schedule of Allocations and Expenditures - Local Transportation Fund 71

Combining Balance Sheets - State Transit Assistance Fund 72

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - State Transit Assistance Fund 73

Schedule of Allocations and Expenditures - State Transit Assistance Fund 74

STATISTICAL SECTION (Unaudited)

Schedule of Revenues by Source - General Fund 76

Schedule of Expenditures by Function - General Fund 77

Profile of Taxable Sales 78

Demographic Information 80

INTRODUCTORY SECTION

SAN JOAQUIN COUNCIL OF GOVERNMENTS

555 E. Weber Avenue • Stockton, California 95202

209.468.3913 *• 209.468.1084 (fax)*

www.sjcog.org

Gary S. Giovanetti
CHAIR

Gary Haskin
VICE CHAIR

Julia E. Greene
EXECUTIVE DIRECTOR

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

January 25, 2005

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, 2004.

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 Butcher, Chambers, Cook & Pressley, LLP, formerly J. Steven Pressley, CPA, a firm of licensed certified public accountants. 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, 2004, 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, 2004, 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 21st 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 5,084 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 Attainment

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 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, 2004.

Budget-to-actual comparisons are provided in this report for the Council's general fund. This comparison is provided on page 61 as part of the basic financial statements for the governmental funds.

Factors affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Council operates.

Local economy

San Joaquin County has experienced moderate economic growth throughout the past decade. The average annual sales tax revenue has grown 10.0% from 1993 through 2003. The economic downturn slowed sales tax growth to 6.03% for 2002-2003 and future growth is estimated at 6.0% in 2003-2004 and 6.5% in 2004-2005.

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 $4 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 thirteenth year of administering the local half cent sales tax and serving as the Local Transportation Authority for San Joaquin County. The Measure K Program has made great strides in moving projects ahead. Measure K funded design, environmental, and/or construction work on State highways (which are

under way) including: I-205 Widening, I-5 Benjamin Holt, I-5 Hammer lane, Route 99/Kettleman Lane. 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 continues to make progress on a County-wide Regional Transportation Impact Fee. This unified fee schedule is expected to be implemented within the next 24 months.

Federal reauthorization of TEA-21 - The Council is currently participating in the process of reauthorization of the TEA-21 Act as described below:

Federal transportation legislation for the past few years has been delivered through the Intermodal Surface Transportation Efficiency Act (ISTEA) and subsequently the Transportation Equity Act for the 21st Century (TEA-21). The Acts not only infused the region with significant amounts of funding for transportation projects, but they did so using new management tools giving the regional agencies, such as the Council, greater responsibility in programming the expenditure of these funds. Along with the responsibility to program the funds was the accountability to insure the projects were delivered in a timely manner.

New Regional Center and Council headquarters building

In November 2003, the Council completed construction of a new regional center and headquarters building in Stockton, California. The Council occupies the lower two floors of the three story building. The building is equipped with meeting and communication facilities that will be available for use by various local and regional groups. Please refer to Note IV of the notes to the financial statements for more detailed information on the regional center.

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, 2004, 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, 2004. Of this amount, $6,000,000 was advanced from the Measure K Fund to the General Fund in the 2003-04 in order to provide interim financing for the Council's headquarters building. The balance of note proceeds are used to finance transportation projects under the twenty year transportation expenditure plan. Please refer to Note VII of the notes to the financial statements for further information on the Council's commercial paper notes. In addition, the Council has several capital equipment lease agreements outstanding at June 30, 2004. 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, 2003. This was the sixth 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,

Julia E. Greene

JULIA E. GREENE
Executive Director

Steve Dial

STEVEN DIAL
Director of Administration/
Chief Financial Officer

SAN JOAQUIN COUNCIL OF GOVERNMENTS

BOARD OF DIRECTORS

City of Escalon	Gary Haskin
City of Lathrop	Gloryanna Rhodes
City of Lodi	Emily Howard
City of Manteca	John Harris
City of Ripon	Michael Restuccia
City of Stockton	Gary Giovanetti
City of Stockton	Gary Podesto
City of Tracy	Dan Bilbrey
San Joaquin County	Victor Mow
San Joaquin County	Jack Sieglock

EX-OFFICIO MEMBERS

Port of Stockton	Robert Kavanaugh
Caltrans	Dana Cowell
San Joaquin RTD	Duane Isetti

CITIZENS ADVISORY COMMITTEE

City of Escalon	Steve Castellanos
City of Lathrop	Susan Dell'Osso
City of Lodi	Richard Blackston
City of Manteca	Teresa Clarke
City of Stockton	Karl Knodt
City of Stockton	Marian Norris
City of Tracy	Michael Schmidt
UOP	George Condon
BLB Enterprise	Robert Bivens
Caltrans	Paul Cavanaugh

MANAGEMENT & FINANCE COMMITTEE

City of Escalon	Greg Greeson
City of Lathrop	Pam Carder
City of Lodi	Dixon Flynn
City of Manteca	Robert Adams
City of Ripon	Leon Compton
City of Stockton	Mark Lewis
City of Tracy	Fred Diaz
San Joaquin County	Manuel Lopez

SOCIAL SERVICES TRANSPORTATION ADVISORY COMMITTEE (SSTAC)

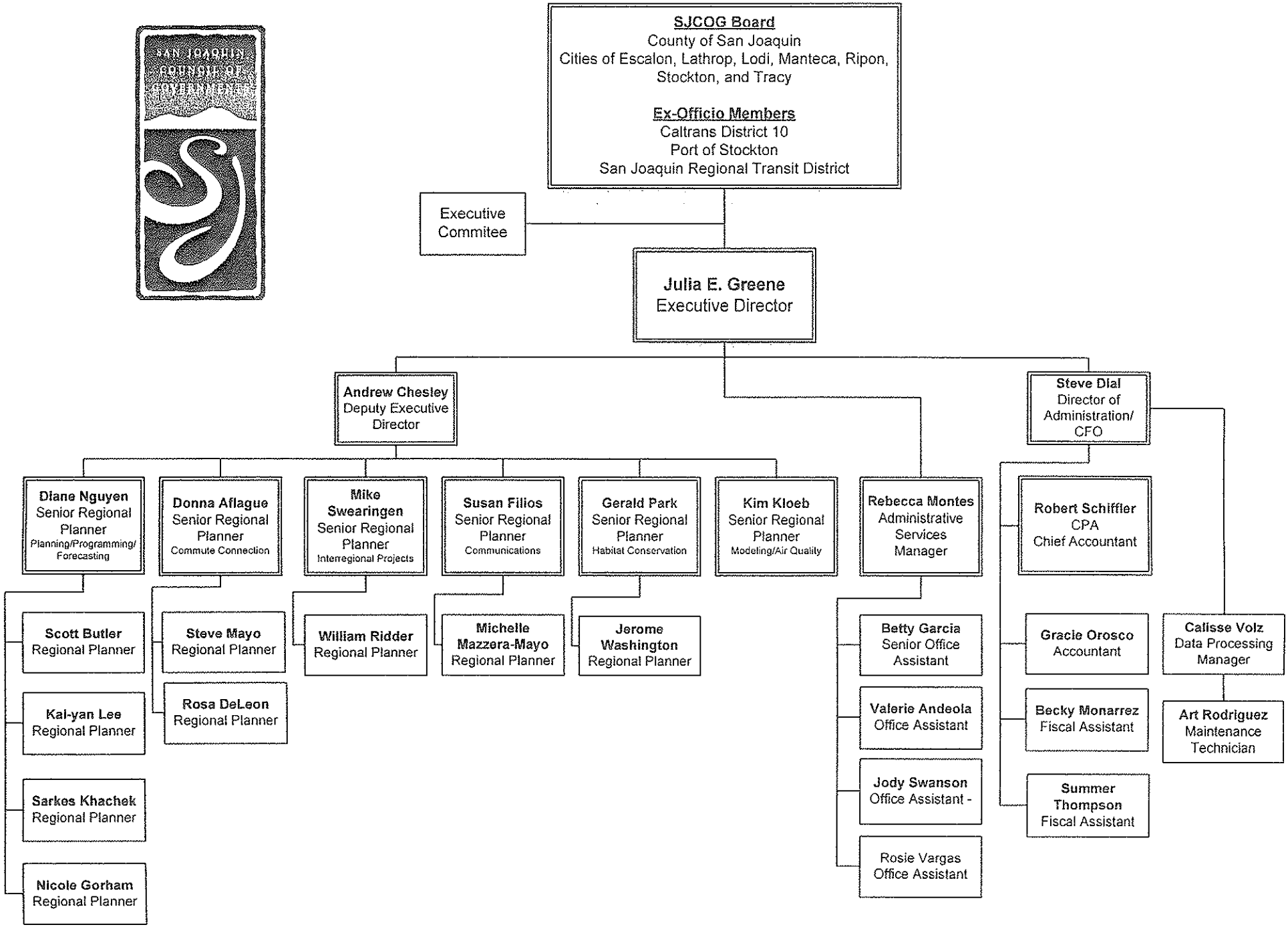
Community Center for the Blind	Joni Bauer	City of Tracy	Rod Buchanan
United Cerebral Palsy	Laurie Crawford	Caltrans District 10	Tom Dumas
City of Lodi	Tiffani Fink	Arc San Joaquin	Ann Fisler
SJRTD	Kari Wilson	SJRTD	Donna Kelsay
Advocate – Paratransit	Dawn Landeen	SJRTD	Carlos Tobar
Judy Brown ADHC	Elizabeth McClure	SJC Dept. of Aging	Wendy Moore
Valley Mountain Regional Ctr.	Wilma Murray	City of Lathrop	Marlene Oliver
City of Lathrop	Jayme Puthoff	Ace It IV	Mary Schachten
Transportation Consumer	Sean Reilly	City of Ripon	Barbara Schneider
SJRTD	Carlos Tobar	City of Manteca	Dave Vickers
San Joaquin Delta College	Jeff Wynn	City of Lathrop	Marlene Oliver

TECHNICAL ADVISORY COMMITTEE

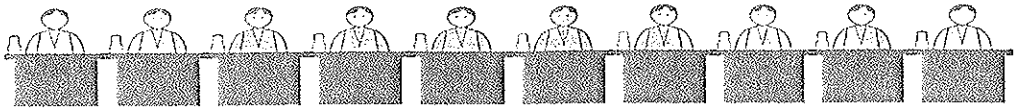
City of Escalon	Duane Peterson	City of Escalon	Doug Stidham
City of Lathrop	Jim Costantini	City of Lathrop	Cary Keaten
City of Lodi	Bart Konradt	City of Lodi	Rich Prima
City of Lodi	Wally Sandelin	City of Manteca	Michael Brinton
City of Manteca	Adam Emmer	City of Manteca	Dave Vickers
City of Manteca	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	James Glaser	City of Stockton	Barry O'Regan
City of Stockton	Mike McDowell	City of Tracy	Zabih Zaca
City of Tracy	Bill Reeds	Stockton Airport Mgr.	Barry Rondinella
San Joaquin County	Tom Flinn	San Joaquin County	Manuel Solorio
San Joaquin RTD	Donna Kelsay	San Joaquin RTD	Eunice Lovi
SJRRC	Stacey Mortensen	SJRRC	Brian Schmidt
SJVUAPCD	John Cadrett	Port of Stockton	Henry McKay

SJCOG STAFF

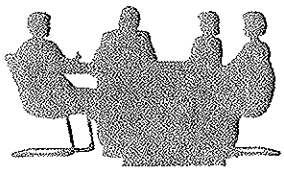
Executive Director	Julia E. Greene
Deputy Executive Director	Andrew T. Chesley
Director of Administration/CFO	Steven C. Dial
Chief Accountant	Robert R. Schiffler
Manager of Administrative Services	Rebecca E. Montes
Senior Regional Planner	Donna Aflague
Senior Regional Planner	Susan Filios
Senior Regional Planner	Diane Nguyen
Senior Regional Planner	Kim Kloeb
Senior Regional Planner	Michael Swearingen
Senior Regional Planner	Gerald Park
Regional Planner	Scott Butler
Regional Planner	Steve Mayo
Regional Planner	Rosa DeLeon
Regional Planner	Kai-yan Lee
Regional Planner	William Ridder
Regional Planner	Sarkes Khachek
Regional Planner	Michelle Mazzera-Mayo
Regional Planner	Jerome Washington
Regional Planner	Nicole Gorham
Accountant	Gracie Orosco
Fiscal Assistant	Becky Monarrez
Fiscal Assistant	Summer Thompson
Data Processing Manager	Calisse Volz
Senior Office Assistant	Betty Garcia
Office Assistant	Valerie Andeola
Office Assistant	Jody Swanson
Office Assistant	Rosie C. Vargas
Office Assistant	Erin Sickler
Building Maintenance Technician	Art Rodriguez


SJCOG Board
County of San Joaquin
Cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy
Ex-Officio Members
Caltrans District 10
Port of Stockton
San Joaquin Regional Transit District
Executive Commitee
Julia E. Greene
Executive Director
Andrew Chesley
Deputy Executive Director
Steve Dial
Director of Administration/ CFO
Diane Nguyen
Senior Regional Planner
Planning/Programming/ Forecasting
Donna Aflague
Senior Regional Planner
Commute Connection
Mike Swearingen
Senior Regional Planner
Interregional Projects
Susan Filios
Senior Regional Planner
Communications
Gerald Park
Senior Regional Planner
Habitat Conservation
Kim Kloeb
Senior Regional Planner
Modeling/Air Quality
Rebecca Montes
Administrative Services Manager
Robert Schiffler
CPA
Chief Accountant
Scott Butler
Regional Planner
Kai-yan Lee
Regional Planner
Sarkes Khachek
Regional Planner
Nicole Gorham
Regional Planner
Steve Mayo
Regional Planner
Rosa DeLeon
Regional Planner
William Ridder
Regional Planner
Michelle Mazzera-Mayo
Regional Planner
Jerome Washington
Regional Planner
Betty Garcia
Senior Office Assistant
Valerie Andeola
Office Assistant
Jody Swanson
Office Assistant -
Rosie Vargas
Office Assistant
Gracie Orosco
Accountant
Becky Monarrez
Fiscal Assistant
Summer Thompson
Fiscal Assistant
Calisse Volz
Data Processing Manager
Art Rodriguez
Maintenance Technician

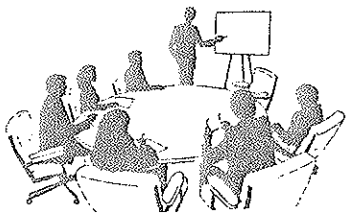
SJCOG ADVISORY COMMITTEES



13 Member SJCOG Board

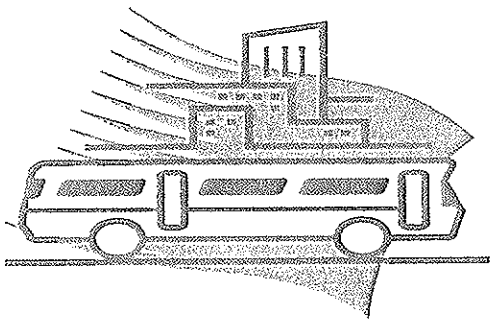


Executive Committee

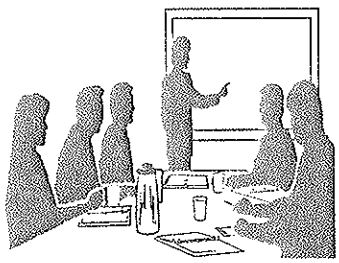


Management & Finance Committee

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, 2003

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

President

Executive Director

FINANCIAL SECTION

(This page intentionally left blank)

James C. Chambers, CPA
Thomas M. Cook, CPA
J. Steven Pressley, CPA
Jennifer M. Teeter, CPA

Butcher, Chambers, Cook & Pressley LLP
Certified Public Accountants

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, 2004, 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, 2004, 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 17, 2004, 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read 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.

166 North 9th Street Grover Beach CA 93433 (805) 489-8458 (805) 489-9146 - Fax
5001 California Avenue, Suite 140 Bakersfield CA 93309 (661) 283-6565 (661) 283-6567 - Fax

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.

Butcher, Chambers, Cook, & Pressley LLP

Bakersfield, California
December 17, 2004

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, 2004. 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 $62,811,441 (net assets) for the fiscal year ended June 30, 2004. This compares to the previous year when assets exceeded liabilities by $74,541,374.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt of $8,199,237, 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 $53,778,744 are restricted by constraints imposed from outside the Council, such as debt covenants, grantors, laws, or regulations.

  (3) Unrestricted net assets of $833,460 represent the portion available to maintain the Council's continuing obligations.

- The Council's governmental funds reported total ending fund balance of $149,789,086 this year. This compares to the prior year ending fund balance of $163,316,083, showing a decrease of $13,526,997 during the current year. Unreserved fund balance of ($4,583,715) for fiscal year 2003-2004 shows a ($5,555,932) decrease from the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was ($4,583,715).

- Total liabilities of the Council increased by $4,120,745 to $107,210,011 during the fiscal year. Commercial paper obligations outstanding during the fiscal year increased from $89.0 to $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 - 44 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 44 - 57 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 $62,811,441 at the close of the most recent fiscal year.

By far the largest portion of the Council's net assets (68.9 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 $8,120,639 during the current fiscal year. A large portion of this decrease is due to the construction of the Council's new headquarters construction that was completed in October 2003. Please see Note IV of the notes to the financial statements for more information on this project. In addition, there were significant Measure K project delivery expenditures in the areas of Passenger Rail and Bus $13,624,919, Congestion Relief $10,970,440, Railroad Safety, $6,005,303, and Streets and Roads $17,727,757. These expenditures drew down on accumulated Measure-K fund contract commitment reserves. In addition, increased TDA claimed amounts of $1,327,783, for 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, 2004, the Council is reporting SJCOG, INC., as a blended component unit. In prior years, SJCOG, INC. was reported as a discretely presented component unit. This change was made because 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. This change in reporting resulted in an increase to the June 30, 2003 fund balance of $5,773,546.

For the fiscal year ended June 30, 2004, the Council made prior period adjustments with a net increase to the beginning fund balance of $249,294. Please see Note VIII, of the notes to the financial statements for further information on these adjustments.

The following tables related to net assets have been adjusted to reflect the above described retroactive changes made to the June 30, 2003 balances.

SAN JOAQUIN COUNCIL OF GOVERNMENTS' Net Assets

	Governmental Activities	
	2004	2003
Current and other assets	$161,737,359	$ 177,173,800
Capital assets	8,284,093	456,840
Total assets	170,021,452	177,630,640
Long-term liabilities outstanding	95,261,738	89,231,549
Other liabilities	11,948,273	13,857,717
Total liabilities	107,210,011	103,089,266
Net assets:	62,811,441	74,541,374
Invested in capital assets, net of related debt	8,199,237	392,980
Restricted	53,778,744	73,176,177
Unrestricted	833,460	972,217
Total net assets	$ 62,811,411	$ 74,541,374

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,* $833,460, may be used to meet the Council's obligations to claimants and creditors.

SAN JOAQUIN COUNCIL OF GOVERNMENTS' Changes in Net Assets

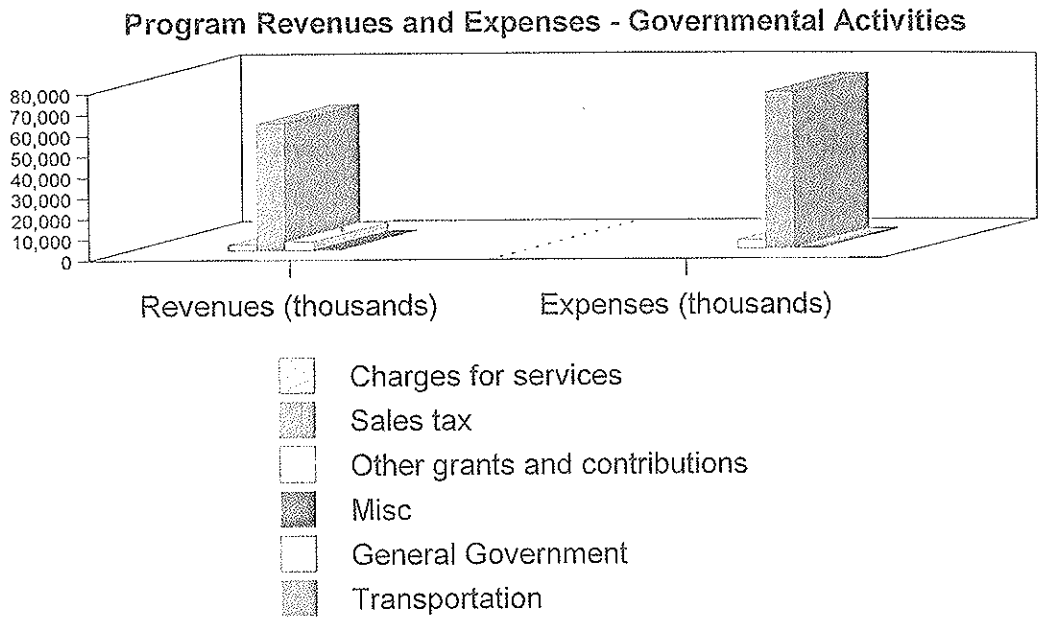
	Governmental Activities	
	June 30, 2004	June 30, 2003
Revenues:		
Program revenues:		
Charges for services	$ 2,687,413	$ 2,813,277
Operating grants and contributions		
Sales tax	60,762,403	56,220,317
Other operating grants and contributions	4,130,684	10,050,078
Capital grants and contributions	34,291	
General revenues - investment earnings and miscellaneous	67,715	256,577
Total revenues	67,682,506	69,340,249
Expenses:		
General government	4,182,017	3,994,242
Transportation	74,914,345	71,275,686
Habitat development and management	316,077	349,176
Total expenses	79,412,439	75,619,104
Increases (Decreases) in net assets	(11,729,933)	(6,278,855)
Net assets - July 1, 2003	74,541,374	80,820,229
Net assets - June 30, 2004	$ 62,811,441	$ 74,541,374

- Overall program revenues decreased by $1,468,881 (2.1%) during the year mostly as a result of the expiration of various federal and state transportation grants. Due to the current climate, these sources of revenues may be limited for the foreseeable future.

- TDA and Measure-K Sales tax revenues increased by $1,699,295 and $2,842,791 respectively due to an increase in sales tax and gasoline tax revenues collections during the current fiscal year.

- General revenues decreased by $188,862 chiefly as a result of cumulative reductions 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 $149,789,086, a decrease of $13,526,997 in comparison with the prior year. Of this total amount, ($4,583,715) 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 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 $136,905,361, (2) to pay debt service $135,443, (3) to pay future TDA Fund claims $8,952,177, and (4) for habitat acquisition and management $8,379,820.

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 ($4,583,715). The Council's general fund currently has no reserved fund balance. The fund balance of the Council's general fund decreased by $5,605,448 during the current fiscal year. Key factors in this change are as follows:

Financing of the Council's new headquarters building and related furnishings and equipment upgrades with a $6,000,000 net advance from Measure K Fund commercial paper proceeds. Advances from other funds are not treated as revenues or operating transfers, and therefore do not offset corresponding expenditures. The total capital outlay for this project in the 2003-04 fiscal year was $7,935,244. The Council used reserves of approximately $2,000,000 to pay for the third floor of the of building. This partially offset the total cost.

Measure-K: The Council's revenue increased due to a one time payment of previously unclaimed 1% administrative revenues from the Measure K fund in the amount of $2,241,558. These funds had previously been held in unclaimed reserve in order to make use of professional money management provided by Public Financial Management (PFM) to the Measure K Fund.

Retirement reimbursements: SJCOG used funds held in trust by ICMA Retirement Corporation and reimbursed to the Council in 2003-04. These funds represent benefits previously paid by the Council and subsequently forfeited by employees who left SJCOG prior to vesting.

General Fund Budgetary Highlights

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

Budgeted Local Revenues were increased to include the $2,241,559 of previously unclaimed Measure K administrative revenues claimed in the 2003-04 fiscal year.

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

Building fund provision: The Council budgeted an additional $7,984,760 of expenditures to cover costs of the new headquarters building. A budgeted revenue amount of $2,092,421 was recorded to budget for previously unclaimed Measure K administration funds held in reserve that would be recorded as revenues in the 2003-04 fiscal year. The balance of revenues needed to cover costs of

recorded as revenues in the 2003-04 fiscal year. The balance of revenues needed to cover costs of the building and improvements was not budgeted because an interim advance of $6,000,000, from the Measure K Fund to the General Fund was approved by the Council's Board. This advance was not considered a General Fund revenue; and therefore resulted in a budgeted excess of expenditures over revenues of $5,856,239.

Actual revenues were less than final budgeted revenues by $246,278. This was primarily due to the fact that the Council did not draw down on $251,850 of Federal FHWA PL and IRP unobligated carryover funds that were budgeted in 2003-04.

Salaries and benefits exceeded the final budget by $40,156. This was due to the fact that vacation sales are not budgeted. Vacation sales and related benefits exceeded the $40,156 overall variance.

Communications costs and travel exceeded their final budgeted amounts by $11,176 and $3,662 respectively. Actual costs for communications were affected by the Council's move to the new headquarters building. Future budgets will more closely reflect these additional costs. Outside parties reimbursed $28,633, to the Council for travel and related costs for the 2003-04 fiscal year. These reimbursements are included in miscellaneous revenues and are not netted against the travel and related expenditures in the financial statements. Had they been netted, the travel and related expenditures would be under budget by $17,457.

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, 2004 amounts to $8,284,093 (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 total increase in the Council's investment in capital assets, net of depreciation, for the current fiscal year was $7,818,061.

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

The Council acquired $7,935,244 of capital assets, including construction of a new headquarters building in Stockton, California. In addition to the building, building improvements, furnishings and various equipment upgrades were acquired. In addition, the Council acquired $49,516 of office and computer equipment under various capital leases during the 2003-2004 fiscal year.

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

	Governmental Activities	
	June 30, 2004	June 30, 2003
Land	$ 400,000	$ 400,000
Office furniture and fixtures	225,941	
Office building and improvements	6,984,275	
Electrical fixtures & multi-media	501,777	
Office and computer equipment	172,100	66,032
Total	$ 8,284,093	$ 466,032

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 $117,057,287 of liquid investments in the Public Financial Management portfolio, $2,134,483 in California Asset Management Pool, $407,129 in State of California Local Agency Investment Fund, $9,607,184 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

	Governmental Activities	
	June 30, 2004	June 30, 2003
Commercial paper obligations	$ 95,000,000	$ 89,000,000
Total	$ 95,000,000	$ 89,000,000

In August of 2003, the outstanding balance of commercial paper debt was increased by $8,000,000

building in Stockton. The Measure K Fund advanced the funds to the General Fund. In April, 2004, the General Fund repaid $2,000,000 to the Measure K Fund from reserves. In the same month, these funds were used to retire $2,000,000 of commercial paper obligations, resulting in an outstanding commercial paper obligation balance of $95,000,000 at June 30, 2004.

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 decrease by $400,000 or 8.3% in the 2004-05 fiscal year.

Next year's budgeted revenues will not include the one-time draw down of cumulative Measure K administration reserve revenues in the amount of $2,092,420.

Measure K and Local Transportation Fund revenues, sources that account for 36% of the operating budget, continue to grow at a rate of over 6%.

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.

(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Statement of Net Assets
June 30, 2004

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	$ 19,601,227
Investments	118,674,757
Sales tax receivable	4,426,414
Interest receivable	1,007,321
Intergovernmental receivables	1,056,310
Prepaids	95,748
Notes receivable	6,628,787
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	5,558,691
Interest receivable	18,825
Intergovernmental receivables	276,407
Deposits with State of California	1,733,000
Permanently restricted:	
Land and conservation easements	2,659,872
Capital assets:	
Capital assets, net of accumulated depreciation	8,284,093
Total assets	170,021,452
LIABILITIES	
Accounts payable	11,474,477
Wages and benefits payable	95,800
Compensated absences, current	94,940
Interest payable	279,081
Liabilities payable from restricted assets	3,975
Noncurrent liabilities:	
Sick leave retirement benefits payable	138,047
Compensated absences	38,835
Lease obligations	84,856
Long-term debt	95,000,000
Total liabilities	107,210,011
NET ASSETS	
Invested in capital assets, net of related debt	8,199,237
Restricted for: Habitat acquisition and management	8,379,820
Apportioned	45,263,481
Debt service	135,443
Unrestricted	833,460
Total net assets	$ 62,811,441

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, 2004

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 4,069,600	$ 1,158	$ 2,670,758		$ (1,397,684)
Transportation	74,914,345		62,020,524		(12,893,821)
Habitat development	316,077	2,686,255	201,805	34,291	2,606,274
Interest expense	112,417				(112,417)
Total primary government	$ 79,412,439	$ 2,687,413	$ 64,893,087	$ 34,291	(11,797,648)

General revenues	
Taxes	
Restricted for tranportation purposes:	
Unrestricted investment earnings	28,231
Miscellaneous	39,484
Total general revenues and transfers	67,715
Change in net assets	(11,729,933)
Net assets--beginning	68,518,534
Change in reporting	5,773,546
Prior period adjustment	249,294
Net assets--beginning, restated	74,541,374
Net assets--ending	$ 62,811,441

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

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Balance Sheet
Governmental Funds
June 30, 2004

	General	Measure K	Local Transportation Fund	State Transit Assistance	SJCOG, INC	Total
ASSETS						
Cash and Cash Equivalents	$ 411,971	$ 9,454,486	$ 8,103,416	$ 1,495,911		$ 19,465,784
Investments		118,674,757				118,674,757
Sales tax receivable		2,754,100	1,378,699	293,615		4,426,414
Interest receivable	3,349	975,635	24,179	4,158		1,007,321
Intergovernmental receivable	769,961	416,349				1,186,310
Prepaids	95,748					95,748
Due from other funds	461,459	55,516				516,975
Notes receivable		6,628,787				6,628,787
Advance to other fund		6,000,000				6,000,000
Cash - restricted		135,443			$ 5,558,691	5,694,134
Interest receivable - restricted					18,825	18,825
Intergovernmental receivable - restricted					276,407	276,407
Deposits with State of California - restricted		1,733,000				1,733,000
Land and convervation easements - restricted					2,659,872	2,659,872
Total assets	$ 1,742,488	$ 146,828,073	$ 9,506,294	$ 1,793,684	$ 8,513,795	$ 168,384,334
LIABILITIES and FUND BALANCES						
LIABILITIES						
Accounts payable	$ 79,947	$ 9,065,492	$ 2,323,423	$ 5,615	$ 3,975	$ 11,478,452
Accrued salaries & benefits	95,800					95,800
Accrued compensated absences	94,940					94,940
Interest payable		279,081				279,081
Due to other funds	55,516	442,696	18,763			516,975
Due to other agencies					130,000	130,000
Advance from other fund	6,000,000					6,000,000
Total liabilities	6,326,203	9,787,269	2,342,186	5,615	133,975	18,595,248
FUND BALANCES						
Reserved for debt service		135,443				135,443
Reserved for contract commitments		136,905,361				136,905,361
Reserved for Habitat Acquisition and Management					8,379,820	8,379,820
Apportioned			7,164,108	1,788,069		8,952,177
Unreserved - undesignated	(4,583,715)					(4,583,715)
Total fund balances	(4,583,715)	137,040,804	7,164,108	1,788,069	8,379,820	149,789,086
Total liabilities and fund balances	$ 1,742,488	$ 146,828,073	$ 9,506,294	$ 1,793,684	$ 8,513,795	

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.	8,284,093
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are are not reported in the funds.	(95,261,738)
Net assets of governmental activies	$ 62,811,441

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, 2004

	General	Measure K	Local Transportation Fund	State Transit Assistance	SJCOG, Inc.	Total
REVENUES						
Sales Tax		$ 39,221,071	$ 20,375,418	$ 1,165,914		$ 60,762,403
Intergovernmental	$ 6,354,276	-			$ 34,291	6,388,567
Charges for services	1,158				2,609,484	2,610,642
Interest	28,231	4,144,719	105,733	19,815	82,550	4,381,048
Dividends		16,049				16,049
Contributions					201,805	201,805
Unrealized gains (losses) on investments		(3,021,645)	(5,172)	(1,378)	(5,779)	(3,033,974)
Other	39,484					39,484
Total revenues	6,423,149	40,360,194	20,475,979	1,184,351	2,922,351	71,366,024
EXPENDITURES						
General administration	3,902,901	2,628,700	786,815	18,003	250,000	7,586,419
Streets and roads		17,727,757	3,814,722			21,542,479
Pedestrian and bicycle			303,074			303,074
Transit		13,624,919	19,906,668	1,159,017		34,690,604
Congestion Relief		10,970,440				10,970,440
Railroad Safety Crossings		6,005,303				6,005,303
Habitat Plan					66,077	66,077
Investment expense		582,363				582,363
Debt service						-
Principal	28,519					28,519
Interest	112,417	1,070,083				1,182,500
Capital outlay						-
Fixed assets	7,935,244					7,935,244
Capital leases	49,516					49,516
Total expenditures	12,028,597	52,609,564	24,811,279	1,177,020	316,077	90,942,537
Excess (deficiency) of revenues over (under) expenditures	(5,605,448)	(12,249,370)	(4,335,300)	7,331	2,606,274	(19,576,513)
OTHER FINANCING SOURCES (USES)						
Commercial paper proceeds		8,000,000				8,000,000
Commercial paper retirements		(2,000,000)				(2,000,000)
Capital Leases	49,516					49,516
Net change in fund balances	(5,555,932)	(6,249,370)	(4,335,300)	7,331	2,606,274	(13,526,997)
Fund balances, beginning of year	972,217	143,290,174	11,499,408	1,780,738	5,773,546	163,316,083
Fund balances, ending	$ (4,583,715)	$ 137,040,804	$ 7,164,108	$ 1,788,069	$ 8,379,820	$ 149,789,086

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, 2004

Amounts reported for Governmental activities in the statement of activities (page 38) are different because:	
Net change in fund balances - total governmental funds (page 40)	$ (13,526,997)
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 capital outlays ($ 7,984,760) exceeded depreciation ($166,699) in the current period.	7,818,061
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 activites. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,020,997)
Change in net assets of governmental activities (page 38)	$ (11,729,933)

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

(This page intentionally left blank)

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Department of Education Agency Fund
ASSETS	
Cash and cash equivalents	$ 637
Interest receivable	36
Due from other governments	43,227
	43,900
LIABILITIES	
Due to other governments	43,900
	$ 43,900

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

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 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 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.

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 urestricted 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 (continued)

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 2 cent sales tax approved by the San Joaquin County voters under Measure-K, to fund a twenty year transportation expenditure plan. Revenues are

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 planning 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 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.

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.

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, 2004 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, 2004. Intergovernmental receivables represent claims for reimbursements and sales tax revenues receivable from various federal, state and local governmental agencies as of June 30, 2004.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

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

Capital assets

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

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

Equipment, Furniture and Fixtures, Building, Building Improvements and assets under capital lease of the primary government are depreciated using the straight line method over periods ranging from five (5) years to forty (40) years. Land related to the Council's Headquarters building and parking lot is not subject to depreciation. Capital assets of the component unit consist entirely of land and real property easements and are not subject to depreciation.

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 $94,940 at June 30, 2004.

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 90 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	$ 8,284,093
Long-term liabilities and notes-payable	(95,261,738)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (86,977,645)

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 AGovernmental 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 capital outlays ($7,984,760) exceeded depreciation ($166,699) in the current period.

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

Capital outlay	$	7,984,760
Depreciation expense		(166,699)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*		$ 7,818,061

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	$	49,516
Proceeds from commercial paper issuance		8,000,000
Commercial paper payments		(2,000,000)
Debt service principal payments		(28,519)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*		$ 6,020,997

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, 2004.

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, 2004, expenditures exceeded appropriations in the Salaries – vacation sales, fringe benefits, Communications, and Transportation, travel and training expenditure categories by $38,944, $2,219, $11,176 and $3,662, respectively. The over-expenditures in the Transportation, travel and training category were funded by private party reimbursements that totaled $28,633. A provision for vacation sales and related fringe benefit costs was not made in the 2003-04 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, 2004, cash totaling $25,159,918 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 $1,101,108,359 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.

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, 2004 are summarized as follows:

	Category 2	Uncategorized	Total
Investments with Fiscal Agents:			
Corporate notes	$ 14,311,237		$ 14,311,237
Federal agency bonds/notes	65,595,277		65,595,277
U.S. Treasury bonds/notes	33,676,782		33,676,782
Commercial paper	3,484,872		3,484,872
Federal agency discounted notes	993,210		993,210
PFM money market mutual fund		$ 72,259	72,259
CAMP money market mutual fund		112,612	112,612
U. S. Government money market fund		22,832	22,832
State of California LAIF		405,676	405,676
Total Investments	$ 118,061,378	$ 613,379	$ 118,674,757

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, 2004, is $57,536,996,461, 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, 2004 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 $22,832 and $112,612, respectively. The investments with fiscal agents as well as the $135,444 of the CAMP balances are also created for the payment and tracking of Measure K project expenditures.

Investments for the Council as well as its component unit are reported at fair value as determined by quoted market prices. Changes in the fair value of investments are included with all other investment income. Cash on deposit with the County Treasurer is invested as authorized by statutes.

Receivables

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

	General	Measure K	Local Trans-portation	State Transit Assistance	SJCOG INC.	Total
Receivables:						
Interest	$ 3,349	$ 975,635	$24,179	$4,158		$ 1,007,321
Sales Taxes		2,754,100	1,378,699	293,615		4,426,414
Intergovernmental	769,961	416,349				1,186,310
Intergovernmental - Restricted					$276,407	276,407
Interest - restricted					18,825	18,825
Total Receivables:	$773,310	$4,146,084	$1,402,878	$297,773	$ 295,232	$6,915,277

Notes receivable

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

The City of Ripon note balance as of June 30, 2004, is $5,465,159. The City of Lodi's note balance as of June 30, 2004, is $456,295. Accrued interest receivable on these borrowings is reflected in the Measure K Fund at June 30, 2004.

The Ripon note will be partially repaid over a remaining term of six 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.

The Lodi note is scheduled to be repaid over a remaining term of five 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

Notes receivable (continued)
principal borrowed. The RRC borrowed $1,316,769 on the line of credit within the fiscal year ended June 30, 2004. The was an outstanding balance on the San Joaquin Regional Rail Commission line of credit of $707,333 at June 30, 2004. Accrued interest receivable on this borrowing is reflected in the Measure K Fund at June 30, 2004.

Capital assets

Capital asset activity for the year ended June 30, 2004 was as follows:

Governmental activities:

Governmental activities:	July 1, 2003	Increases	Decreases	June, 30 2004
Capital assets, not being depreciated:				
Land and land rights	$ 400,000	$ -	$ -	$ 400,000
Total capital assets, not being depreciated	400,000	-	-	400,000
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	-	519,080
Office & computer equipment	152,035	126,577	-	278,612
	152,035	7,984,760	-	8,136,795
Less accumulated depreciation for:				
Office furniture & fixtures		(10,509)		(10,509)
Office building & improvements	-	(118,378)	-	(118,378)
Electrical fixtures & multi-media	-	(17,303)	-	(17,303)
Office & computer equipment	(86,003)	(20,509)		(106,512)
	(86,003)	(166,699)	-	(252,702)
Total capital assets being depreciated, net:	66,032	7,818,061	-	7,884,093
Governmental activities capital assets, net	$ 466,032	$ 7,818,061	$ -	$ 8,284,093

Depreciation:

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

Governmental activities:	2004	2003
	166,699	78,023

Construction project – 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 2004. 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.

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, 3004, was $98,288. 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 and debt service.

NOTE V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2004, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Measure K Fund	$ 442,696
General Fund	Local Transportation Fund	18,763

General Fund receivables from the Measure K Fund represent the final accrued Measure K Program transportation planning revenues due as of June 30, 2004. General fund receivables from the Local Transportation Fund (LTF) represent the final accrued LTF Planning funds due to the General Fund at June 30, 2004.

NOTE VI. LEASES

Operating leases

Rent expense for the Council's prior location administrative facilities for the four months ended October 31, 2004 was $40,227.

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

Year ending June 30:	Amount
2005	$ 95,503
2006	105,130
2007	102,510
2008	101,596
2009	92,680
2010-2014	463,400
Total	$ 960,819

Capital leases

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

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment	$ 128,869
Less: Accumulated depreciation	(44,013)
Total	$ 84,856

As of June 30, 2004, the future minimum lease payments and the net present value of these minimum lease payments were as follows:

Fiscal year ending June 30,	
2005	$ 51,836
2006	37,597
2007	17,798
2008	-
2009	-
Total payments	107,231
Less amounts representing interest	(22,375)
Net present value of future minimum lease payments	$ 84,856

NOTE VII. LONG-TERM DEBT

Long-term liability activity during the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004
Sick leave benefits payable	$ 137,974	$ 10,992	$ (10,919)	$ 138,047
Compensated absences	29,715	9,120	-	38,835
Capital leases	63,860	49,516	(28,520)	84,856
Commercial paper	89,000,000	8,000,000	(2,000,000)	95,000,000
Total	$ 89,231,549	$ 8,069,628	$ (2,039,439)	$ 95,261,738

Capital lease payments due within one year total $51,836. 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. The Council is authorized to issue up to $100,000,000 of these 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 90 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, 2004 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, 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.

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, 2004. The Council has paid commitment fees of $354,028 to the Bank during the year ended June 30, 2004.

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 2004, 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 1.75%. A description of this project and related financing arrangements may be found in Note IV, *Construction project – new Regional Center and administrative facilities.*

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.

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, 2004, accrued vacation and sick leave pay totaled $271,822. The noncurrent portion of accrued vacation pay and sick leave totaled $176,882.

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, 2004 was $1,652,937. The Council's total contributions to the retirement plans on behalf of employees were $244,036 for the year ended June 30, 2004. In addition to this total, $35,313 were paid from the ICMA Retirement Trust 401 Plan forfeiture reserves. Forfeiture reserves represent amounts paid into the 401 plan on behalf of employees that are forfeited by employees who leave service before they are fully vested in plan assets. These funds become available to the Council for 401 retirement plan payments after various plan requirements are met. The balance of retirement payments was paid from current fiscal year revenues.

Prior period adjustment

A prior period adjustment in the amount of $400,000 was recorded to add the fair market value of land at the Council's new headquarters facility that was donated to the Council in October 2002 by the City of Stockton, California Redevelopment Agency.

A prior period adjustment in the amount of $150,706 was made to reduce the beginning balance of capital assets in order to adjust the Council's books to properly reflect the Council's capitalization policy in conformity with GASB 34.

The combination of these two adjustments results in a net increase to the Council's government wide beginning net assets of $249,294.

Retroactive restatement of government wide financial statements

The June 30, 2003 government wide financial statements were restated in order to include SJCOG, INC., previously reported as a discretely presented component unit, as a blended component unit. SJCOG, INC., and the Council share substantively the same governing bodies. Due to this fact, it was determined that SJCOG, INC., should be presented as a blended component unit of the government wide financial statements. The net effect of this change is an increase in beginning net assets of the government wide financial statements of $5,773,546.

(This page intentionally left blank)

REQUIRED SUPPLEMENTAL INFORMATION

(This page intentionally left blank)

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, 2004

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 4,652,800	$ 6,629,427	$ 6,354,276	$ (275,151)
Use of money and property	40,000	40,000	28,231	(11,769)
Miscellaneous			40,642	40,642
Total Revenues	4,692,800	6,669,427	6,423,149	(246,278)
EXPENDITURES				
Salaries and benefits				
Salaries	1,615,000	1,615,000	1,613,993	1,007
Salaries - vacation sales			38,944	(38,944)
Fringe benefits	594,000	594,000	596,219	(2,219)
Total salaries and benefits	2,209,000	2,209,000	2,249,156	(40,156)
Service and supplies				
Office expense	260,000	260,000	142,559	117,441
Communications	40,000	40,000	51,176	(11,176)
Memberships	30,000	30,000	21,036	8,964
Rents and leases - equipment	100,000	100,000	95,583	4,417
Debt service				
Principal	30,000	30,000	28,519	1,481
Interest - leases	15,000	15,000	14,129	871
Interest - Building debt service	100,000	100,000	98,288	1,712
Transportation, travel & training	100,000	100,000	103,662	(3,662)
Allocated service cost	10,000	10,000		10,000
Publications and legal notices	20,000	20,000	7,317	12,683
Insurance	60,000	60,000	58,416	1,584
Rents -structures and grounds	203,300	170,985	43,326	127,659
Maintenance - equipment	26,000	26,000	1,584	24,416
Maint. - struct. & grounds	84,700	54,700	19,817	34,883
Utilities	50,000	50,000	40,823	9,177
Unallocated/Reserve				
Total service and supplies	1,129,000	1,066,685	726,236	340,449
Professional and special services	1,254,300	1,265,221	1,068,445	196,776
Capital outlay	100,500	7,984,760	7,984,760	
Total Expenditures	4,692,800	12,525,666	12,028,597	497,069
OTHER FINANCING SOURCES (USES)				
Capital leases	-		49,516	49,516
Total Other Financing Sources (Uses)	-		49,516	49,516
Net Change in Fund Balances			(5,555,932)	300,307
Fund Balance - Beginning			972,217	972,217
Fund Balance - Ending	$ -	$ (5,856,239)	$ (4,583,715)	$ 1,272,524

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - General Fund and Agency Fund
By Object Class
For the Year Ended June 30, 2004

	Final Budget	Actual Amounts General	Actual Amounts Agency	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 7,118,688	$ 6,354,276	$ 290,449	$ (473,963)
Use of money and property	40,000	28,231	175	(11,594)
Miscellaneous	-	40,642		40,642
Total Revenues	7,158,688	6,423,149	290,624	(444,915)
EXPENDITURES				
Salaries and benefits				
Salaries	1,615,000	1,613,993	169	838
Salaries - vacation sales		38,944		(38,944)
Fringe benefits	594,000	596,219	114	(2,333)
Total salaries and benefits	2,209,000	2,249,156	283	(40,439)
Service and supplies				
Office expense	260,000	142,559		117,441
Communications	40,000	51,176		(11,176)
Memberships	30,000	21,036		8,964
Rents and leases - equipment	100,000	95,583		4,417
Debt service		-		-
Principal	30,000	28,519		1,481
Interest - leases	15,000	14,129		871
Interest - Building debt service	100,000	98,288		1,712
Transportation, travel & training	100,000	103,662		(3,662)
Allocated service cost	10,000	-	61	9,939
Publications and legal notices	20,000	7,317		12,683
Insurance	60,000	58,416		1,584
Rents -structures and grounds	170,985	43,326		127,659
Maintenance - equipment	26,000	1,584		24,416
Maint. - struct. & grounds	54,700	19,817		34,883
Utilities	50,000	40,823		9,177
Unallocated/Reserve	-	-		-
Total service and supplies	1,066,685	726,236	61	340,388
Professional and special services	1,754,482	1,068,445	290,280	395,757
Capital outlay	7,984,760	7,984,760		-
Total Expenditures	13,014,927	12,028,597	290,624	695,706
OTHER FINANCING SOURCES (USES)				
Capital leases		49,516		49,516
Total Other Financing Sources (Uses)	-	49,516	-	49,516
Net Change in Fund Balances	(5,856,239)	(5,555,932)	-	300,307
Fund Balance - Beginning	-	972,217		972,217
Fund Balance - Ending	$ (5,856,239)	$ (4,583,715)	$ -	$ 1,272,524

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Final Budget and Actual - General Fund and Agency Fund
By Work Program
For the Year Ended June 30, 2004

	Final Budget	Actual Amounts General	Actual Amounts Agency	Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 7,118,688	$ 6,354,276	$ 290,449	$ (473,963)
Use of money and property	40,000	28,231	175	(11,594)
Miscellaneous		40,642		40,642
Total Revenues	7,158,688	6,423,149	290,624	(444,915)
EXPENDITURES				
Regional Transportation Plan	85,800	74,841		10,959
Regional Planning Studies	100,000	18,752		81,248
Transportation Improvement Program	287,800	151,315		136,485
Roads and Streets Monitoring	361,100	321,224		39,876
Transit Coordination and Planning	213,700	200,209		13,491
Transportation Air Quality Planning	109,500	90,903		18,597
Ongoing Technical Assistance	178,300	76,221		102,079
Intergovernmental Coordination	289,700	299,515		(9,815)
Projections and Forecasts	141,600	124,636		16,964
Airport and Land Use	20,000	12,808		7,192
Congestion Management Prog/Sys	3,700	1,161		2,539
Regional Planning	610,000	515,446		94,554
Valley MPO Coordination	70,000	15,073		54,927
Interregional Partnership	98,400	59,563		38,837
Measure K Program Mgmt/Admin	240,900	157,741		83,159
COG Overall Work Plan Administration	160,000	153,050		6,950
TDA Administration	158,000	154,835		3,165
Community Involvement Program	340,000	330,221		9,779
TEA-21 Management	11,300	1,742		9,558
Transportation Demand Management	507,000	442,989		64,011
Freeway Service Patrol	590,200	421,007		169,193
Department of Education	489,261		290,624	198,637
Total 2003/04 project Expenditures	5,066,261	3,623,252	290,624	1,152,385
Other (not billed through Overall Work Program)				
Additional provision for capital outlay	7,948,666	7,984,760		(36,094)
Depreciation cost recovery A-87 assets only		(166,699)		166,699
Total Other	7,948,666	7,818,061	-	130,605
Overhead (overclaimed) underclaimed - prior periods		537,768		(537,768)
Total Adjusted Project Expenditures	13,014,927	11,979,081	290,624	745,222
Net Change in Fund Balance	(5,856,239)	(5,555,932)		300,307
Fund Balance - Beginning		972,217		972,217
Fund Balance - Ending	$ (5,856,239)	$ (4,583,715)	$ -	$ 1,272,524

(This page intentionally left blank)

OTHER SUPPLEMENTARY SECTION

(This page intentionally left blank)

SAN JOAQUIN COUNCIL OF GOVERNMENTS

Overall Work Program Costing System

Schedule of Revenues, Expenditures and Other Items by Funding Source

For the Fiscal Year Ended June 30, 2003

		General Fund															Agency Fund		
	Budget	Local Transp. Funds	Interest/ Other Local	TDA Admin.	Habitat	State Transit Assist	Ride-Sharing Stan. Co.	Fwy Service Patrol	SHA Comm. Plng.	Measure K	ALUC	SJV APCD	SHA Welfare z Work	CAL-TRANS CMAQ	FTA JARC	FTA	FHWA PL	US DOE	Totals	Favorable (Unfavorable) Variance
Revenues:																				
Local Transportation Fund	158,000			158,000															158,000	-
State Transit Assistance	19,324					18,003													18,003	(1,321)
Congestion Mitigation Air Quality	114,529													68,924					68,924	(45,605)
State/Caltrans - Fwy Svc patrol	507,457							336,806											336,806	(170,651)
SJanCOG CMAQ TDM Ridesharing	121,000						121,000												121,000	-
SHA Comm Based Tranport Planning Grant	220,000								140,131										140,131	(79,869)
State Highway Account W2W	120,030												120,030						120,030	-
Planning - SJCOG (3% TDA)	592,500	626,815																	626,815	34,315
FTA MPO Planning	172,757															172,757			172,757	-
Jobs Access Reverse Commute	14,978																		-	(14,978)
Federal Highway Planng & Admin	864,901																732,318		732,318	(132,583)
FHWA Interregional Partnership	117,251																		-	(117,251)
Interest	40,000		29,819																29,819	(10,181)
Measure K	3,072,927									3,515,617									3,515,617	442,690
SB-45 STIP Planning & Programming	110,000																		-	(110,000)
SJCOG Fees/Local other	60,494		39,054								3,270	500							42,824	(17,670)
Interregional Partnership (ABAG)	68,440		46,651																46,651	(21,789)
U S Department of Education	489,261																	290,624	290,624	(198,637)
Habitat Plan Administration	250,000				250,000														250,000	-
Manteca Lathrop Interchange Feasibility	44,839		43,454																43,454	(1,385)
Total Revenues	7,158,688	626,815	158,978	158,000	250,000	18,003	121,000	336,806	140,131	3,515,617	3,270	500	120,030	68,924	-	172,757	732,318	290,624	6,713,773	(444,915)
Expenditures:																				
601 01 RTP Update	85,800	8,584															66,257		74,841	10,959
601 02 RTP - Studies	100,000									2,151							16,601		18,752	81,248
602 01 RTLP	287,800	26,315															125,000		151,315	136,485
603 01 Road/Street Monitoring	361,100		43,454							267,370							10,400		321,224	39,876
603 02 Transit Coordination	213,700					18,003				9,449						172,757			200,209	13,491
603 03 Transportation Air Quality	109,500	20,903	5,000														65,000		90,903	18,597
701 01 Technical Assistance	178,300	20,821								30,000							25,400		76,221	102,079
801 01 Intergov Coordination	289,700	78,185	20,000							108,330							93,000		299,515	(9,815)
801 02 Projects & Forecasts	141,600	24,636	30,000														70,000		124,636	16,964
801 03 Aviation and Land Use	20,000										3,270	500					9,038		12,808	7,192
801 04 Congestion Mgmt	3,700	133															1,028		1,161	2,539
801 05 Regional Planning	610,000	40,000	19,607		250,000				140,131								65,708		515,446	94,554
801 06 Valley MPO Coord	70,000									1,729							13,344		15,073	54,927
801 07 Interregional Partnership	98,400	12,912	46,651																59,563	38,837
901 01 Measure K program mgt	240,900									157,741									157,741	83,159
1001 01 COG OWP mgmt & admin	160,000	83,050															70,000		153,050	6,950
1001 02 TDA Administration	158,000			154,835															154,835	3,165
1001 03 Community Involvement	340,000	75,000	30,000							125,221							100,000		330,221	9,779
1001 04 TEA-21 Management	11,300	200															1,542		1,742	9,558
1101 01 TDM Ridesharing	507,000		10,000				121,000			243,065				68,924					442,989	64,011
1201 01 Freeway Service Patrol	590,200							336,806		84,201									421,007	169,193
1201 05 U S Dept of Education	489,261																	290,624	290,624	198,637
Total 03/04 Project Expenditures	5,066,261	390,739	204,712	154,835	250,000	18,003	121,000	336,806	140,131	1,029,257	3,270	500	-	68,924	-	172,757	732,318	290,624	3,913,876	1,152,385
Other Items (not billed through OWP)																				
Admonal provision for capital outlay	7,948,666									7,984,760									7,984,760	(36,094)
Depreciation cost recovery		(166,699)																	(166,699)	166,699
Cumulative overhead adjustment		537,768																	537,768	(537,768)
Total Other Items	7,948,666	371,069								7,984,760									8,355,829	(407,163)
Total Expenditures and Other Items	13,014,927	761,808	204,712	154,835	250,000	18,003	121,000	336,806	140,131	9,014,017	3,270	500	-	68,924	-	172,757	732,318	290,624	12,269,705	745,222
Excess (Deficit) Revenues, Expenditures and Other Items Current	(5,856,239)	(134,993)	(45,734)	3,165	-	-	-	-	-	(5,498,400)	-	-	120,030	-	-	-	-	-	(5,555,932)	300,307

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Schedule of Direct and Indirect Expenditures
For the Year Ended June 30, 2004

	Direct	Indirect	Unallowable Expense	Total
Salaries	$ 884,774	$ 768,163	$ -	$ 1,652,937
Fringe benefits	209,160	387,059		596,219
Office expense	16,078	126,481		142,559
Communications	9,934	41,242		51,176
Memberships	1,217	19,819		21,036
Rent - equipment		95,583		95,583
Capital lease principal payments		28,519		28,519
Capital lease interest payments		14,129		14,129
Interest - building debt service		98,288		98,288
Transportation, travel and training	99,736	3,926		103,662
Professional and special services	938,718	50,157	79,570	1,068,445
Departmental costs allocated		-		-
Publications and legal notices	1,298	6,019		7,317
Insurance		58,416		58,416
Rents -structures and grounds	1,875	41,451		43,326
Capital outlay			7,984,760	7,984,760
Maintenance - equipment		1,584		1,584
Maint. - struct. & grounds		19,817		19,817
Utilities		40,823		40,823
TOTAL EXPENDITURES	2,162,790	1,801,477	8,064,330	12,028,597
Other reconciling items:				
Depreciation		131,699	35,000	166,699
Total Expenditures Recovered Under Indirect Cost Rate	$ 2,162,790	1,933,176	$ 8,099,330	$ 12,195,296
Total expenditures recovered under Indirect Cost Rate		1,376,606		
2003-04 under recovered indirect cost carryforward		$ 556,570		

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Combining Balance Sheet
Local Transportation Fund
For the Fiscal Year Ending June 30, 2004

	SJRTD	Lathrop	Lodi	Manteca	Tracy	Ripon	Escalon	SJRRC	S.J. County	Stockton	SJCOG Planning	SJCOG TDA Admin.	S.J. County Auditor	Total LTF Funds
ASSETS:														
Cash in treasury	$ 1,843,084	$ 321,124	$ 1,882,338	$ 710,374	$ 794,498	$ 355,893	$ 212,662	$ 1,866,372	$ 107,323	$ 5,965	$ -	$ 3,783	$ -	$ 8,103,416
Sales tax apportionment receivable	828,321	26,468	135,537	125,498	149,685	25,441	14,488	46,377	2,794	5,327	18,763			1,378,699
Interest receivable	8,889	719	4,365	1,148	1,154	826	499	4,981	306	17		1,275		24,179
Total Assets	$ 2,680,294	$ 348,311	$ 2,022,240	$ 837,020	$ 945,337	$ 382,160	$ 227,649	$ 1,917,730	$ 110,423	$ 11,309	$ 18,763	$ 5,058	$ -	$ 9,506,294
LIABILITIES AND FUND EQUITY														
Liabilities														
Due to other funds											$ 18,763			$ 18,763
Intergovernmental payable	$ -	$ -	$ 1,954,759	$ -	$ -	$ 368,664	$ -	$ -	$ -	$ -		$ -	$ -	$ 2,323,423
Total Liabilities	-	-	1,954,759	-	-	368,664	-	-	-	-	18,763	-	-	2,342,186
Fund Equity														
Apportioned	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
Total Fund Equity	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
Total Liabilities and Fund Equity	$ 2,680,294	$ 348,311	$ 2,022,240	$ 837,020	$ 945,337	$ 382,160	$ 227,649	$ 1,917,730	$ 110,423	$ 11,309	$ 18,763	$ 5,058	$ -	$ 9,506,294

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, 2004

	SJRTD	Lathrop	Lodi	Manteca	Tracy	Ripon	Escalon	SJRRC	S.J. County	Stockton	SJCOG Planning	SJCOG TDA Admin.	S.J. County Auditor	Total LTF Funds
REVENUE:														
Sales tax	$ 11,800,978	$ 381,557	$ 1,953,837	$ 1,809,109	$ 2,157,773	$ 366,755	$ 208,869	$ 660,738	$ 91,006	$ 173,533	$ 611,263	$ 158,000	$ 2,000	$ 20,375,418
Interest	48,578	2,830	9,541	12,318	5,816	2,646	1,554	15,997	1,128	261		5,064		105,733
Unrealized Gains (Losses) on investments	10,252	(1,632)	(9,046)	(991)	(3,282)	(1,132)	(92)	975	(148)	(129)	59	(6)		(5,172)
Total Revenue	11,859,808	382,755	1,954,332	1,820,436	2,160,307	368,269	210,331	677,710	91,986	173,665	611,322	163,058	2,000	20,475,979
EXPENDITURES:														
SJRTD	17,740,800													17,740,800
Lathrop		260,831												260,831
Lodi			1,954,759											1,954,759
Manteca				1,958,484										1,958,484
Tracy					1,572,225									1,572,225
Ripon						368,664								368,664
Escalon							-							-
SJRRC								-						-
S J. County									-					-
Stockton										168,701				168,701
SJCOG Planning											626,815			626,815
SJCOG TDA Admin												158,000		158,000
S J County Auditor/Contr													2,000	2,000
Total Expenditures	17,740,800	260,831	1,954,759	1,958,484	1,572,225	368,664	-	-	-	168,701	626,815	158,000	2,000	24,811,279
Excess (deficit) of Revenues Over Expenditures	(5,880,992)	121,924	(427)	(138,048)	588,082	(395)	210,331	677,710	91,986	4,964	(15,493)	5,058	-	(4,335,300)
Fund Balance Beginning of Year	8,561,286	226,387	67,908	975,068	357,255	13,891	17,318	1,240,020	18,437	6,345	15,493	-	-	11,499,408
Fund Balance End 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

SAN JOAQUIN COUNCIL OF GOVERNMENTS

SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND

For the Year Ended June 30, 2004

PUC Section	Purpose		Allocated/ Expended
99233.1	Administration:		
	Council	$	158,000
	County of San Joaquin		2,000
			160,000
99234	Pedestrian and Bicycle Facilities:		
	County of San Joaquin		
	City of Stockton		168,701
	City of Tracy		43,477
	City of Lodi		39,367
	City of Manteca		36,451
	City of Ripon		7,390
	City of Lathrop		7,688
			303,074
99260	Public Transportation:		
	San Joaquin Regional Transit District		12,740,800
	City of Ripon		5,140
			12,745,940
99260	Operator Capital:		
	San Joaquin Regional Transit District		5,000,000
99260	Public Transportation System Planning:		
	Council of Governments		626,815
99400(a)	Streets, Roads, Pedestrian and Bicycle Projects:		
	City of Tracy		1,378,489
	City of Lodi		113,000
	City of Manteca		1,716,674
	City of Ripon		356,134
	City of Lathrop		250,425
			3,814,722
99400(c)	Contracted Public Transportation - Operations:		
	City of Tracy		150,259
	City of Lodi		1,802,392
	City of Manteca		183,959
			2,136,610
99400(b,c,d,e)	Other:		
	City of Lathrop		2,718
	City of Manteca		21,400
			24,118
	Total:	$	24,811,279

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Combing Balance Sheets
State Transit Assistance Fund
For the Fiscal Year Ending June 30, 2004

	SJRTD	Lodi	Ripon	SJRRC	SJCOG TDA Admin.	Total LTF Funds
ASSETS:						
Cash in treasury	1,327,410	4,948	6	162,962	585	1,495,911
Sales tax apportionment receivable	275,715	1,980		15,920		293,615
Interest receivable	3,716	9		432	1	4,158
Total Assets	1,606,841	6,937	6	179,314	586	1,793,684
LIABILITIES AND FUND EQUITY						
Liabilities						
Intergovernmental payable		5,609	6			5,615
Total Liabilities		5,609	6			5,615
FUND EQUITY						
Apportioned	1,606,841	1,328		179,314	586	1,788,069
Total Fund Equity	1,606,841	1,328		179,314	586	1,788,069
Total Liabilities and Fund Equity	1,606,841	6,937	6	179,314	586	1,793,684

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, 2004

	SJRTD	Lodi	Ripon	SJCRRC	SJCOG TDA Admin.	Total LTF Funds
REVENUE:						
Sales tax	$ 1,085,249	$ 6,629	$ 5	$ 56,028	$ 18,003	$ 1,165,914
Interest	17,782	33		1,413	587	19,815
Unrealized Gains (Losses) on investments	(1,336)	(7)		(34)	(1)	(1,378)
Total Revenue	$ 1,101,695	$ 6,655	$ 5	$ 57,407	$ 18,589	$ 1,184,351
EXPENDITURES:						
SJRTD	1,153,402					1,153,402
Lodi		5,609				5,609
Ripon			6			6
SJRRC						
SJCOG TDA Admin.					18,003	18,003
Total Expenditures	$ 1,153,402	$ 5,609	$ 6	$	$ 18,003	$ 1,177,020
Excess (deficit) of Revenues Over Expenditures	(51,707)	1,046	(1)	57,407	586	7,331
Fund Balance Beginning of Year	1,658,548	282	1	121,907		1,780,738
Fund Balance End of Year	$ 1,606,841	$ 1,328	$	$ 179,314	$ 586	$ 1,788,069

SAN JOAQUIN COUNCIL OF GOVERNMENTS

SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE

For the Year Ended June 30, 2004

PUC Section	Purpose		Allocated/ Expended
6730(a)	Public Transit:		
	San Joaquin Regional Transit District	$	1,153,402
	City of Ripon		6
			1,153,408
6731(b)	Contracted Transit:		
	City of Lodi		5,609
6731(b)	Transit Administration/Planning:		
	Council		18,003
	Total:	$	1,177,020

STATISTICAL SECTION

SAN JOAQUIN COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND

For the Fiscal years Ending June 30, 1995 Through June 30, 2004

	June 30, 1995	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
INTERGOVERNMENTAL:										
TDA Administration	$ 82,000	$ 77,000	$ 101,000	$ 101,000	$ 101,000	$ 111,000	$ 131,000	$ 133,000	$ 133,000	$ 158,000
State Transit Assistance	10,000	11,637	13,668	14,000	16,425	16,444	16,652	28,651	16,658	18,003
State Subventions/Mandated Costs	85,400							7,078		
Stockton - Arch Road/Hwy 99				244,350			1,620			
Freeway Service Patrol			98,500	160,600	178,490	324,924	278,853	289,759	289,007	336,806
Ridesharing - S J. County TDM	362,773	272,071	246,846	300,000	134,919	168,081	157,000	160,000	164,000	
Ridesharing - Stanislaus Co TDM					100,000	104,500	105,000	107,000	109,000	121,000
National Fish & Wildlife		116,087	62,783	11,700						
Habitat Funds/Habitat Management						250,000		40,006	296,163	250,000
Measure K	490,281	469,690	450,473	390,388	520,800	776,900	1,038,000	900,000	965,000	3,515,617
Proposition 116										
Fed. Highways Plng. & Admin/SPR	786,938	643,656	553,337	481,534	586,655	606,890	696,187	762,049	801,168	872,450
Federal Transit Administration	119,302	88,210	106,795	92,995	77,983	102,589	104,816	263,621	184,297	172,757
Department of Education								172,635	257,990	
CMAQ/IRP/WTW								74,295	91,339	120,030
CMAQ/Congestion Mitigation									179,798	68,924
San Joaquin Valley APCD	79,387	7,185	1,157		18,587	66,144	196,650	750	500	500
Airport Land Use Commission	4,260	1,050	875		9,820	3,675	5,715	4,747	3,920	3,270
Great Valley Ctr. Legacy Grant					50,000	25,000			15,000	
Caltrans PPM Program					58,000	75,000	77,000	101,000	212,000	
Caltrans ITS Program					6,000	174,145	354,227	76,772		
Urban Area Focus/Strat. Deployment								102,592		
Manteca/Lathrop Interchange Feasability									55,161	43,454
Ripon Bike Bridge Funds						88,049	158,201			
State Census 2000						93,533				
Interregional Partnership - ABAG									12,938	46,651
San Joaquin A-Plus Reading Program							26,424	22,495	76,621	
CCASP Aviation Plan	13,082	3,750	7,418	10,486						
Planning - sjccog TDA	180,000	202,420	212,000	240,000	284,224	454,375	456,750	601,979	547,500	626,815
Total intergovernmental	2,213,423	1,892,756	1,854,852	2,047,053	2,142,903	3,441,249	3,804,095	3,848,429	4,411,060	6,354,276
Use of money and property:										
Interest income	11,516	18,084	24,332	29,463	22,911	28,833	28,935	19,914	18,606	29,025
Unrealized Gain (Loss) On Inv				(2,551)	(390)	347	(2,462)	587	(2,169)	(794)
Total use of money and prop	11,516	18,084	24,332	26,912	22,521	29,180	26,473	20,501	16,437	28,231
Miscellaneous:										
SJCOG fees - data sales	72	324	2,854	2,244	703	2,228	2,043	13,254	4,478	1,158
Insurance proceeds					10,423	1,900				
Donations & Other local revenue	49,151	22,773	28,764	7,386	15,093	7,935	69,484	76,094	82,685	39,484
Total other revenue	49,223	23,097	31,618	9,630	26,219	12,063	71,527	89,348	87,163	40,642
Total Revenues	$ 2,274,162	$ 1,933,937	$ 1,910,802	$ 2,083,595	$ 2,191,643	$ 3,482,492	$ 3,902,095	$ 3,958,278	$ 4,514,660	$ 6,423,149

Source. Audited financial statements for the fiscal years ending June 30, 1995 through June 30, 2004

SAN JOAQUIN COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL FUND

For the Fiscal years Ending June 30, 1995 Through June 30, 2004

	June 30, 1995	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
EXPENDITURES:										
RTP Update	$ 41,122	$ 97,445	$ 62,140	$ 61,326	$ 15,954	$ 18,649	$ 135,995	$ 121,613	$ 45,629	$ 74,841
RTP studies	54,909	46,233	33,468	41,037	67,541	5,939	14,229	35,145	57,967	18,752
I-5 Study										
Foothill/Valley (94-96)	8,672	3,992								
Regional Transp Improv Plan	83,485	58,413	85,835	61,922	84,177	147,832	141,533	170,378	232,800	151,315
State Corridor Study										
Road/Street Monitoring	38,148	10,892	112,512	97,529	90,809	227,165	222,871	185,305	366,457	321,224
Transit Coordination	112,493	105,619	174,534	116,244	93,935	128,236	131,355	185,089	211,690	200,209
Aviation										
Transportation Air Quality	48,000	40,637	12,730	28,693	10,728	22,783	49,955	124,280	131,709	90,903
Transportation A Q Model	64,000	49,766	78,109	49,191	48,506	95,602	123,050	53,077		
Social Service Transit	25,000	11,616								
Technical Assistance	73,473	109,457	206,038	542,585	334,799	532,308	837,404	710,190	458,423	76,221
Intergovernmental Coordination	73,032	86,098	90,006	74,574	117,766	190,315	223,641	361,850	304,212	299,515
Projects & Forecasts	78,600	97,728	87,693	71,865	70,911	278,155	54,146	103,304	143,816	124,636
Aviation and Land Use	20,102	10,197	14,737	13,713	3,892	5,484	4,915	5,877	6,242	12,808
Congestion Management	77,962	33,180	67,844	34,162	22,720	5,240	3,563	1,152	283	1,161
Regional Planning	244,388	189,881	147,480	76,933	193,116	492,153	310,922	292,626	302,577	515,446
Valley M P O coordination	41,235	17,691	46,661	26,288	61,182	196,990	403,034	126,084	23,160	15,073
Interregional Partnership							16,453	43,907	107,511	59,563
Measure K Program Management	263,732	299,712	87,924	89,699	105,324	152,417	97,287	147,860	201,596	157,741
Altamont Study/Partnership		9,603								
COG OWP Mgmt & Admin	65,359	69,291	105,239	104,820	213,742	87,607	121,714	161,942	171,771	153,050
TDA Administration	82,183	72,879	97,645	98,959	83,985	108,349	123,349	126,316	134,823	154,835
Community Involvement	56,000	88,536	86,455	91,191	78,590	161,330	224,955	192,502	249,420	330,221
Capital Outlay/Deprec/Ins adjustment		29,195	6,930	7,838	(9,712)	(1,962)	(822)	(1,402)	(6,106)	7,818,061
ISTEA/TEA-21 Management	31,103	17,390	21,459	11,338	18,097	3,567	172	4,032	5,096	1,742
Ridesharing - S.J County TDM	435,161	374,286	350,255	240,407	260,555	379,033	311,118	489,054	546,020	442,989
Ridesharing - Stanislaus County TDM					100,000					
Freeway Service Patrol									361,259	421,007
Under (over) -applied costs		(58,389)	(71,196)	319,245	449,203	354,428	332,111	85,024	161,438	537,768
Total Expenditures	$ 2,018,159	$ 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

Source: Audited financial statements for the fiscal years ending June 30, 1995 through June 30, 2004

SAN JOAQUIN COUNCIL OF GOVERNMENTS
PROFILE OF TAXABLE SALES
1991 - 1996
(UNAUDITED)

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

SOURCE: STATE BOARD OF EQUALIZATION

SAN JOAQUIN COUNCIL OF GOVERNMENTS
PROFILE OF TAXABLE SALES
1997 - 2004
(UNAUDITED)

	1997	1998	1999	2000	2001	2002	2003	2004
Retail Stores								
Apparel stores	2.11%	1.92%	1.73%	1.80%	1.76%	1.92%	3.29%	n/a
General merchandise	12.30%	12.74%	12.28%	11.71%	10.53%	11.78%	10.99%	n/a
Specialty stores	5.77%	5.81%	6.27%	6.50%	6.05%	7.57%	9.82%	n/a
Eating and drinking group	6.85%	6.68%	6.37%	6.11%	6.34%	6.43%	8.70%	n/a
Building material group	5.23%	5.38%	5.83%	5.79%	6.46%	6.53%	6.13%	n/a
Automotive group	20.68%	19.49%	20.90%	22.39%	24.71%	23.88%	20.60%	n/a
Other retail stores	13.47%	13.09%	12.81%	12.35%	12.22%	11.69%	10.06%	n/a
Business and personal services	3.81%	3.86%	3.98%	3.53%	3.95%	3.97%	4.71%	n/a
All other	29.77%	31.04%	29.83%	29.82%	27.99%	26.23%	25.70%	n/a
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	n/a

SOURCE: STATE BOARD OF EQUALIZATION

SAN JOAQUIN COUNCIL OF GOVERNMENTS
DEMOGRAPHIC INFORMATION

(UNAUDITED)
LAST TWELVE YEARS

YEAR	COUNTY POPULATION (JANUARY 1)	TOTAL HOUSING UNITS	NEW HOUSING UNITS	TAXABLE SALES (IN THOUSANDS)
1993	507,170	173,590	2,362	$3,708,151
1994	513,135	176,066	2,476	$3,957,158
1995	519,836	178,243	2,177	$4,176,036
1996	528,894	180,214	1,971	$4,422,080
1997	537,669	182,444	2,230	$4,733,123
1998	525,249	184,238	1,794	$5,080,400
1999	554,438	186,718	2,430	$5,761,960
2000	563,598	189,160	2,442	$6,582,353
2001	583,700	192,268	3,108	$6,995,905
2002	596,000	197,316	5,048	$7,305,586
2003	616,500	201,398	4,082	$7,745,868
2004	n/a	n/a	n/a	n/a

SOURCES:

POPULATION AND NEW HOUSING - CALIFORNIA DEPARTMENT OF FINANCE
TAXABLE SALES - STATE BOARD OF EQUALIZATION