

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STOCKTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

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INTRODUCTORY SECTION

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SAN JOAQUIN COUNCIL OF GOVERNMENTS

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December 22, 2017

Honorable Board of Directors
San Joaquin Council of Governments

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EXECUTIVE DIRECTOR

Member Agencies

CITIES OF

ESCALON,

LATHROP,

LODI,

MANTECA,

RIPON,

STOCKTON,

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AND

THE COUNTY OF SAN
JOAQUIN

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the San Joaquin Council of Governments (SJCOC or the Council) for the fiscal year ended June 30, 2017.

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

The Council's financial statements have been audited by Brown Armstrong Accountancy Corporation, a licensed certified public accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Council for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Council's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the San Joaquin Council of Governments was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are presented in the Other Reports Section of this report.

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

Profile of the Government

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

The Roles of the San Joaquin Council of Governments

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

A. Regional Transportation Planning Agency (RTPA)

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

B. Metropolitan Planning Organization (MPO)

Metropolitan Planning Organization (MPO) is a federal designation identifying the Council as the agency responsible for carrying out federal guidelines and statutes for planning and coordination. The passage of the Intermodal Surface Transportation Efficiency Act, followed by the Transportation Equity Act for the 21st Century (TEA-21), then the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), has expanded this role. Moving Ahead for Progress in the 21st Century (MAP – 21), was designed to create a streamlined and performance-based surface transportation program and builds on many of the highway, transit, and pedestrian programs and policies previously established that will have an impact on the activities of the Council. On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94) into law-the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment. The FAST Act authorizes \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail and research technology and statistics programs. The FAST Act maintains our focus on safety, keeps intact the established structure of the various highway-related programs we manage, continues efforts to streamline project delivery, and for the first time, provides a dedicated source of federal dollars for freight projects. With the enactment of the FAST Act, states and local governments are now moving forward with critical transportation projects with the confidence that they will have a federal partner over the long term.

The Council is responsible for the development of the Regional Transportation Plan (RTP). Included in those responsibilities is the development of the Federal Transportation Improvement Program (FTIP). The FTIP is a comprehensive transportation spending plan for the region that lists every transportation project that will receive federal funds or that is subject to federally required action, such as a review and approval of environmental documents. With the 2014 update to the RTP, California statute requires MPOs to incorporate a Sustainable Communities Strategy (SCS) within the RTP. The SCS lays out how the region will meet greenhouse gas (GHG) reduction targets set by the California Air Resources Board (CARB).

The Roles of the San Joaquin Council of Governments

C. Airport Land Use Commission (ALUC)

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

D. Center for Demographic Studies (CDS)

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

- Compiling and dispensing the latest data on population, economy, and transportation from various sources.
- Producing projections through different methods for population, employment, and housing growth trends in the region.
- In partnership with the University of the Pacific Business Forecasting Center, analyzing and disseminating census data for posting on SJCOG's website and other means of distribution as well as collaborating on public workshops related to census and demographic information.
- Integrating the cutting-edge Geographic Information System (GIS) technology with data analysis.
- Constructing maps to visually display the spatial characteristics of the data.
- Creating summaries as well as analytical reports periodically to present the latest findings drawn from the newest data.

E. Congestion Management Agency (CMA)

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

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

F. Local Transportation Authority (LTA)

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

G. Commute Connection – Transportation Demand Management

The Council operates the Commute Connection program (subsequently rebranded **dibs** February 28, 2017), which is a transportation demand management (TDM) program designed to influence travel choices and encourage commuters to walk more, cycle, carpool, vanpool, telecommute, and use public transit. The program directly affects the region and helps reduce the impact on local roadways, reduce traffic congestion, improve air quality, and more efficiently utilize existing road systems. In addition to helping San Joaquin County residents, the **dibs** program also provides TDM services for Stanislaus and Merced County residents under a contract with Stanislaus Council of Governments and Merced Association of Governments. The **dibs** program operates using a mixture of funding sources including Federal Congestion Management Air Quality (CMAQ) funds, vehicle registration fees collected under the Service Authority for Freeway Emergencies program, and contract fees paid by the Stanislaus Council of Governments and Merced Association of Governments. The Council has approximately 8,254 commuters participating in the program, including 126 vanpools.

H. Regional Housing Needs Allocation (RHNA) Plan

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

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

I. Lead Agency – Transportation Air Quality Conformity

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

J. SJCOG, INC.

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

K. Commute Connection, Inc.

Commute Connection, Inc., is a not-for-profit, public benefit corporation. The specific purpose of this corporation is to act as a designee of the Joint Powers Agency organized pursuant to the Commute Connection (**dibs**) program, which is to provide information regarding alternate transportation opportunities in, but not limited to, San Joaquin, Stanislaus, and Merced Counties and to promote alternative transportation solutions including carpooling, vanpooling, and biking or walking to work. This is a relatively new fund and there was minimal activity in the current year.

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 1st of each year. The approved budget must then be ratified by a majority of member governments representing 55% of the population of the County. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. The Council's Board of Directors must approve significant amendments, appropriation transfers between objects, and transfers from contingencies. The Board must also approve supplemental appropriations financed by unanticipated revenues. No supplemental appropriations were required during the year ended June 30, 2017.

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

Factors Affecting Financial Condition

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

Local Economy

San Joaquin County experienced moderate economic growth early in the decade. The sales tax growth (as a proxy for overall economic activity) was 6.03% for 2002-2003, 6.5% in 2003-2004, 10.3% in 2004-2005, 7.6% in 2005-06, and fell to 0.289% in 2006-07 and declined 3.2% in 2007-08. Due to the economic downturn, caused primarily by the slumping housing market and significant decline in construction-related activities along with new car sales, sales taxes declined by 11.3% in 2008-09. The economic decline continued into 2009-10 with sales tax receipts falling 14.6%; however, the fiscal year ended with positive quarter over quarter comparisons. The economic decline bottomed out in 2009-10 with sales tax growth beginning in the 4th quarter of 2009-10. The growth trend continued into 2010-11 with sales tax receipts increasing 8.6% over 2009-10. Fiscal year 2011-12 continued the upward growth trend with the year over year sales tax increase at 11.02%. Fiscal year 2012-13 growth slowed to 6.37%. Fiscal year 13-14 continued to show slow growth at 4.2% for the year. Fiscal year 14-15 grew at a rate of 3.89%, and fiscal year 15-16 ended at a 4.8% growth. Fiscal year 16-17 grew at a rate of 4.55%. Sales tax for fiscal year 2017-18 is estimated to grow at 4.5%.

General Retail and Transportation are the leading economic categories in the County. Construction is on the rise with new home construction in the Cities of Manteca, Lodi, and Lathrop fueling an increase in building permits. The County enjoys a balanced mix of economic activities including manufacturing, non-manufacturing, new car sales, restaurants and food markets, service stations and public sector.

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

Unemployment in the County traditionally is higher than the state average. That said, with a diverse job market, employment has continued to increase post-recession. The unemployment rate in the County has steadily declined since 2011. Employment grew 3.5% in 2016-17 exceeding the State of California's 2.3% and is projected to remain above 3% in San Joaquin County for 2017, the fastest of all Northern California metro areas. Total Non-Farm Employment is expected to grow by 4.8% over the next 5 years with the largest percentage gains in Transportation and Utilities, Professional Services, and Construction. Real Personal income will increase approximately 3% annually for the upcoming years. A growth in jobs will cause unemployment to drop from 10.6% in 2014 to 6.8% in 2019. ^[1]

^[1] *California and Metro Forecast, October 2017, University of the Pacific Business Forecasting Center.*

Long-Term Financial Planning

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

A. Federal Funding Sources

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

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

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

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

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

B. State Funding Sources

State Transit Assistance (STA) Funds

STA funds are allocated by the State Controller's office on a quarterly basis. The revenue is generated from the State Gas Tax. The allocation of the funds is made up of two components. Public Utilities Code (PUC) Section 93313 allocations are based on the latest available annual population estimates from the Department of Finance (the ratio of the region's population to the state's population). Once received by the RTPA, this portion of the allocation is distributed based on an approved distribution method by the Board of Directors. PUC 99314 funds are allocated to approved transit operators based on a revenue basis (the ratio of the locally-generated revenue of each operator in the region to the locally-generated revenue of all operators in the state).

Proposition 1B – PTMISEA Funding

The Public Transportation Modernization, Improvement, and Service Account Program (PTMISEA) funding account was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion available to Transportation, \$4 billion dollars were allocated to PTMISEA to be available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or rolling stock (buses and rail cars) procurement, rehabilitation, or replacement. Funds in this account are appropriated annually by the Legislature to the State Controller's Office for allocation in accordance with PUC formula distributions: 50% allocated to Local Operators based on fare-box revenue and 50% to Regional Entities based on population.

B. State Funding Sources (Continued)

Proposition 1B – TSSSDRA Funding

The Transit Safety, Security, and Disaster Response Account (TSSSDRA) funding account was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. TSSSDRA funding is available for capital expenditures that provide an increased protection against a security or safety threat, increase the capacity of transit operators to develop disaster response transportation systems that can respond in the event of an emergency, or other allowable costs under California Government Code 16727 (a). TSSSDRA funding to SJCOG and local transit operators is allocated annually based on the State Transit Assistance formula found in PUC 99313 (population based) and 99314 (fare revenue based), respectively. In fiscal year 2016, the State Controller's Office TSSSDRA schedule of apportionment provided \$666,967 for the San Joaquin County region. Of that total, \$535,882 is apportioned to SJCOG (Section 99313) and \$131,085 to the eligible transit operators (Section 99314).

C. Local Funding Sources

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

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

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

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

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

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

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

C. Local Funding Sources (Continued)

Measure K Renewal – In November 2006, San Joaquin County voters approved the extension of Measure K, the ½ cent transportation sales tax, originally approved by County voters in 1990 and scheduled to sunset in 2011. The renewal of Measure K will extend the sales tax for an additional 30 years (2041). The Measure K Renewal is estimated to generate \$2.6 billion dollars for the transportation programs identified in the adopted Expenditure Plan. The categorical allocations of the Measure K Renewal included Local Street Repairs and Roadway Safety (35%); Congestion Relief projects (32.5%); Railroad Crossing Safety projects (2.5%); and Passenger Rail, Bus, and Bicycle (30%). As noted above, Measure K Renewal sales tax collections began April 1, 2011. In August 2011, the SJCOG Board adopted the Measure K Renewal Strategic Plan update reflecting the impact the great recession had on the Measure K Renewal program. Approximately \$2.0 billion was taken out of the Measure K Strategic Plan. In 2017, the Council adopted a Measure K Strategic Plan update taking into account a revised revenue forecast and began programming projects through 2030.

Because the Measure K Renewal did not start collecting sales tax until April 1, 2011, funding for early project delivery is provided through a combination of using accumulated fund balance and the proceeds from the May 2008 Bond Anticipation Note (BAN) sale. Those notes had a hard defeasance date of March 1, 2011. The Council issued new bonds in February 2011 defeasing the BANs. An advanced refunding of the 2011 bonds closed in April 2017. This refunding substantially reduced the debt service requirement on the bonds providing improved cash flow through the final maturity in 2041. In addition, the refunding allowed the release of the \$8.3 million debt service reserve fund created for the 2011 bonds.

The Council also decreased the size of the existing commercial paper program from \$167 million to \$75 million. The debt service for the bonds issued to defease the BANs was guaranteed by Measure K Renewal sales tax and amortized through the end of the Measure K Renewal program. The commercial paper program was replaced on March 1, 2013, by a \$75,000,000 subordinate line of credit from the Bank of America, N.A. This line of credit is also supported by the Measure K Renewal sales tax. The line of credit will remain in a variable rate, floating mode, similar to commercial paper until the line expires in 2019. At that time, the line must be renegotiated, converted to a term loan, or replaced with a new facility.

On July 2, 2014, the Council issued additional bonds in the par amount of \$49,245,000 in order to advance several projects sponsored by member agencies.

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

Federal reauthorization of FAST Act – Fixing America's Surface Transportation (FAST) Act is a funding and authorization bill to govern United States federal surface transportation spending. It was passed by Congress on December 3, 2015, and President Barack Obama signed it on December 4, 2015.

Previous federal transportation legislation has been delivered through the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA), the 1998 Transportation Equity Act for the 21st Century (TEA-21), and in 2005 the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) was authorized. In October 2011, President Obama signed into law a new transportation authorization, Moving Ahead for Progress in the 21st Century (MAP – 21). Along with the responsibility to program the funds was the accountability to ensure the projects were delivered in a timely manner. The FAST Act is the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment. The FAST Act authorizes \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs. The Council anticipates MPO planning activities will be funded at levels similar to the previous authorization.

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

The Council also invests funds with the Local Agency Investment Fund (LAIF), Public Financial Management (PFM), and California Asset Management Program (CAMP). LAIF is a special fund of the California State Treasury through which local governments may pool investments. Investments in LAIF are highly liquid and are secured by the full faith and credit of the State of California. PFM is a private investment firm specializing in providing financial advice and investment management services to state and local governments. PFM allows participants to combine the use of a money market portfolio in addition to an individually managed portfolio. The investment portfolio held by PFM consists of federal agency bonds/notes and discounted notes, corporate notes, and municipal bonds/notes. CAMP is a Joint Powers Authority formed to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. The money market portfolio offers daily liquidity and is rated AAAM by Standard and Poor's. To maintain the AAAM rating, the portfolio's weighted average maturity may not exceed seventy (70) days. The investment portfolio held by CAMP at June 30, 2017, consists of money market funds and federal agency discounted notes. Steve Dial, Deputy Executive Director and Chief Financial Officer of the Council, currently serves as president on the Board of Trustees of CAMP in a voluntary, unpaid capacity.

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

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

In January 2010, the Council became independent of the County of San Joaquin for all payroll and payroll related activities. For workers' compensation, SJCOG retained Berkshire Hathaway Insurance Services. The financial impact on the current period's financial statements for payroll activities was \$14,084 and \$13,764 for workers' compensation.

In March 2010, the Council moved health benefit coverage and all health benefit related activities from the County of San Joaquin to a variety of private health care providers. This includes dental and vision coverage, life insurance, short- and long-term disability, and long-term care.

Relating to the Council's Measure K and Measure K Renewal programs, the Council has replaced the \$75,000,000 Sales Tax Revenue Tax Exempt Commercial Paper Notes with a line of credit (LOC) issued by the Bank of America, N.A. (BANA). The entire \$75,000,000 was drawn to replace the commercial paper and is outstanding at June 30, 2017. The proceeds are used to finance transportation projects under the thirty-year transportation expenditure plan. The irrevocable direct draw letter of credit issued by JP Morgan Chase Bank, N.A., expired on March 1, 2013, at which time, it was replaced by the BANA LOC. Please refer to Note 8 of the notes to the financial statements for further information on the Debt Obligations and Long-Term Liabilities. In addition, the Council has several capital equipment lease agreements outstanding at June 30, 2017. Please refer to Note 7 of the notes to the financial statements for additional information on the Council's lease liabilities. There are no delinquencies on debt payments.

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

An advanced refunding of the 2011 bonds closed in April 2017. This refunding substantially reduced the debt service requirement on the bonds providing improved cash flow through the final maturity in 2041. In addition, the refunding allowed the release of the \$8.3 million debt service reserve fund created for the 2011 bonds.

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

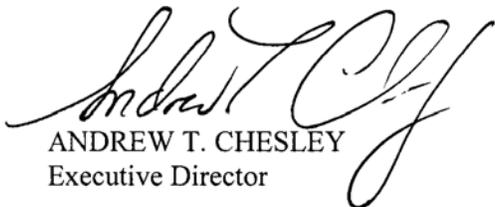
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Joaquin Council of Governments for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the eighteenth consecutive year that the Council has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Council published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



ANDREW T. CHESLEY
Executive Director



STEVE DIAL
Deputy Executive Director/CFO

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

BOARD OF DIRECTORS

Chair	Mayor Steve DeBrum	City of Manteca
Vice Chair	Supervisor Kathy Miller	San Joaquin County
Boardmember	Mayor Michael Tubbs	City of Stockton
Boardmember	Mayor Doug Kuehne	City of Lodi
Boardmember	Supervisor Bob Elliot	San Joaquin County
Boardmember	Supervisor Chuck Winn	San Joaquin County
Boardmember	Vice Mayor Elbert Holman	City of Stockton
Boardmember	Councilmember Susan Lofthus	City of Stockton
Boardmember	Councilmember Leo Zuber	City of Ripon
Boardmember	Mayor Robert Rickman	City of Tracy
Boardmember	Mayor Jeff Laugero	City of Escalon
Boardmember	Councilmember Steve Dresser	City of Lathrop

EX-OFFICIO MEMBERS

Victor Mow – Port of Stockton
 Ken Baxter – Caltrans District 10
 Gary Giovanetti – San Joaquin Regional Transit District

CITIZENS ADVISORY COMMITTEE

Chair	Michael Carouba	Business Industry
Vice Chair	Richard Blackston	City of Lodi
Member	Jim Hilson	City of Lathrop
Member	Stephanie Hobbs	City of Ripon
Member	Robert Bivens	San Joaquin County
Member	Rick Grewal	City of Stockton
Member	Leonard Smith	City of Manteca
Member	Gracie Marx	City of Escalon
Member	LaCresia Hawkins	NAACP
Member	Michael Ballot	Sierra Club
Member	Carol Blevins	City of Tracy
Member	Graeme Mitchell	University of the Pacific
Member	Al Nunez	Trucking Industry
Member	Lauryn Ah Tye	League of Women Voters
Member	Vacant	Transit Advocate
Member	Vacant	Agriculture Industry
Member	Vacant	University of the Pacific
Member	Vacant	League of Women Voters

EXECUTIVE COMMITTEE

Chair	Mayor Steve DeBrum	City of Manteca
Vice Chair	Supervisor Kathy Miller	San Joaquin County
Member	Vice Mayor Elbert Holman	City of Stockton
Member	Mayor Robert Rickman	City of Tracy
Member	Councilmember Steve Dresser	City of Lathrop
Member	Mayor Doug Kuehne	City of Lodi (alternate)

SOCIAL SERVICES TRANSPORTATION ADVISORY COMMITTEE & INTERAGENCY TRANSIT COMMITTEE (COMBINED)

Chair	Julia Tyack	City of Lodi
Vice Chair	Richard Demonte	UCP
Member	John Andoh	City of Escalon
Member	Joni Bauer	Community Center for the Blind
Member	Ann Fisler	San Joaquin ARC
Member	George Lewis	State Council on Dev. Disabilities
Member	Melissa Ogren	Human Serv. Agency- Dept. of Aging
Member	Jayne Pramod	City of Tracy
Member	Nick Phan	Caltrans
Member	Georgia Lantsberger	City of Manteca
Member	James Pease	City of Ripon
Member	Mary Bailey	San Joaquin UCP
Member	Daniella Romero	SJRTD
Member	George Lorente	SJRTD
Member	Matthew Taia	SJRTD
Member	Debra Gurley	Transit User Over 60
Member	Joga Singh	Transit User with a Disability
Member	Robert Balderama	Transit User with a Disability
Member	Joshua Swearingen	Caltrans, District 10
Member	Michael King	City of Lathrop
Member	Paula Fernandez	City of Lodi
Member	Ed Lovell	City of Tracy
Member	Brian Schmidt	SJRRRC
Member	Shelehia Meisner	SJRRRC

MANAGEMENT & FINANCE COMMITTEE / AD HOC TRANSIT COMMITTEE

Chair	Greg Showerson	City of Manteca
Vice Chair	Monica Nino	San Joaquin County
Member	Tammy Alcantor	City of Escalon
Member	Stephen Salvatore	City of Lathrop
Member	Steve Schwabauer	City of Lodi
Member	Kevin Werner	City of Ripon
Member	Troy Brown	City of Tracy
Member	Kurt Wilson	City of Stockton
Member	Donna DeMartino	SJRTD
Member	Stacey Mortensen	SJRRRC

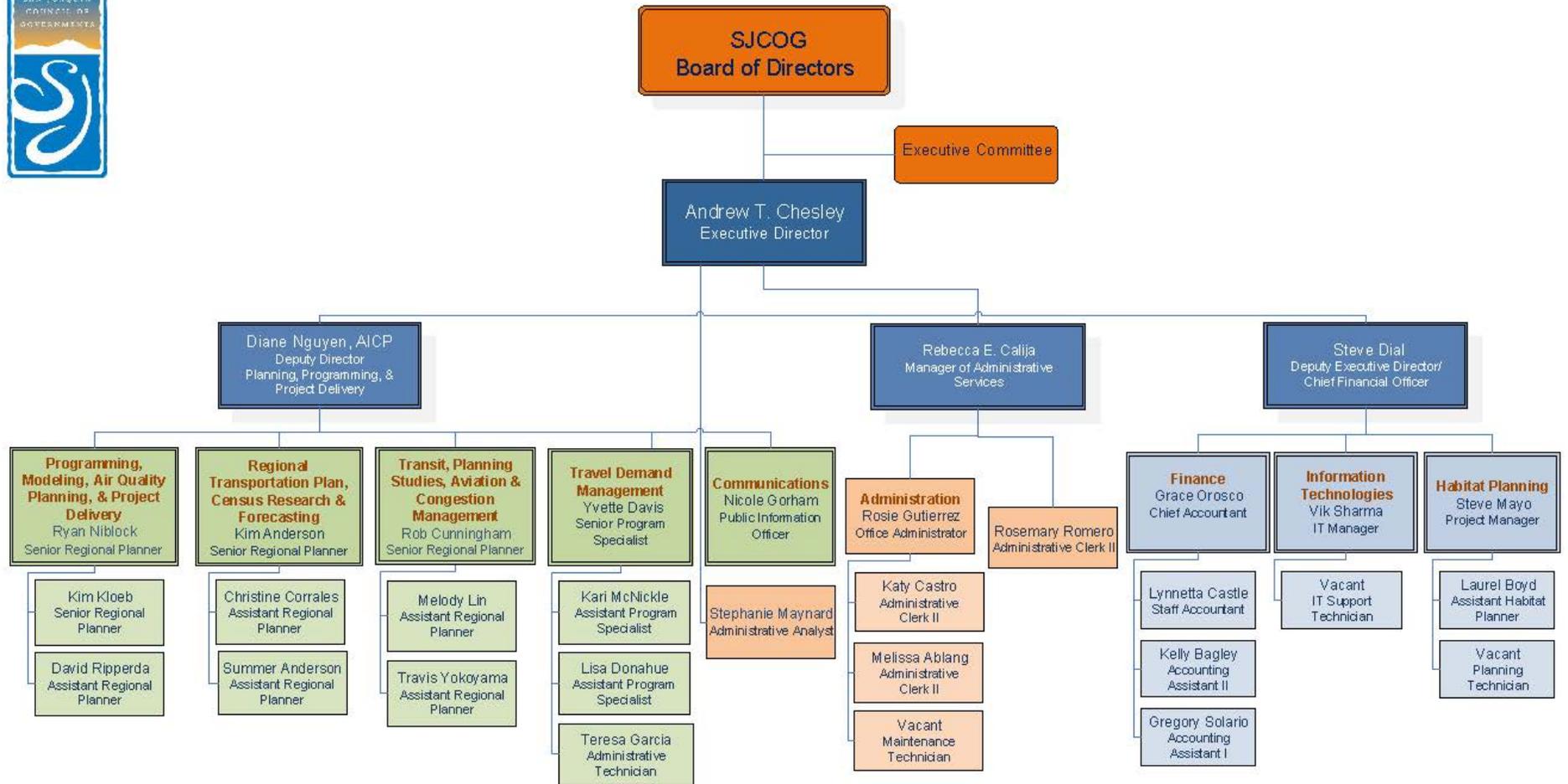
HABITAT TECHNICAL ADVISORY COMMITTEE

Chair	David Stagnero	City of Stockton
Vice Chair	Mo Hatef	SJC Community Development
Member	Dominique Romo	City of Escalon
Member	Dan Gifford	Conservation
Member	Rick Caguiat	City of Lathrop
Member	Craig Hoffman	City of Lodi
Member	Mandy Kang	City of Manteca
Member	Ken Zuidervaart	City of Ripon
Member	Kimberly Matlock	City of Tracy
Member	Kyle Stoner	Dept. of Fish and Game, Region #2
Member	Jeanette Griffin	Dept. of Fish and Game, Region #3
Member	Dana Herman	U. S. Fish and Wildlife
Member	Barbara Huecksteadt	SJC Agricultural
Member	Brent Allen Holtz	UC Extension
Member	John Beckman	Building Industry Association
Member	James Jones	EBMUD
Member	Doug Leslie	ICF
Member/Consultant	Rod Attebery	Neumiller & Beardslee
Member/Consultant	Monica Streeter	Neumiller & Beardslee
	Vacant	Agriculture

TECHNICAL ADVISORY COMMITTEE

Chair	George Lorente	SJRTD
Vice Chair	Charles Swimley	City of Lodi
Member	Firoz Vohra	San Joaquin County
Member	Mike Selling	San Joaquin County
Member	Dave Mendoza	San Joaquin County
Member	Robin Borre	City of Stockton
Member	Eric Alvarez	City of Stockton
Member	Wes Johnson	City of Stockton
Member	Cindy Erdman	City of Stockton
Member	Julia Tyack	City of Lodi
Member	Paula Fernandez	City of Lodi
Member	Greg Showerman	City of Manteca
Member	Tracie Madison	City of Manteca
Member	Ed Lovell	City of Tracy
Member	Zabih Zaca	City of Tracy
Member	James Pease	City of Ripon
Member	Michael King	City of Lathrop
Member	John Andoh	City of Escalon
Member	Brian Schimidt	SJ Regional Rail Commission
Member	Juan Villanueva	Port of Stockton
Member	Tom Dumas	Caltrans, District 10
Member	Nicholas Fung	Caltrans, District 10
Member	Josh Swearingen	Caltrans, District 10
Member	Harry Mavrogenes	Stockton Metropolitan Airport
Member	Nate Knodt	SJRTD
Member	John Cadrett	SJVAPCD

ORGANIZATIONAL CHART



SJCOG ADVISORY COMMITTEES



15 Member SJCOG Board



Management & Finance



Executive Committee



Habitat Committee



Technical Advisory



Citizens Advisory Committee



**Social Services
Transportation Advisory**



Interagency Transit Committee



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Joaquin Council of Governments
California**

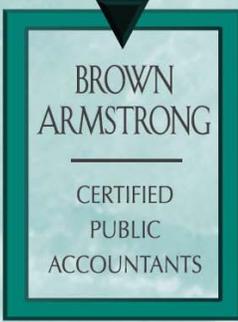
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the San Joaquin Council of Governments (the Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information, as listed in the table of contents, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required Under *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
December 22, 2017

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Within this section of the San Joaquin Council of Governments (the Council) comprehensive annual financial report, the Council's management provides narrative discussion and analysis of the financial activities of the Council for the fiscal year ended June 30, 2017. The Council's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes the Management's Discussion and Analysis. The discussion focuses on the Council's primary government and component units.

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

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

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

Financial Highlights

- The Council's liabilities exceeded its assets by \$55,566,621 (Net Position) for the fiscal year ended June 30, 2017. This compares to the previous year when liabilities exceeded assets by \$59,227,114.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$61,483,649 includes easements and property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$30,468,909 is restricted by constraints imposed from outside the Council, such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(147,519,179) represents the portion available to maintain the Council's continuing obligations and Measure K and Measure K Renewal contract commitments in excess of current available resources. Continuing obligations and Measure K and Measure K Renewal contract commitments are secured by future sales tax revenues.
- The Council's governmental funds reported total ending fund balance of \$217,507,599 this year. This compares to the prior year ending fund balance of \$223,485,807, showing a decrease of \$5,978,208 during the current year. The Council's governmental funds reported a total unassigned fund balance deficit of \$891,718 for fiscal year 2016-17 which depicts an increase of \$31,158.

- At the end of the current fiscal year, total fund balance for the General Fund was \$(816,562) representing the obligation to reimburse the Measure K and Measure K Renewal Fund for building debt and other current obligations in excess of available resources, and depicts an increase of \$(54,055) compared to the prior year.
- At the end of the current fiscal year, total fund balance of the combined Measure K and Measure K Renewal Fund decreased by \$12,776,075 primarily due to payment of expenditures as a result of the Council adoption of an Early Action Plan (EAP) which advances a number of high profile capital projects.
- Total liabilities of the Council increased by \$28,936,694 to \$388,798,520 during the fiscal year primarily due to accounts payable applicable to the EAP projects and the accrued interest applicable to the 2017 Bond. In April 2017, the Council issued the 2017 Series Sales Tax Revenue Refunding Bonds which was an advance refunding of the 2011 Series A Sales Tax Revenue Bonds. The transaction resulted in a reduction of \$25,357,720 in future debt service payments. The economic gain was \$20,777,683. Also, see Note 8 of the notes to the financial statements for further details on debt obligations.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Council's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Council's comprehensive annual financial report includes two government-wide financial statements. These statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private sector business.

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

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

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

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

The government-wide financial statements can be found on pages 36 and 37 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Council's near-term financing requirements.

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

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

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

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

Notes to the Basic 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 basic financial statements can be found on pages 43 – 66 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, liabilities exceeded assets by \$55,566,621 at the close of the most recent fiscal year. In 2007, when the Council adopted the EAP and went to the capital markets to bond for \$203 million to fund the EAP, the Council recognized that the bond revenue was not sufficient to completely fund all of the projects in the EAP. Full funding would occur over time as new sales tax revenues were received. While the net liabilities exceed assets by \$55.6 million, this reflects the funding for the projects in midstream. There is an adequate sales tax revenue stream in place to negate the liabilities. In addition, the bond liability is amortized over a 30 year period.

The largest portion of the Council's assets (53 percent) reflects its cash and investment portfolio. The Council plans to use these assets to fund future transportation related projects throughout the County of San Joaquin.

At the end of the current fiscal year, the Council is able to report positive balances in two of three categories of net position for the government as a whole. However, the negative unrestricted net position of \$147,519,179 is due primarily to Measure K Renewal expenditures made in advance of future sales tax revenue.

The following tables related to net position reflect the above and other activities that took place during the June 30, 2017, fiscal year. Overall, the Council's net position increased by \$3,660,493 as shown in the table below. This change is primarily due to the Council's EAP.

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Net Position

	Governmental Activities 2017	2016	Increase (Decrease)
Current and other assets	\$ 241,342,211	\$ 244,645,103	\$ (3,302,892)
Capital assets	61,605,415	55,989,609	5,615,806
Total assets	<u>302,947,626</u>	<u>300,634,712</u>	<u>2,312,914</u>
Deferred outflows - bond refunding	30,284,273	-	30,284,273
Long-term liabilities outstanding	364,963,908	338,702,530	26,261,378
Other liabilities	23,834,612	21,159,296	2,675,316
Total liabilities	<u>388,798,520</u>	<u>359,861,826</u>	<u>28,936,694</u>
Deferred inflows	-	-	-
Net position:			
Net investment in capital assets	61,483,649	55,794,469	5,689,180
Restricted	30,468,909	27,881,404	2,587,505
Unrestricted	<u>(147,519,179)</u>	<u>(142,902,987)</u>	<u>(4,616,192)</u>
Total net position (deficit)	<u>\$ (55,566,621)</u>	<u>\$ (59,227,114)</u>	<u>\$ 3,660,493</u>

SAN JOAQUIN COUNCIL OF GOVERNMENTS
Changes in Net Position

	Governmental Activities 2017	2016	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 9,598,068	\$ 12,471,563	\$ (2,873,495)
Operating grants and contributions:			
Sales tax	85,631,201	82,361,177	3,270,024
Other operating grants and contributions	8,703,198	11,652,033	(2,948,835)
General revenues:			
Investments and miscellaneous	29,608	20,168	9,440
Total revenues	<u>103,962,075</u>	<u>106,504,941</u>	<u>(2,542,866)</u>
Expenses:			
General government	22,995,177	22,161,182	833,995
Transportation	76,213,793	75,397,967	815,826
Habitat development and management	1,092,612	1,224,372	(131,760)
Total expenses	<u>100,301,582</u>	<u>98,783,521</u>	<u>1,518,061</u>
Increase (Decrease) in net position	3,660,493	7,721,420	(4,060,927)
Net position (deficit), beginning of year	<u>(59,227,114)</u>	<u>(66,948,534)</u>	<u>7,721,420</u>
Net position (deficit), end of year	<u>\$ (55,566,621)</u>	<u>\$ (59,227,114)</u>	<u>\$ 3,660,493</u>

Financial Analysis of the Council's Funds

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

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.

Governmental funds

As of the end of the current fiscal year, the Council's governmental funds reported a combined ending fund balance of \$217,507,599, a decrease of \$5,978,208. Of this total amount, \$39,514,939 is *nonspendable*, \$148,415,593 is *restricted*, \$30,468,785 is *assigned*, and \$(891,718) *unassigned fund balance*.

General Fund – The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, fund balance of the General Fund was \$(816,562), which is a decrease of \$54,055.

Combined Measure K and Measure K Renewal Fund – The combined Measure K and Measure K Renewal Fund, which is used to account for the additional ½ cent sales tax revenue approved by the San Joaquin County voters under Measure K, had increased as compared to last year. For the June 30, 2017, fiscal year, Measure K revenue totaled \$55,890,826. The combined Measure K and Measure K Renewal Fund balance decreased by \$12,776,075 over the previous year primarily due to the Council's continued delivery of various projects that have come on line over the past years. These projects are in the areas of Transit, Congestion Relief, Railroad Safety, and Streets and Roads.

Local Transportation Fund (LTF) – The LTF is used to account for ¼ cent retail sales tax, collected statewide, and returned to San Joaquin County that is used for Transit, Pedestrian/Bicycle, and Streets and Roads improvement projects. LTF sales tax revenues increased as compared to last year, which is encouraging. For the June 30, 2017, fiscal year LTF revenue totaled \$28,066,712 an increase of 4% over the previous fiscal year. The LTF Fund balance increased by \$2,763,577 due to an increase in sales tax revenues and no claim from the City of Tracy.

State Transit Assistance Fund (STA) – The STA revenue is Public Transportation Modernization, Improvement, and Service Enhancement (PTMISEA) funds from Proposition 1B. The annual apportionment of PTMISEA funds is conducted by the State Controller using the historical STA apportioning methodology. This fiscal year-end revenue totaled \$3,441,288 compared to \$3,388,895 from the previous fiscal year. The STA Fund balance increased by \$309,441 mainly due to the increase in overall operator allocated revenue from the state.

Regional Transportation Impact Fee Fund (RTIF) – The RTIF Fund is used to account for the activities of the RTIF Program. The RTIF Program objective is to obtain funding from development projects that have an impact upon the regional transportation network and to integrate these funds with federal, state, and other local funding to deliver transportation improvements identified in the RTIF Program. While the RTIF Program and the RTIF Program fee will be imposed and collected by the participating agencies, the RTIF Program is managed for the benefit of the entire San Joaquin County region by the Council. At the end of the current fiscal year, total fund balance increased \$1,191,399 primarily due to an increase of RTIF issued permits and last year's completion of the Port of Stockton's Navy Drive project.

SJCOG, INC. – SJCOG, INC., is a not-for-profit public benefit corporation, formed to act as the Joint Powers Agency organized pursuant to the San Joaquin County Multispecies Habitat Conservation Plan. Funds are to be used to acquire, hold, administer, and manage habitat lands and easements in accordance with the plan. Habitat Mitigation Fees for the June 30, 2017, fiscal year totaled \$8,769,841 a decrease of 27% over the previous fiscal year, reflecting a decrease in development activity and mitigation fee collections. The SJCOG, INC., fund balance increased by \$2,587,505 in the June 30, 2017, fiscal year to \$30,468,909. These funds are targeted for future habitat land and easement acquisitions and for management of the habitat plan.

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

Governmental Fund Budgetary Highlights

General Fund

The annual budget serves as the foundation for the Council's financial planning and control. As required by the Joint Powers Agreement of the Council, the Council prepares and legally adopts a final operating budget on or before April 1 of each year. The approved budget must then be ratified by a majority of member governments representing 55% of the population of the County of San Joaquin. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board of Directors (Board). Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2017.

The Council's revenues are largely received on a reimbursement basis. All state and federal funding is secured through contracts, agreements, grants, etc. However, the funds are not paid to the Council until after related expenditures have occurred and been invoiced to the proper project. Therefore, while the Council's approved budget may indicate a certain dollar amount from a particular grant, those funds may not be earned nor received in that budget period. An analysis of the General Fund budget to actual depicts a \$2,133,626 shortfall in revenue largely due to actual expenditures that were \$2,068,576 below final budgeted amounts, which is primarily due to decreased need for consultant's professional services.

	Original Budget	Final Budget	Actual	Difference Between Final Budget and Actual
REVENUES:				
Intergovernmental:				
Federal grants	\$ 3,323,006	\$ 3,710,323	\$ 2,840,336	\$ (869,987)
State grants	2,780,943	2,855,943	2,059,490	(796,453)
Local	2,466,669	2,692,716	2,215,922	(476,794)
Interest	5,000	5,000	5,558	558
Other	15,000	15,000	24,050	9,050
Total revenues	8,590,618	9,278,982	7,145,356	(2,133,626)
EXPENDITURES:				
Planning and administration	8,270,118	8,958,482	7,085,924	1,872,558
Capital outlay	320,500	320,500	124,482	196,018
Total expenditures	8,590,618	9,278,982	7,210,406	2,068,576
OTHER FINANCING SOURCES:				
Proceeds from capital leases	-	-	10,995	(10,995)
Change in fund balance	\$ -	\$ -	\$ (54,055)	\$ (54,055)

Capital Assets and Debt Administration

Capital assets

The Council's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$61,605,415 (net of accumulated depreciation). This investment in capital assets includes land and conservation easements; automobile; office building and improvements; office furniture and fixtures; electrical fixtures; and multi-media, office, and computer equipment. The net increase in the Council's investment in capital assets, net of depreciation, for the current fiscal year was \$5,615,806.

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

The Council acquired \$5,917,951 of conservation easements. In addition, the Council acquired \$124,482 of building improvements, office equipment, and computer equipment during the 2016-17 fiscal year. The Council disposed of \$47,872 of capital assets in the fiscal year ended June 30, 2017.

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

	Governmental Activities	
	June 30, 2017	June 30, 2016
Land and conservation easements	\$ 55,915,641	\$ 49,997,690
Automobile	8,875	16,483
Office furniture and fixtures	26,129	42,639
Office building	4,686,154	4,863,720
Building improvements	586,437	620,797
Office and computer equipment	382,179	448,280
Total	<u>\$ 61,605,415</u>	<u>\$ 55,989,609</u>

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

Debt administration

At the end of the current fiscal year, the Council had a line of credit of \$75,000,000 outstanding, a 2014 Sales Tax Revenue Bond of \$50,129,794, and a 2017 Sales Tax Revenue Bond of \$239,265,570.

SAN JOAQUIN COUNCIL OF GOVERNMENTS Outstanding Debt

	Governmental Activities	
	June 30, 2017	June 30, 2016
Line of credit	\$ 75,000,000	\$ 75,000,000
2011 Sales Tax Revenue Bond, net of amortization	-	212,372,478
2014 Sales Tax Revenue Bond, net of amortization	50,129,794	50,665,689
2017 Tax Bond, net of amortization	239,265,570	-
Total	<u>\$ 364,395,364</u>	<u>\$ 338,038,167</u>

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

In July 2014, the Council issued \$49,245,000 Sales Tax Revenue Bonds, 2014 Series to advance projects ready to proceed to construction. In April 2017, the Council issued \$209,075,000 Sales Tax Revenue Refunding Bonds, 2017 Series to defease the Sales Tax Revenue Bonds, 2011 Series A.

To achieve the advance refunding of the Series 2011 bonds, the Council retained Public Financial Management Asset Management (PFMAM) to establish an escrow portfolio at a cost of \$241,083,827. The portfolio consists of US Treasury notes and a US Agency with annual maturities until 2021. PFMAM purchased open-market securities for the escrow portfolio on a competitive, security-by-security basis. PFMAM made a bona fide solicitation for the purchase of each of the securities and received at least two (2) offers for each security purchased from broker/dealers that have no material financial interest in the bonds. PFMAM conducted the process in accordance with the standards and practices normally and customarily used in obtaining offers on securities of the type involved in this transaction. Each security was purchased from the dealer submitting the lowest cost qualifying offer. By soliciting offers from a pool of dealers, the Council was able to purchase the investments at the best available market prices at the given the specific terms and settlement of the trades. As a result of the process, PFMAM is of the opinion that the prices at which the securities were purchased represented fair market prices.

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

Economic Factors and Next Year's Budget and Rates

The Council's recovery from the Great Recession has reduced from "robust" to "moderate." Due to the nature of the Council funding from the state and the federal government, core planning funds remained very stable during the recession. However, from fiscal year 2006-07 into fiscal year 2009-10, sales taxes revenues generated by Measure K and LTF declined nearly 29%. In the five fiscal years since hitting the sales tax revenue low, annual sales tax growth rates have been 8.6%, 11.02%, 6.37%, 3.89%, 3.8%, and are estimated this fiscal year at 4.2%. General Retail and Construction are the leading economic categories in the county. New home construction in the Cities of Tracy, Manteca, and Lathrop are fueling the increase in building permits.

At June 30, 2017, the Council held \$96,936,365 of liquid investments in the Public Financial Management portfolio, \$52,635,481 in the California Asset Management Pool, \$93,450 in the State of California Local Agency Investment Fund, \$12,446,827 in the San Joaquin County Pool, and \$27,597,098 in Financial Institutions.

Total operating revenues are expected to be approximately the same in the 2017-18 fiscal year.

Requests for information

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

BASIC FINANCIAL STATEMENTS

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 48,199,256
Investments	111,256,584
Sales tax receivable	6,385,058
Interest receivable	728,191
Intergovernmental receivables	3,424,876
Due from other agencies	385,328
Prepaid items	76,963
Refunds and miscellaneous receivables	21,679
Notes receivable - related parties	39,437,976
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	30,253,381
Interest receivable	57,519
Intergovernmental receivables	422,000
Deposits with State of California	693,400
Capital assets:	
Land and conservation easements	55,915,641
Capital assets, net of accumulated depreciation	5,689,774
Total Assets	302,947,626
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows - bond refunding	30,284,273
 <u>LIABILITIES</u>	
Accounts payable	15,051,982
Wages and benefits payable	86,674
Interest payable	2,101,966
Advances from other agencies	242,204
Due to other agencies	6,351,786
Noncurrent liabilities:	
Due within one year:	
Compensated absences	133,042
Lease obligations	76,756
Bonds, net of amortization	5,456,553
Due in more than one year:	
Line of credit	75,000,000
Bonds, net of amortization	283,938,811
Compensated absences	313,736
Lease obligations	45,010
Total Liabilities	388,798,520
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows	-
 <u>NET POSITION</u>	
Net investment in capital assets	61,483,649
Restricted for:	
Habitat acquisition and management	30,468,909
Unrestricted	(147,519,179)
Total Net Position	\$ (55,566,621)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental activities:				
General government	\$ 7,357,834	\$ -	\$ 5,687,007	\$ -
Transportation	76,213,793	-	88,647,392	-
Habitat development	1,092,612	9,598,068	-	-
Building interest expense	37,298	-	-	-
Measure K Renewal investment interest expense	15,600,045	-	-	-
Totals	\$ 100,301,582	\$ 9,598,068	\$ 94,334,399	\$ -
General Revenues:				
Unrestricted investment earnings				5,558
Miscellaneous				24,050
Total General Revenues				29,608
Change in Net Position				3,660,493
Net Position - Beginning				(59,227,114)
Net Position - Ending				\$ (55,566,621)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Measure K and Measure K Renewal Fund	Local Transportation Fund	State Transit Assistance Fund
ASSETS				
Cash and cash equivalents	\$ 432,131	\$ 29,838,646	\$ 11,112,463	\$ 1,334,364
Investments	-	111,256,584	-	-
Sales tax receivable	-	3,700,800	1,823,200	861,058
Interest receivable	26	685,402	36,725	5,036
Intergovernmental receivable	2,898,494	-	-	-
Prepaid items	74,606	2,233	-	-
Refunds and miscellaneous receivables	21,679	-	-	-
Due from other funds	124,315	3,699,800	-	-
Due from other agencies	-	385,066	-	-
Notes receivable - related parties	-	39,437,976	-	-
Cash and investments - restricted	-	-	-	-
Interest receivable - restricted	-	-	-	-
Intergovernmental receivable - restricted	-	-	-	-
Deposits with State of California - restricted	-	693,400	-	-
Total Assets	\$ 3,551,251	\$ 189,699,907	\$ 12,972,388	\$ 2,200,458
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 483,632	\$ 14,452,044	\$ -	\$ -
Accrued salaries and benefits	86,674	-	-	-
Interest payable	36,432	2,065,534	-	-
Due to other funds	3,702,996	51,612	10,375	14,019
Due to other agencies	700	-	5,063,572	1,287,514
Advances from other agencies	57,379	-	-	-
Total Liabilities	4,367,813	16,569,190	5,073,947	1,301,533
Fund Balances:				
Nonspendable	74,606	39,440,209	-	-
Restricted	-	133,690,508	7,898,441	898,925
Assigned	-	-	-	-
Unassigned	(891,168)	-	-	-
Total Fund Balances	(816,562)	173,130,717	7,898,441	898,925
Total Liabilities and Fund Balances	\$ 3,551,251	\$ 189,699,907	\$ 12,972,388	\$ 2,200,458

(Continued)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Regional Transportation Impact Fee Fund	Blended Component Unit - SJCOG, INC.	Blended Component Unit - Commute Connection, Inc.	One Voice, Inc.	Total
ASSETS					
Cash and cash equivalents	\$ 5,457,502	\$ -	\$ 100	\$ 24,050	\$ 48,199,256
Investments	-	-	-	-	111,256,584
Sales tax receivable	-	-	-	-	6,385,058
Interest receivable	1,002	-	-	-	728,191
Intergovernmental receivable	526,382	-	-	-	3,424,876
Prepaid items	-	124	-	-	76,963
Refunds and miscellaneous receivables	-	-	-	-	21,679
Due from other funds	-	3,196	-	-	3,827,311
Due from other agencies	-	262	-	-	385,328
Notes receivable - related parties	-	-	-	-	39,437,976
Cash and investments - restricted	-	30,253,381	-	-	30,253,381
Interest receivable - restricted	-	57,519	-	-	57,519
Intergovernmental receivable - restricted	-	422,000	-	-	422,000
Deposits with State of California - restricted	-	-	-	-	693,400
	<u>\$ 5,984,886</u>	<u>\$ 30,736,482</u>	<u>\$ 100</u>	<u>\$ 24,050</u>	<u>\$ 245,169,522</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 34,836	\$ 81,470	\$ -	\$ -	\$ 15,051,982
Accrued salaries and benefits	-	-	-	-	86,674
Interest payable	-	-	-	-	2,101,966
Due to other funds	22,331	1,278	650	24,050	3,827,311
Due to other agencies	-	-	-	-	6,351,786
Advances from other agencies	-	184,825	-	-	242,204
	<u>57,167</u>	<u>267,573</u>	<u>650</u>	<u>24,050</u>	<u>27,661,923</u>
Fund Balances:					
Nonspendable	-	124	-	-	39,514,939
Restricted	5,927,719	-	-	-	148,415,593
Assigned	-	30,468,785	-	-	30,468,785
Unassigned	-	-	(550)	-	(891,718)
	<u>5,927,719</u>	<u>30,468,909</u>	<u>(550)</u>	<u>-</u>	<u>217,507,599</u>
Total Liabilities and Fund Balances	<u>\$ 5,984,886</u>	<u>\$ 30,736,482</u>	<u>\$ 100</u>	<u>\$ 24,050</u>	<u>\$ 245,169,522</u>

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

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balances - Governmental Funds \$ 217,507,599

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$55,915,641 (non-depreciable), plus \$9,302,392 (depreciable), less accumulated depreciation of \$3,612,618. 61,605,415

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

Line of credit	\$ (75,000,000)	
Measure K Renewal Series 2014 bond	(44,030,000)	
Measure K Renewal Series 2014 bond premium	(6,099,794)	
Measure K Renewal Series 2017 bond	(209,075,000)	
Measure K Renewal Series 2017 bond premium	(30,190,570)	
Capital leases payable	(121,766)	
Compensated absences	<u>(446,778)</u>	(364,963,908)

Deferred outflows of resources are not current assets or financial resources and are therefore not reported in the governmental funds.

Deferred outflows of resources at year-end consists of:

Bond refunding	<u>30,284,273</u>
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Total Net Position - Governmental Activities \$ (55,566,621)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Measure K and Measure K Renewal Fund	Local Transportation Fund	State Transit Assistance Fund
REVENUES				
Sales tax	\$ -	\$ 54,505,508	\$ 28,034,833	\$ 3,090,860
Proposition 1B TSSSDRA	-	-	-	345,704
Intergovernmental	7,115,748	-	-	-
Charges for services	-	-	-	-
Interest	5,558	2,082,428	93,714	6,662
Interest Proposition 1B	-	-	-	5,462
Dividends	-	207,684	-	-
Losses on investments	-	(904,794)	(61,835)	(7,400)
Other	24,050	-	-	-
	<u>7,145,356</u>	<u>55,890,826</u>	<u>28,066,712</u>	<u>3,441,288</u>
Total Revenues				
EXPENDITURES				
General administration	6,953,652	270,430	1,108,045	50,266
RTIF program updates	-	-	-	-
Streets and roads	-	18,474,609	4,413,550	-
Pedestrian and bicycle	-	-	483,445	-
Transit	-	12,020,385	19,298,095	2,929,893
PTMISEA disbursements	-	-	-	151,688
Congestion relief	-	18,127,421	-	-
Habitat plan	-	-	-	-
Investment expense	-	136,942	-	-
Debt service:				
Principal	94,974	1,650,000	-	-
Interest	37,298	16,487,771	-	-
Capital outlay:				
Capital assets	113,487	-	-	-
Capital leases	10,995	-	-	-
	<u>7,210,406</u>	<u>67,167,558</u>	<u>25,303,135</u>	<u>3,131,847</u>
Total Expenditures				
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(65,050)</u>	<u>(11,276,732)</u>	<u>2,763,577</u>	<u>309,441</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	239,584,484	-	-
Payment to refunded bonds escrow agent	-	(241,083,827)	-	-
Initiation of capital leases	10,995	-	-	-
	<u>10,995</u>	<u>(1,499,343)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Change in Fund Balances	<u>(54,055)</u>	<u>(12,776,075)</u>	<u>2,763,577</u>	<u>309,441</u>
Fund Balances (Deficit) at Beginning of Year	<u>(762,507)</u>	<u>185,906,792</u>	<u>5,134,864</u>	<u>589,484</u>
Fund Balances (Deficit) at End of Year	<u>\$ (816,562)</u>	<u>\$ 173,130,717</u>	<u>\$ 7,898,441</u>	<u>\$ 898,925</u>

(Continued)

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Regional Transportation Impact Fee Fund	Blended Component Unit - SJCOG, INC.	Blended Component Unit - Commute Connection, Inc.	One Voice, Inc.	Total
REVENUES					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 85,631,201
Proposition 1B TSSSDRA	-	-	-	-	345,704
Intergovernmental	-	-	-	-	7,115,748
Charges for services	1,231,388	8,769,841	-	-	10,001,229
Interest	17,178	208,291	-	-	2,413,831
Interest Proposition 1B	-	-	-	-	5,462
Dividends	-	10,362	-	-	218,046
Losses on investments	-	(87,431)	-	-	(1,061,460)
Other	-	697,005	-	-	721,055
	<u>1,248,566</u>	<u>9,598,068</u>	<u>-</u>	<u>-</u>	<u>105,390,816</u>
Total Revenues					
EXPENDITURES					
General administration	-	421,996	-	-	8,804,389
RTIF program updates	22,331	-	-	-	22,331
Streets and roads	-	-	-	-	22,888,159
Pedestrian and bicycle	-	-	-	-	483,445
Transit	34,836	-	-	-	34,283,209
PTMISEA disbursements	-	-	-	-	151,688
Congestion relief	-	-	-	-	18,127,421
Habitat plan	-	670,616	-	-	670,616
Investment expense	-	-	-	-	136,942
Debt service:					
Principal	-	-	-	-	1,744,974
Interest	-	-	-	-	16,525,069
Capital outlay:					
Capital assets	-	5,917,951	-	-	6,031,438
Capital leases	-	-	-	-	10,995
	<u>57,167</u>	<u>7,010,563</u>	<u>-</u>	<u>-</u>	<u>109,880,676</u>
Total Expenditures					
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,191,399</u>	<u>2,587,505</u>	<u>-</u>	<u>-</u>	<u>(4,489,860)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding bonds	-	-	-	-	239,584,484
Payment to refunded bonds escrow agent	-	-	-	-	(241,083,827)
Initiation of capital leases	-	-	-	-	10,995
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,488,348)</u>
Total Other Financing Sources (Uses)					
Change in Fund Balances	<u>1,191,399</u>	<u>2,587,505</u>	<u>-</u>	<u>-</u>	<u>(5,978,208)</u>
Fund Balances (Deficit) at Beginning of Year	<u>4,736,320</u>	<u>27,881,404</u>	<u>(550)</u>	<u>-</u>	<u>223,485,807</u>
Fund Balances (Deficit) at End of Year	<u>\$ 5,927,719</u>	<u>\$ 30,468,909</u>	<u>\$ (550)</u>	<u>\$ -</u>	<u>\$ 217,507,599</u>

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds \$ (5,978,208)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$6,042,433 exceeded depreciation of \$426,627 in the current period. 5,615,806

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. 73,374

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,744,974

Compensated absences are measured by the amounts paid during the period in governmental funds. In the statement of activities, compensated absences are measured by the amount earned. 22,445

Issuance of long-term debt provides current resources to the governmental funds, but issuance of debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from issuance of long-term debt were: \$ 210,170,000
Principal payments: (209,075,000) 1,095,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:
Deferred gain on refunding 30,284,273
Amortization of deferred gain on refunding (310,222) 29,974,051

If long-term debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred for governmental fund purposes, net of any bond issuance costs. In the government-wide statements, the premium costs are amortized as interest over the life of the debt. Amortization of bond premium, net of amortization of bond issuance costs for the period is: (28,886,949)

Change in Net Position - Governmental Activities \$ 3,660,493

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

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The Council is governed by a 15-member Board of Directors (the Board), made up of three members representing San Joaquin County; three members representing the City of Stockton City Council; one member from the City Councils of the Cities of Escalon, Lathrop, Lodi, Manteca, Ripon, and Tracy; and three ex-officio, non-voting members from Caltrans District 10, the Port of Stockton, and the San Joaquin Regional Transit District.

Blended Component Units

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

Commute Connection, Inc., is a not-for-profit public benefit corporation, established under Section 501(c) (3) of the Internal Revenue Code. The Council is the sole corporate member. Commute Connection, Inc., was formed to provide incentives to the private sector for donations of cash, merchandise and/or services to support Commute Connection, Inc., now **dibs**, and take advantage of tax laws for charitable contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Government-Wide Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Major Funds

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

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

The Council reports the following major governmental funds:

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Major Funds (Continued)

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

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

One Voice, Inc., is a not-for-profit public benefit corporation, established under Section 501(c) (3) of the Internal Revenue Code. The Council is the sole corporate member. One Voice, Inc., was formed to provide incentives to the private sector for donations, contributions and sponsorships to support the One Voice® program, and take advantage of tax laws for charitable contributions. Funds received are used to offset costs associated with the annual One Voice® trip.

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

San Joaquin County Transportation Authority (Authority)

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

B. Assets, Liabilities, and Net Position

Deposits and Investments

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2017, are considered to be current and due to be repaid within the upcoming fiscal year.

All accounts receivable, intergovernmental receivables, and advances are shown at their net collectible balances. Accounts receivable represent various non-intergovernmental collectible amounts due at June 30, 2017. Intergovernmental receivables represent claims for reimbursements and sales tax revenues receivable from various federal, state, and local governmental agencies as of June 30, 2017.

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

Prepaid Items

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

Restricted Assets

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

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

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Council recognizes deferred outflows of resources. A deferred outflow of resource is defined as a consumption of net position by the Council that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the Council that is applicable to a future reporting period. The Statement of Net Position includes an itemized listing of deferred outflows of resources the Council has recognized.

Net Position

In the statement of net position, net position is classified in the following categories:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position (Continued)

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

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

Fund Balance

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

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

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

There is no minimum fund balance policy.

Capital Assets

Capital assets, which include office furniture and equipment, leasehold improvements, and assets under capital leases, are reported in governmental activities in the government-wide financial statements. Capital assets are defined by the Council 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 acquisition value, an entry price.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

Compensated Absences

It is the Council's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are then paid out of the General Fund. There is limited liability for unpaid accumulated sick pay for employees. This benefit is limited to employees who have completed 20 years of service or have reached the normal retirement age, and have accumulated a minimum of 160 hours of sick pay. Compensated absences are reported in the governmental funds only if they have matured. The amount of compensated absences within the General Fund that was due within one year was \$133,042 at June 30, 2017.

Debt Obligations

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

The Council has a line of credit (LOC) issued by the Bank of America, N.A. (BANA). The entire \$75,000,000 was drawn to replace the commercial paper and is outstanding at June 30, 2017.

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

In July 2014, the Council issued \$49,245,000 Sales Tax Revenue Bonds, 2014 Series to advance projects ready to proceed to construction. In November 2016, the Council issued \$44,030,000 Sales Tax Revenue Bonds, 2017 Series to defease the Sales Tax Revenue Bonds, 2011 Series A. For additional information on long-term debt activity, refer to Note 8 of the notes to the basic financial statements.

C. Implemented GASB Statements

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2016. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Implemented GASB Statements (Continued)

GASB Statement No. 77 – Tax Abatement Disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. The requirements of this statement are effective for fiscal years beginning after December 15, 2015. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 79 – Certain External Investment Pools and Pool Participants. The requirements of this statement are effective for fiscal years beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 80 – Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14. The requirements of this statement are effective for fiscal years beginning after June 15, 2016. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. The provisions of this statement are effective for fiscal years beginning after June 15, 2016, except for the requirements of paragraph 7 in circumstances in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. There was no effect on the Council's accounting or financial reporting as a result of implementing this standard.

D. Future GASB Statements

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Council has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

GASB Statement No. 81 – Irrevocable Split-Interest Agreements. The requirements of this statement are effective for fiscal years beginning after December 15, 2016. The Council has not fully judged the effect of the implementation of GASB Statement No. 81 as of the date of the basic financial statements.

GASB Statement No. 83 – Certain Asset Retirement Obligations. The requirements of this statement are effective for the reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Council has not fully judged the effect of implementation of GASB Statement No. 83 as of the date of the basic financial statements.

GASB Statement No. 84 – Fiduciary Activities. The requirements for this statement are effective for fiscal years beginning after December 15, 2018. The Council has not fully judged the effect of implementation of GASB Statement No. 84 as of the date of the basic financial statements.

GASB Statement No. 85 – Omnibus 2017. The requirements for this statement are effective for fiscal years beginning after June 15, 2017. This statement addresses practice issues that have been identified during implementation of various GASB Statements, including *Fair Value Measurement and Application*. The Council has not fully judged the effect of implementation of GASB Statement No. 85 as of the date of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Future GASB Statements (Continued)

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The requirements of this statement are effective for periods beginning after June 15, 2017. The Council has not fully judged the effect of implementation of GASB Statement No. 86 as of the date of the basic financial statements.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for periods beginning after December 15, 2019. The Council has not fully judged the effect of implementation of GASB Statement No. 87 as of the date of the basic financial statements

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

As required by the Council's Joint Powers Authority agreement, the Council prepares and legally adopts a final operating budget on or before April 1 of each fiscal year. Annual budgets are legally adopted for the General Fund. As required by the Joint Powers Authority, the budget is adopted by the Board and ratified by member agencies. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. Transfers of appropriations within major objects may be approved by the Executive Director. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2017. The bi-annual Strategic Plan and revenue estimate for the Measure K and Measure K Renewal Fund are approved by the Council Board. The LTF revenue estimate is created by Council staff and approved by the San Joaquin County Auditor-Controller. The revenue estimate is apportioned to each claimant based on population. The STA budget revenue estimate is created and allocated by the California State Controller's Office. Budgets for the LTF, STA, and RTIF Funds are approved by the Council Board. Budgetary amounts for the special revenue funds are presented at their lowest level of budgetary control, which is the object level, as described above.

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

NOTE 3 – CASH AND INVESTMENTS

Cash and Investments

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

Statement of net position:	
Cash	\$ 48,199,256
Investments	111,256,584
Restricted - cash	<u>30,253,381</u>
Total cash and investments	<u>\$ 189,709,221</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and Investments (Continued)

Cash and investments as of June 30, 2017, consist of the following:

Cash in County treasury	\$ 12,446,827
Deposits in financial institutions	27,597,098
LAIF	93,450
Cash and investments held by bond trustee	<u>149,571,846</u>
Total cash and investments	<u>\$ 189,709,221</u>

Investments Authorized by the California Government Code and the Council's Investment Policy

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

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

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Money Market Mutual Funds	N/A	20%	10%
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

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

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

Investment type	Total	Remaining maturity			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Cash in County	\$ 12,446,827	\$ 12,446,827	\$ -	\$ -	\$ -
State investment pool	93,450	93,450	-	-	-
Held by trustee:					
Cash	71,395	71,395	-	-	-
Money market mutual funds	31,574,315	31,574,315	-	-	-
Certificates of deposit	20,639,237	4,274,580	12,878,561	3,486,096	-
Commercial paper	847,321	847,321	-	-	-
Corporate debt securities	24,050,626	3,178,302	5,063,236	15,809,088	-
Asset Backed Securities (ABS)/Mortgage Backed Securities (MBS)/Collateralized Mortgage Obligations (CMOs)	7,215,961	-	-	7,063,127	152,834
U.S. Treasury securities	15,596,938	3,974,992	3,191,247	8,430,699	-
Federal agency securities	49,576,053	459,779	28,593,759	20,522,515	-
	<u>\$ 162,112,123</u>	<u>\$ 56,920,961</u>	<u>\$ 49,726,803</u>	<u>\$ 55,311,525</u>	<u>\$ 152,834</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Highly Sensitive Investments	Fair Value at Year-End
Federal agency securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 49,576,053</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

Investment type	Total	Minimum legal rating	Ratings as of year-end	Not rated
County investment pool	\$ 12,446,827	N/A	N/A	\$ 12,446,827
State investment pool	93,450	N/A	N/A	93,450
Held by trustee:				
Cash	53,262	N/A	N/A	53,262
Raymond James	18,133	N/A	N/A	18,133
Money market funds	31,574,315	AAA/Aaa	AAAm	-
Certificates of deposit:				
Bank of Montreal	1,936,190	AA	A+/Aa3	-
Bank of Nova Scotia	1,923,866	AA	A+/A1	-
Canadian Imperial Bank	1,933,064	AA	A+/Aa3	-
Nordea Bank Finland	3,012,567	AA	AA-/Aa3	-
Skandinaviska Enskilda Banken	2,568,882	AA	A+/Aa3	-
Sumitomo Mitsui Bank	1,927,926	AA	A/A1	-
Svenska Handelsbanken	1,994,568	AA	AA-/Aa2	-
US Bank	1,330,125	AA	AA-/Aa1	-
Ally Bank Midvale UT	150,190	N/A	N/A	150,190
American Express Bank	201,719	N/A	N/A	201,719
BMW Bank of North America Salt Lake City	135,744	N/A	N/A	135,744
BMO Harris Bank	185,414	N/A	N/A	185,414
Blackridgebank Fargo	125,000	N/A	N/A	125,000
Capital One Bank	253,275	N/A	N/A	253,275
Citi Bank	252,642	N/A	N/A	252,642
Discover Bank Greenwood	201,097	N/A	N/A	201,097
First America	198,332	N/A	N/A	198,332
First NB of Syracuse	124,025	N/A	N/A	124,025
GE Capital Retail Bank	125,199	N/A	N/A	125,199
GE Money Bank	100,184	N/A	N/A	100,184
Goldman Sachs Bank	98,737	N/A	N/A	98,737
Gulf Coast	146,427	N/A	N/A	146,427
HSBC Bank USA Mclean	199,848	N/A	N/A	199,848
JP Morgan Chase Bank	199,602	N/A	N/A	199,602
Keybank	150,380	N/A	N/A	150,380
Marlin Business Bank	98,910	N/A	N/A	98,910
Sallie Mae	201,890	N/A	N/A	201,890
Springs Valley Bank	98,931	N/A	N/A	98,931
State BK of India NY	231,727	N/A	N/A	231,727
Suntrust Bank	197,910	N/A	N/A	197,910
Synchrony Bank	100,008	N/A	N/A	100,008
Wells Fargo	234,858	N/A	N/A	234,858
Corporate debt securities:				
American Honda Finance	700,786	A	A+/A1	-
American Express Credit	1,236,923	A	A-/A2	-
Apple Inc	1,016,730	A	AA+/Aa1	-
BB&T Corp	960,612	A	A-/A2	-
Berkshire Hathaway	832,696	A	AA/Aa2	-
Chevron Corp	646,683	A	AA-/Aa2	-
Cisco Systems Inc	1,122,223	A	AA-/A1	-
Citigroup Inc	427,555	A	BBB+/Baa1	-
Bank of New York Mellon	2,056,079	A	A/A1	-
Goldman Sachs Group Inc	977,663	A	BBB+/A3	-
Home Depot Inc	450,206	A	A/A2	-
IBM Corp	975,269	A	A+/A1	-
Intel	500,138	A	A+/A1	-
John Deere Capital	1,733,728	A	A/A2	-
JPMorgan Chase Corp Notes	5,015,510	A	A-/A3	-
Microsoft Corp	456,160	A	AAA/Aaa	-
Morgan Stanley Corp	480,009	A	BBB+/A3	-
Pepsi Co	469,842	A	A+/A1	-
Toyota Motor Co.	949,706	A	AA-/Aa3	-
Unilever Capital	224,585	A	A+/A1	-
Walt Disney Company	1,133,530	A	A+/A2	-
Wells Fargo	952,442	A	A/A2	-
General Electric	731,551	A	AA-/A1	-
US Treasury Bonds/Notes	15,596,938	TSY	AA+/Aaa	-
Federal agency securities	49,576,053	N/A	AA+/Aaa	-
Commercial Paper				
JPMorgan Chase & Co	423,677	A-1	A-1/P-1	-
Mitsubishi UFJ Financial Group	423,644	A-1	A-1/P-1	-
ABS/MBS/CMOs	3,482,919	A	AAA/Aaa	-
ABS/MBS/CMOs	2,754,705	A	Aaa	-
ABS/MBS/CMOs	794,792	A	AAA	-
ABS/MBS/CMOs	183,545	N/A	N/A	183,545
	<u>\$ 162,112,123</u>			<u>\$ 16,807,266</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment type</u>	<u>Reported amount</u>
FREDDIE MAC	Federal agency securities	\$ 11,848,107
FANNIE MAE	Federal agency securities	26,293,841
FNMA	Federal agency securities	11,434,105
		<u>\$ 49,576,053</u>

Custodial Credit Risk

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

Investment in San Joaquin County Pool

By statute, the Council maintains LTF and STA cash balances in the San Joaquin County Treasury Investment Pool. The pool is non-SEC (Securities and Exchange Commission) registered and is invested in accordance with the California State Government Code and the San Joaquin County Treasurer's Investment Policy. The California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Investment Oversight Committee reviews the monthly investment report prior to presentation to the County's Board of Supervisors and causes an audit of investments to occur annually. The fair value of the Council's shares in the County pool is the same as the value of the pool shares. The Council had a total of \$12,446,827 invested in the San Joaquin County pool at June 30, 2017. Cash on deposit with the San Joaquin County Treasurer is invested as authorized by statutes.

Deposits in Financial Institutions

All deposits in financial institutions are fully collateralized in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure the Council's deposits by pledging government securities as collateral. The Council had a total of \$27,597,098 deposited in financial institutions at year-end.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

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

The total fair value amount invested by all public agencies in LAIF at June 30, 2017, was \$77.6 billion, managed by the State Treasurer. Of that amount, 100 percent was invested in non-derivative financial products and none in derivative financial products. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by state statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Council's position in the pool. Investments in LAIF are highly liquid and are secured by the full faith and credit of the State of California. The Council's investment in LAIF at June 30, 2017, was \$93,450.

Investments in PFM and CAMP

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

The U.S. Government money market mutual 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, 2017, of 270 days.

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

Included in the CAMP money market mutual fund balances are accounts that are created for the payment and tracking of interest on the line of credit, for the 2014 Series Bond issuance and the 2017 Series Bond Issuance, as the indenture requires a debt service reserve fund, of \$155,267, \$37,537, \$20,134,025, and \$2,789,589, respectively. The investments with fiscal agents as well as the \$4 of the CAMP balances are also created for the payment and tracking of Measure K project expenditures, respectively.

Investments in Raymond James

In 2012, the Council diversified its portfolio by investing \$4 million of SJCOG, INC.'s endowment funds in the Eagle Asset Management Program through Raymond James. The primary goal is capital preservation with low risk tolerance and a time horizon less than five years. Secondly, the goal is income with low risk and a short investment time horizon. Since initiation of the Eagle Asset Management Program portfolio, as investments have matured, investment advisers at the Lodi, CA office of Raymond James, in consultation with the SJCOG, Inc. Treasurer, have been replacing the maturities with investment grade, corporate certificate of deposits. The result is a more actively managed portfolio with significantly reduced management fees.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

Investments for the Council as well as its component units 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.

The Council categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The Council has the following recurring fair value measurements as of June 30, 2017:

Investments by fair value level	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment type				
Money market mutual funds	\$ 31,574,315	\$ 31,574,315	\$ -	\$ -
Certificates of deposit	20,639,237	20,639,237	-	-
Commercial paper	847,321	847,321	-	-
Corporate debt securities	24,050,626	-	24,050,626	-
Asset Backed Securities (ABS)/Mortgage Backed Securities (MBS)/Collateralized Mortgage Obligations (CMOs)	7,215,961	-	7,215,961	-
U.S. Treasury securities	15,596,938	15,596,938	-	-
Federal agency securities	49,576,053	-	49,576,053	-
Total investments measured at fair value	<u>\$ 149,500,451</u>	<u>\$ 68,657,811</u>	<u>\$ 80,842,640</u>	<u>\$ -</u>

Cash

Cash on deposit as of June 30, 2017, include approximately \$66,127,266 held by a financial institution which exceeded the insurance limits of the Federal Deposit Insurance Corporation.

NOTE 4 – RECEIVABLES

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

	General	Measure K and Measure K Renewal	Local Trans- portation	State Transit Assistance	RTIF	SJCOG, INC.	Total
Receivables:							
Interest	\$ 26	\$ 685,402	\$ 36,725	\$ 5,036	\$ 1,002	\$ -	\$ 728,191
Sales taxes	-	3,700,800	1,823,200	861,058	-	-	6,385,058
Refunds and Miscellaneous receivables	21,679	-	-	-	-	-	21,679
Intergovernmental	2,898,494	-	-	-	526,382	-	3,424,876
Intergovernmental - restricted	-	-	-	-	-	422,000	422,000
Interest - restricted	-	-	-	-	-	57,519	57,519
Total Receivables	<u>\$ 2,920,199</u>	<u>\$ 4,386,202</u>	<u>\$ 1,859,925</u>	<u>\$ 866,094</u>	<u>\$ 527,384</u>	<u>\$ 479,519</u>	<u>\$ 11,039,323</u>

NOTE 4 – RECEIVABLES (Continued)

Intergovernmental Receivables

The intergovernmental receivable balance consisted of \$526,382 of RTIF receivable and \$2,898,494 of General Fund claims receivable from various federal, state, and local agencies.

The restricted intergovernmental receivable balance of \$422,000 and related interest balance of \$57,519 for SJCOG, INC., are for mitigation fees receivable and related interest.

Notes Receivable

On December 14, 2008, the Council extended a line of credit of \$9,174,426 to the San Joaquin Regional Rail Commission (Commission) to provide the resources to purchase land for their anticipated maintenance facility. This line was to be repaid by the Commission with receipts of a loan from the Federal Rail Administration (FRA) within 180 days. The FRA loan did not occur; however, the Commission was able to use a bond program created in the American Recovery and Restoration Act to acquire the needed resources for the facility. The bond issuance, however, required the line of credit to be subordinated to the bonds. In accordance with terms of the agreement, the Commission will make principal only payments for the first year of the 15-year note and make 14 years of principal and interest payments. In accordance with the agreement, the majority of the balance will be paid as soon as Federal Transit Administration 5307 and 5309 formula funds are released. In June of 2016, the Board approved a restructuring of the loan. The new loan would forgive interest payments and defer payment of the principal. The accrued interest on the loan would be rolled into the loan balance. The loan principal is to be paid annually over a 20-year period. The first principal payment on the loan was paid July 1, 2016. The balance of the restructured loan as of June 30, 2017, is \$20,290,546.

The Council approved a Measure K loan to provide funding to the Port of Stockton (the Port) for \$4,200,000. The Port has authorization to use up to \$800,000 of the loan for construction. As of June 30, 2017, the Port has used \$27,393 of the requested \$800,000.

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

The Port loan noted above for \$4.2 million was approved in January of 2011 for the grade separation at Navy Drive and BNSF railroad, which allowed for \$1.9 million to be used for previously stated purposes. In April of 2014 the Board approved for the Port to use a portion of the \$1.9 million for property acquisition. The Board approved \$602,900 to be used for the acquisition of the Sanguinetti property. As of June 30, 2017, the loan receivable was \$278,928.

In January of 2014, the Council approved Measure K Bond Program projects. The authorized projects resulted in several approved funding agreements. They are detailed below:

On November 20, 2014, the Council approved a loan agreement with the San Joaquin Regional Transit District (SJRTD) in the amount of \$14,500,000. The proceeds for the loan were derived from the bonds SJCOG issued in July 2014. The purpose of the bonds was to advance Measure K projects. SJRTD requested funds for its Regional Transit Center capital project. SJRTD has agreed to reimburse the Council the cost of the interest bi-annually on the \$14.5 million, plus 0.45% administration fee over a seventeen year amortization schedule. The principal will be paid through the reduction of Measure K SJRTD Bus Transit programming over the seventeen year period. The loan is secured by the future Measure K funds allocated to SJRTD. SJRTD's loan balance as of June 30, 2017, was \$14,000,000.

In June of 2014, the Council approved a Measure K Expenditure Plan and Ordinance amendment including the Stockton Metropolitan Airport as an eligible sales tax recipient. Pursuant to the Measure K Renewal Ordinances, SJCOG is authorized to issue sales tax revenue bonds for the purpose of advancing projects eligible for funding under the ordinances. As part of the Measure K Expenditure Plan, in June of 2015, the Council approved a Bond Financing Plan for the Stockton Metropolitan Airport Capital Improvements. The Capital Improvements included \$9.7 million for terminal expansion and modernization. As of June 30, 2017, Stockton Metropolitan Airport had drawn down on \$61,467 of the approved \$9.7 million.

NOTE 4 – RECEIVABLES (Continued)*Notes Receivable* (Continued)

In May of 2016, the Council authorized the City of Stockton to flexibly spend bond funds on the Thornton Road Widening and Hammer Lane Widening projects. The authorization allowed Measure K Bond Funds to be transferred between the subject projects with the total not to exceed a combined \$24,000,000.

Thornton Loan \$3,643,656 – In March of 2015, the SJCOG Board approved a Measure K financing agreement with the City of Stockton for the Thornton Road Widening project. The funds not to exceed \$14,500,000 include design, construction, contingency and construction management. The City of Stockton agreed to annual reductions in Stockton’s Regional Arterial Programming account amortized for the period the loan is outstanding not to exceed 10 years from the date of the Project Notice of Completion. The interest accrual rate is 3.81% (average interest of bonds plus .45% for administration per the SJCOG Loan Policy). As of June 30, 2017, the loan balance was \$3,643,656.

Hammer Loan \$1,135,986 – In March of 2015, the SJCOG Board approved a Measure K financing agreement with the City of Stockton for Hammer Lane Widening. The agreement approved, as part of the Series 2014 Measure K Renewal Bond Issue, \$9,500,000 for the City of Stockton for the Hammer Lane project. The widening project includes design, construction, contingency and construction management. The City of Stockton agreed to annual reductions in Stockton’s Regional Arterial Programming account amortized for the period the loan is outstanding not to exceed 10 years from the date of the Project Notice of Completion. The interest accrual rate is 3.81% (average interest rate of bonds plus .45% for administration per the SJCOG Loan Policy). As of June 30, 2017, the loan balance was \$1,135,986.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	June 30, 2016	Additions	Disposals	Adjustments	June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Conservation easements and credits	\$ 49,597,690	\$ 5,917,951	\$ -	\$ -	\$ 55,515,641
Land	400,000	-	-	-	400,000
Total capital assets, not being depreciated	49,997,690	5,917,951	-	-	55,915,641
Capital assets, being depreciated:					
Automobile	38,039	-	-	-	38,039
Office furniture and fixtures	247,653	-	-	-	247,653
Office building	7,102,653	-	-	-	7,102,653
Building improvements	1,042,040	20,154	-	-	1,062,194
Office and computer equipment	795,397	104,328	(47,872)	-	851,853
	9,225,782	124,482	(47,872)	-	9,302,392
Less accumulated depreciation for:					
Automobile	(21,556)	(7,608)	-	-	(29,164)
Office furniture and fixtures	(205,014)	(16,510)	-	-	(221,524)
Office building	(2,238,933)	(177,566)	-	-	(2,416,499)
Building improvements	(421,243)	(54,514)	-	-	(475,757)
Office and computer equipment	(347,117)	(170,429)	47,872	-	(469,674)
	(3,233,863)	(426,627)	47,872	-	(3,612,618)
Total capital assets being depreciated, net	5,991,919	(302,145)	-	-	5,689,774
Governmental activities capital assets, net	\$ 55,989,609	\$ 5,615,806	\$ -	\$ -	\$ 61,605,415

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense of \$426,627 was recorded for the year ended June 30, 2017, and is related to the general administrative functions of the Council.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017, was as follows:

Due To/From	Interfund	
	Receivables	Payables
Governmental Funds:		
General Fund	\$ 124,315	\$ 3,702,996
Measure K and Measure K Renewal Fund	3,699,800	51,612
State Transit Assistance Fund	-	14,019
Local Transportation Fund	-	10,375
Regional Transportation Impact Fee Fund	-	22,331
SJCOG, INC.	3,196	1,278
Commute Connection, Inc.	-	650
One Voice, Inc.	-	24,050
Totals	<u>\$ 3,827,311</u>	<u>\$ 3,827,311</u>

The General Fund receivable from RTIF, LTF, STA, Measure K and Measure K Renewal, and One Voice, Inc., represent the final accrued planning funds due to the General Fund at June 30, 2017.

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

The SJCOG, Inc. receivable from the General fund represents a reimbursement of over-claimed accrued planning funds.

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

The balance of debt service and interest for the General Fund as of fiscal year ended June 30, 2017, was \$3,702,996.

In 2014 the Council obtained a \$75,000,000 line of credit issued by BANA to replace the commercial paper obligation. Due to this change, the repayment schedule for the building is now based on BANA's interest rates.

NOTE 7 – LEASES

Operating Leases

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

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 77,250
2019	33,623
2020	9,056
2021	<u>2,329</u>
Total payments	122,258
Less amounts representing interest	<u>(492)</u>
Net present value of future minimum lease payments	<u><u>\$ 121,766</u></u>

Capital Leases

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

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 273,670
Less: Accumulated depreciation	<u>(151,904)</u>
Total	<u><u>\$ 121,766</u></u>

As of June 30, 2017, the future minimum lease payments and the net present value of these minimum lease payments were as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 77,250
2019	33,623
2020	9,056
2021	<u>2,329</u>
Total payments	122,258
Less amounts representing interest	<u>(492)</u>
Net present value of future minimum lease payments	<u><u>\$ 121,766</u></u>

NOTE 8 – DEBT OBLIGATIONS AND LONG-TERM LIABILITIES

Activity during the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Sales Tax Revenue Bonds					
2011 Series A, net of amortization	\$ 212,372,478	\$ -	\$ (212,372,478)	\$ -	\$ -
Sales Tax Revenue Bonds					
2014 Series, net of amortization	50,665,689	-	(535,895)	50,129,794	570,895
Sales Tax Revenue Bonds					
2017 Series, net of amortization	-	239,584,484	(318,914)	239,265,570	4,885,658
Line of credit	75,000,000	-	-	75,000,000	-
Compensated absences	469,223	183,575	(206,020)	446,778	133,042
Capital leases	195,140	10,995	(84,369)	121,766	76,756
	<u>\$ 338,702,530</u>	<u>\$ 239,779,054</u>	<u>\$ (213,517,676)</u>	<u>\$ 364,963,908</u>	<u>\$ 5,666,351</u>
Total	<u>\$ 338,702,530</u>	<u>\$ 239,779,054</u>	<u>\$ (213,517,676)</u>	<u>\$ 364,963,908</u>	<u>\$ 5,666,351</u>

Commercial Paper Obligations

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

Line of Credit

The Council has a LOC issued by BANA. The entire \$75,000,000 was drawn to replace commercial paper and is outstanding at June 30, 2017. As of June 30, 2017, the interest rate was 1.20%.

2011 Series A Sales Tax Revenue Bonds

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

In April 2017, the Council issued the 2017 Series Sales Tax Revenue Refunding Bonds which was an advance refunding of the 2011 Series A Sales Tax Revenue Bonds. The transaction resulted in a reduction of \$25,357,720 in future debt service payments. The economic gain was \$20,777,683.

NOTE 8 – DEBT OBLIGATIONS AND LONG-TERM LIABILITIES (Continued)*2014 Series Sales Tax Revenue Bonds*

The Council issued long-term debt on July 2, 2014, to advance projects ready to proceed to construction totaling \$49,245,000. The Council pledges 100% of the Measure K Renewal sales tax as a security for the new bonds; however, in order to maintain a high credit and coverage level, debt service is constrained at 35% of last year's actual sales tax.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 155,000	\$ 2,182,550	\$ 2,337,550
2019	-	2,177,900	2,177,900
2020	225,000	2,177,900	2,402,900
2021	1,360,000	2,168,900	3,528,900
2022	1,530,000	2,114,500	3,644,500
2023-2027	17,640,000	8,563,000	26,203,000
2028-2032	23,120,000	3,580,500	26,700,500
	<u>\$ 44,030,000</u>	<u>\$ 22,965,250</u>	<u>\$ 66,995,250</u>

2017 Series Sales Tax Revenue Bonds

On November 2016, the Council issued \$209,075,000 in Sales Tax Revenue Bonds to advance refund \$211,700,000 of outstanding 2011 Series Sales Tax Revenue Bonds which includes a premium of \$30,509,484. Due to the advance refunding of the 2011 Series Sales Tax Revenue Bonds, a deferred outflow of resources (refunding of debt) of \$30,284,273 was calculated and will be amortized over the life of the debt. The Council pledges 100% of the sales tax as a security for the new bonds; however, in order to maintain a high credit and coverage level, debt service is constrained at 35% of last year's actual sales tax.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,610,000	\$ 8,262,137	\$ 11,872,137
2019	5,665,000	9,744,200	15,409,200
2020	4,140,000	9,517,600	13,657,600
2021	3,860,000	9,352,000	13,212,000
2022	4,605,000	9,197,600	13,802,600
2023-2027	26,075,000	42,874,000	68,949,000
2028-2032	43,940,000	34,837,000	78,777,000
2033-2037	58,940,000	22,226,500	81,166,500
2038-2041	58,240,000	6,694,650	64,934,650
	<u>\$ 209,075,000</u>	<u>\$ 152,705,687</u>	<u>\$ 361,780,687</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES*Risk Management*

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

In March 2010, the Council moved health benefit coverage and all health benefit related activities from the County to a variety of private health care providers. This includes dental and vision coverage, life insurance, short- and long-term disability, and long-term care.

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Risk Management (Continued)

As of January 2010, the Council contracted Paychex Payroll Services to provide a Flexible Spending Account option for all employees. The annual maximum is currently set at \$2,550. These pre-tax dollars can be used for eligible medical costs and dependent care.

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

Compensated Absences

Council employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at various rates. Employees have the option to sell accrued vacation hours at their current base rate of pay as long as they have a minimum of 80 hours remaining following the transaction. Employees that have reached the normal retirement age or have completed twenty years of continuous service and have accrued a minimum of 160 hours of sick leave may elect to convert unused sick leave to cover the continuation of health care insurance premiums at retirement. As of June 30, 2017, there are no retirees who have met these eligibility requirements. Other than this conversion at retirement, there is no cash payment of sick leave. As of June 30, 2017, accrued vacation and sick leave pay totaled \$538,190. Payment of accrued sick leave to eligible employees upon termination is the only post-employment benefit provided by the Council.

Contract Commitments

Measure K funded the design, environmental, and/or construction work on state highways, some of which are in progress. In January 2008, the Council Board adopted the Measure K Renewal Strategic Plan to begin delivering some of the Measure K Renewal projects prior to 2011. The Council has active projects as of June 30, 2017, funded through Measure K and Measure K Renewal programs and has outstanding commitments of \$1,390,461 and \$59,431,836 respectively, under these programs.

Employee Retirement Plan

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

Contributions to the plan by the Council are limited to 15% of compensation. The Council does not contribute into Social Security for employees. Certain legacy employees also do not have a Medicare contribution of the Council. Newer employees have a Medicare contribution. Employees are fully vested after six years of continuous service or when they reach the age of 55. The plan does not provide for employee contributions. The Council will not be required to pay prior year employer contributions for anyone having worked for the Council prior to the initiation of the retirement program.

Plan provisions and contribution requirements for the plan are established and may be amended by the Council's Board. The Council's total salaries, including vacation and termination pay, for the year ended June 30, 2017, were \$2,733,658. The Council's total contributions to the retirement plan on behalf of employees were \$448,123 for the year ended June 30, 2017.

NOTE 10 – FUND BALANCE/NET POSITION DEFICIT

The General Fund has a fund balance deficit of \$816,562 at June 30, 2017. As described in Note 6, the deficit is primarily related to an interfund advance. Once this advance for the construction of the Council's administrative building has been repaid, the negative unreserved fund balance is expected to be corrected.

The Council's government-wide statement of net position shows a net position deficit of \$55,566,621. In 2008, the Council adopted an EAP that would advance a number of high profile capital projects. The original EAP approved approximately \$320,000,000 to match other funding sources. To provide resources for the EAP, the Board approved a BAN program. The BAN program provided up front funding for these projects that are being accelerated into action, while pledging future Measure K and Measure K Renewal revenues. The BAN program was subsequently defeased in 2011, and replaced with a new, long-term bond issuance. The capital projects that were accelerated into action, however, are expensed on the Council's financial statements, and decrease net position as a result. Management believes that future revenues will exceed future debt payments and will begin to recover the deficit net position balance that occurred because of the EAP.

The Commute Connection, Inc., has a fund balance deficit of \$550 at June 30, 2017. The deficit is primarily related to an interfund advance from the General Fund for costs associated with the 501(c)(3)'s establishment. Once Commute Connection, Inc., receives cash donations to repay the advance, the negative unreserved balance is expected to be corrected.

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

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

The Council is the recipient agency of PTMISEA funds for the Cities of Escalon, Manteca, and Tracy. During the fiscal year ended June 30, 2017, the Council received \$345,704 from the State's PTMISEA account for disbursement to the above-mentioned cities. As of June 30, 2017, PTMISEA funds received and claims paid to cities were verified in the course of our audit as follows:

	<u>2017</u>
PTMISEA balance designated for future claims, beginning	\$ 575,834
PTMISEA funds received	308,769
Interest earned on PTMISEA deposits	5,161
TSSSDRA funds received	36,935
Interest earned on TSSSDRA deposits	301
Claims paid to cities	<u>(151,687)</u>
	<u>775,313</u>
PTMISEA balance designated for future claims, ending	<u>775,313</u>
 RECONCILIATION TO FINANCIAL STATEMENT	
Designated for PTMISEA claims	775,313
Designated for other STA claims	<u>123,612</u>
	<u>898,925</u>
Designated for future claims	<u><u>\$ 898,925</u></u>

NOTE 12 – FUND BALANCE CLASSIFICATIONS

The purposes for certain fund balance classifications are as follows:

	General Fund	Measure K and Measure K Renewal Fund	Local Transportation Fund	State Transit Assistance Fund	Regional Transportation Impact Fee Funds	SJCOG, INC.	Commute Connection, Inc.	One Voice, Inc.	Total
Fund Balances									
Nonspendable:									
Prepaid	\$ 74,606	\$ 2,233	\$ -	\$ -	\$ -	\$ 124	\$ -	\$ -	\$ 76,963
Long-term loans and lines of credit	-	39,437,976	-	-	-	-	-	-	39,437,976
Restricted for:									
Transportation projects and related debt	-	133,690,508	-	-	5,927,719	-	-	-	139,618,227
Restricted by State statute	-	-	7,898,441	898,925	-	-	-	-	8,797,366
Assigned to:									
Capital projects (habitat easements)	-	-	-	-	-	30,468,785	-	-	30,468,785
Unassigned:	(891,168)	-	-	-	-	-	(550)	-	(891,718)
Total Fund Balances	<u>\$ (816,562)</u>	<u>\$ 173,130,717</u>	<u>\$ 7,898,441</u>	<u>\$ 898,925</u>	<u>\$ 5,927,719</u>	<u>\$ 30,468,909</u>	<u>\$ (550)</u>	<u>\$ -</u>	<u>\$ 217,507,599</u>

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 22, 2017, which is the date the financial statements were available to be issued. No events occurred that require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
GENERAL FUND (By Object)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 8,570,618	\$ 9,258,982	\$ 7,115,748	\$ (2,143,234)
Use of money and property	5,000	5,000	5,558	558
Other	15,000	15,000	24,050	9,050
Total Revenues	<u>8,590,618</u>	<u>9,278,982</u>	<u>7,145,356</u>	<u>(2,133,626)</u>
<u>EXPENDITURES</u>				
Salaries and benefits:				
Salaries	2,966,697	2,966,697	2,681,423	285,274
Salaries - vacation sales	70,000	70,000	52,235	17,765
Fringe benefits	1,146,351	1,146,351	1,006,766	139,585
Total Salaries and Benefits	<u>4,183,048</u>	<u>4,183,048</u>	<u>3,740,424</u>	<u>442,624</u>
Service and supplies:				
Office expense	195,350	247,350	232,487	14,863
Communications	52,800	56,000	64,516	(8,516)
Memberships	46,000	46,000	47,853	(1,853)
Rents and leases - equipment	220,000	300,000	139,508	160,492
Debt service:				
Principal	31,000	31,000	94,975	(63,975)
Interest - leases	3,000	3,000	866	2,134
Interest - building debt service	65,000	65,000	36,432	28,568
Transportation, travel, and training	110,000	110,000	112,090	(2,090)
Allocated service cost	-	-	239	(239)
Publications and legal notices	3,000	3,000	9,172	(6,172)
Insurance	103,000	103,000	98,108	4,892
Rents - other	1,000	1,000	1,066	(66)
Maintenance - equipment	13,000	13,000	6,185	6,815
Maintenance - building and grounds	84,909	76,909	78,152	(1,243)
Utilities	81,000	89,000	99,573	(10,573)
Total Service and Supplies	<u>1,009,059</u>	<u>1,144,259</u>	<u>1,021,222</u>	<u>123,037</u>
Professional and special services	3,078,011	3,631,175	2,324,278	1,306,897
Capital outlay	320,500	320,500	124,482	196,018
Total Expenditures	<u>8,590,618</u>	<u>9,278,982</u>	<u>7,210,406</u>	<u>2,068,576</u>
<u>OTHER FINANCING SOURCES</u>				
Capital leases	-	-	10,995	10,995
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>10,995</u>	<u>10,995</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(54,055)</u>	<u>\$ (54,055)</u>
Fund Balance (Deficit) - Beginning			<u>(762,507)</u>	
Fund Balance (Deficit) - Ending			<u>\$ (816,562)</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
MEASURE K AND MEASURE K RENEWAL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Measure K sales tax revenue	\$ 54,200,000	\$ 54,200,000	\$ 54,505,508	\$ 305,508
Use of money and property	-	-	1,385,318	1,385,318
Total Revenues	<u>54,200,000</u>	<u>54,200,000</u>	<u>55,890,826</u>	<u>1,690,826</u>
<u>EXPENDITURES</u>				
General administration	542,000	542,000	270,430	271,570
Streets and roads	18,834,500	18,834,500	18,474,609	359,891
Transit	16,124,500	16,124,500	12,020,385	4,104,115
Congestion relief	17,479,500	17,479,500	18,127,421	(647,921)
Railroad safety crossings	1,219,500	1,219,500	-	1,219,500
Investment expense	-	-	136,942	(136,942)
Principal	-	-	1,650,000	(1,650,000)
Interest expense	-	-	16,487,771	(16,487,771)
Total Expenditures	<u>54,200,000</u>	<u>54,200,000</u>	<u>67,167,558</u>	<u>(12,967,558)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Issuance of refunding bonds	-	-	239,584,484	239,584,484
Payment to refunded bonds escrow agent	-	-	(241,083,827)	(241,083,827)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(1,499,343)</u>	<u>(1,499,343)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,776,075)</u>	<u>\$(252,360,559)</u>
Net Change in Fund Balance			<u>(12,776,075)</u>	
Fund Balance - Beginning			<u>185,906,792</u>	
Fund Balance - Ending			<u>\$ 173,130,717</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
LOCAL TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
LTF sales tax revenue	\$ 25,600,000	\$ 26,873,978	\$ 28,034,833	\$ 1,160,855
Use of money and property	-	-	31,879	31,879
 Total Revenues	<u>25,600,000</u>	<u>26,873,978</u>	<u>28,066,712</u>	<u>1,192,734</u>
<u>EXPENDITURES</u>				
General administration	1,108,045	1,108,045	1,108,045	-
Streets and roads	6,704,465	6,419,257	4,413,550	2,005,707
Pedestrian and bicycle	531,827	538,536	483,445	55,091
Transit	17,255,663	18,808,140	19,298,095	(489,955)
 Total Expenditures	<u>25,600,000</u>	<u>26,873,978</u>	<u>25,303,135</u>	<u>1,570,843</u>
 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,763,577	<u>\$ 2,763,577</u>
 Fund Balance - Beginning			<u>5,134,864</u>	
 Fund Balance - Ending			<u>\$ 7,898,441</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
STATE TRANSIT ASSISTANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
STA tax revenue	\$ 4,379,662	\$ 3,090,860	\$ 3,090,860	\$ -
Use of money and property PTMISEA/TSSSDRA	-	345,704	351,166	5,462
Use of money and property	-	-	(738)	(738)
 Total Revenues	 <u>4,379,662</u>	 <u>3,436,564</u>	 <u>3,441,288</u>	 <u>4,724</u>
<u>EXPENDITURES</u>				
General administration	71,888	54,342	50,266	4,076
PTMISEA	-	-	151,688	(151,688)
Transit	<u>4,307,774</u>	<u>3,328,667</u>	<u>2,929,893</u>	<u>398,774</u>
 Total Expenditures	 <u>4,379,662</u>	 <u>3,383,009</u>	 <u>3,131,847</u>	 <u>251,162</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ 53,555</u>	 309,441	 <u>\$ 255,886</u>
 Fund Balance - Beginning			 <u>589,484</u>	
 Fund Balance - Ending			 <u>\$ 898,925</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
REGIONAL TRANSPORTATION IMPACT FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 1,200,000	\$ 1,200,000	\$ 1,231,388	\$ 31,388
Use of money and property	-	-	17,178	17,178
 Total Revenues	 <u>1,200,000</u>	 <u>1,200,000</u>	 <u>1,248,566</u>	 <u>48,566</u>
<u>EXPENDITURES</u>				
General administration	25,000	25,000	-	25,000
RTIF program updates	750,000	750,000	22,331	727,669
Congestion Relief	75,000	75,000	-	75,000
Transit	350,000	350,000	34,836	315,164
 Total Expenditures	 <u>1,200,000</u>	 <u>1,200,000</u>	 <u>57,167</u>	 <u>1,142,833</u>
 Net Change in Fund Balance	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u>1,191,399</u>	 <u><u>\$ 1,191,399</u></u>
 Fund Balance - Beginning			 <u>4,736,320</u>	
 Fund Balance - Ending			 <u><u>\$ 5,927,719</u></u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
SJCOG, INC. BLENDED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ 9,000,000	\$ 9,000,000	\$ 8,769,841	\$ (230,159)
Use of money and property	-	-	828,227	828,227
 Total Revenues	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,598,068</u>	<u>598,068</u>
<u>EXPENDITURES</u>				
General administration	450,000	450,000	421,996	28,004
Habitat plan	8,550,000	8,550,000	670,616	7,879,384
Capital outlay	-	-	5,917,951	(5,917,951)
 Total Expenditures	<u>9,000,000</u>	<u>9,000,000</u>	<u>7,010,563</u>	<u>1,989,437</u>
 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,587,505	<u>\$ 2,587,505</u>
 Fund Balance - Beginning			<u>27,881,404</u>	
 Fund Balance - Ending			<u>\$ 30,468,909</u>	

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

As required by the San Joaquin Council of Government's (the Council) Joint Powers Authority agreement, the Council prepares and legally adopts a final operating budget on or before April 1 of each fiscal year. Annual budgets are legally adopted for the General Fund. As required by the Joint Powers Authority agreement, the budget is adopted and ratified by member agencies. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. Transfers of appropriations within major objects may be approved by the Executive Director. Significant amendments, appropriation transfers between objects, and transfers from contingencies must be approved by the Council's Board of Directors (the Board). Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2017. The bi-annual Strategic Plan and revenue estimate for the Measure K and Measure K Renewal Fund are approved by the Council Board. The Local Transportation Fund (LTF) budgeted revenue is created by Council staff and approved by the San Joaquin County Auditor-Controller. The budgeted revenue is allocated to each claimant based on population. The State Transit Assistance (STA) Fund budget is created and allocated by the California State Controller's Office. Budgets for the LTF, STA, and Regional Transportation Impact (RTIF) Funds are approved by the Council Board; however, they are not considered to be legally adopted. Budgetary amounts for the special revenue funds are presented at their lowest level of budgetary control, which is the object level, as described above.

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

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2017, General Fund expenditures did not exceed appropriations. A provision for compensated absences related to vacation sales and related fringe benefit costs was not made in the 2016-17 budget.

The following special revenue funds had excess expenditures over appropriations at June 30, 2017:

	<u>General Fund</u>	<u>Measure K and Measure K Renewal Fund</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>SJCOG, Inc.</u>
Communications	\$ (8,516)	\$ -	\$ -	\$ -	\$ -
Memberships	(1,853)	-	-	-	-
Transportation, travel, and training	(2,090)	-	-	-	-
Allocated service cost	(239)	-	-	-	-
Publications and legal notices	(6,172)	-	-	-	-
Rents - other	(66)	-	-	-	-
Maintenance - building and grounds	(1,243)	-	-	-	-
Utilities	(10,573)	-	-	-	-
Congestion relief	-	(647,921)	-	-	-
Investment expense	-	(136,942)	-	-	-
Interest expense	-	(16,487,771)	-	-	-
Transit	-	-	(489,955)	-	-
PTMISEA	-	-	-	(151,688)	-
Capital outlay	-	-	-	-	(5,917,951)
Debt service - principal	(63,975)	(1,650,000)	-	-	-

OTHER SUPPLEMENTARY INFORMATION

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:				
Passed through the State of California Department of Transportation				
Highway Planning and Construction	20.205	CML-6088(051)	\$ -	\$ 754,698
Highway Planning and Construction	20.205	CML-6088(060)	-	19,339
Highway Planning and Construction	20.205	STPL-6088(057)	-	454,996
Total Highway Planning and Construction			-	1,229,033
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MFTA#74A0139 CH. 53, Section 5303	-	212,908
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	MFTA#74A0139 FHWA PL 2014 OWP	-	1,243,678
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	FHWA PP	-	154,717
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			-	1,611,303
Total U.S. Department of Transportation			-	2,840,336
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 2,840,336

The accompanying note is an integral part of this schedule.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the San Joaquin Council of Governments (the Council) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Council's basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting.

NOTE 3 – INDIRECT COST RATE

The Council elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund							Ride-Sharing CMAQ Stan. Co.
	Local Transp. Funds Planning	Local Transp. Funds TDA Admin	Local Transp. Funds TDA Aluc.	CMAQ	Fwy Service Patrol Congestion	Fwy Service Patrol Construction		
Budget								
Revenues:								
Local Transportation Fund Planning	\$ 830,668	\$ 841,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Transportation Fund (TDA Administration)	265,000	-	265,000	-	-	-	-	-
Local Transportation Fund (ALUC)	-	-	-	17,375	-	-	-	-
State Transit Assistance	58,574	-	-	-	-	-	-	-
Congestion Mitigation Air Quality	1,207,600	-	-	-	774,037	-	-	-
Merced CMAQ	75,000	-	-	-	-	-	-	-
State/Caltrans - Fwy Svc patrol	980,369	-	-	-	-	245,132	-	-
State/Caltrans - Fwy Svc patrol Construction	75,000	-	-	-	-	-	72,358	-
StanCOG CMAQ TDM Ridesharing	195,000	-	-	-	-	-	-	195,000
FTA 5303 MPO Planning	304,328	-	-	-	-	-	-	-
RSTP for SR99 and SR120 Ramps: STPL 6088(057)	800,000	-	-	-	-	-	-	-
Federal Highway Planning & Admin.	1,243,678	-	-	-	-	-	-	-
FHWA - Partnership Planning for San Joaquin Goods Movement	154,717	-	-	-	-	-	-	-
Interest	5,000	-	-	-	-	-	-	-
Measure K (LTA admin)	542,000	-	-	-	-	-	-	-
Measure K (LTA planning)	1,000,000	-	-	-	-	-	-	-
Cost of Issuance Reimbursement	142,500	-	-	-	-	-	-	-
RTIF Deferred Revenue	85,000	-	-	-	-	-	-	-
Valley Wide Air Quality	172,000	-	-	-	-	-	-	-
STIP PPM	200,000	-	-	-	-	-	-	-
SJCOG Fees/Local other	10,000	-	-	-	-	-	-	-
SJCOG Fees/ ALUC	15,000	-	-	-	-	-	-	-
SACOG SAFE & FSP	128,000	-	-	-	-	-	-	-
SACOG TDM Trip Planning System	80,000	-	-	-	-	-	-	-
Fresno COG Prop 84	-	-	-	-	-	-	-	-
Calaveras COG	69,022	-	-	-	-	-	-	-
RTP Modeling Service reimbursement (local)	-	-	-	-	-	-	-	-
State grant on Affordable Housing	29,526	-	-	-	-	-	-	-
City of Manteca	50,000	-	-	-	-	-	-	-
Habitat Plan Administration SJCOG, INC.	561,000	-	-	-	-	-	-	-
Total Revenues	9,278,982	841,042	265,000	17,375	774,037	245,132	72,358	195,000
Expenditures:								
601.01 RTP Update	535,048	-	-	-	-	-	-	-
601.011 RTP (AHSC)	36,526	-	-	-	-	-	-	-
601.02 RTP - Studies	171,451	-	-	-	-	-	-	-
602.01 R.T.I.P.	387,000	-	-	-	-	-	-	-
603.01 Road/Street Monitoring	1,328,000	-	-	-	-	-	-	-
603.02 Transit Coordination	394,098	-	-	-	-	-	-	-
603.03 Transportation Air Quality	778,178	-	-	-	-	-	-	-
603.04 Trans/Air Quality Model	31,000	-	-	-	-	-	-	-
603.041 Partership Planning SJ Goods Movement	229,717	-	-	-	-	-	-	-
701.01 Technical Assistance	122,022	-	-	-	-	-	-	-
801.01 Intergov. Coordination	248,000	-	-	-	-	-	-	-
801.02 Projects & Forecasts	204,000	-	-	-	-	-	-	-
801.03 Aviation and Land Use	31,982	-	-	17,375	-	-	-	-
801.04 Congestion Mgmt.	150,000	-	-	-	-	-	-	-
801.05 Regional Planning	46,000	-	-	-	-	-	-	-
801.06 Valley MPO Coord.	60,000	-	-	-	-	-	-	-
801.09 Habitat Plan Implementation(See INC Task number)	561,000	-	-	-	-	-	-	-
901.01 Measure K program mgt.	346,000	-	-	-	-	-	-	-
901.02 RTIF	193,500	107,543	-	-	-	-	-	-
901.03 Smart Growth	8,000	-	-	-	-	-	-	-
1001.01 COG OWP mgmt. & admin.	197,973	-	-	-	-	-	-	-
1001.02 TDA Administration	341,500	7,086	265,000	-	-	-	-	-
1001.03 Community Involvement	124,000	-	-	-	-	-	-	-
1101.01 TDM Ridesharing	1,581,618	-	-	-	774,037	-	-	195,000
1201.01 Freeway Service Patrol	1,168,369	-	-	-	-	245,132	72,358	-
1201.03 SJCOG Interns	4,000	-	-	-	-	-	-	-
Total Expenditures	9,278,982	114,629	265,000	17,375	774,037	245,132	72,358	195,000
Other Items (not billed through OWP):								
SJCOG INC	-	-	-	-	-	-	-	-
Additional provision for capital outlay	-	124,482	-	-	-	-	-	-
Depreciation cost recovery (A-87 Eligible Only)	-	(426,626)	-	-	-	-	-	-
Cumulative under-recovered	-	(2,077,660)	-	-	-	-	-	-
Total Other Items	-	(2,379,804)	-	-	-	-	-	-
Total Expenditures and Other Items	9,278,982	(2,265,175)	265,000	17,375	774,037	245,132	72,358	195,000
Excess of Revenues over Expenditures and Other Items	\$ -	\$ 3,106,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund								
	FTA 5303	RSTP SR 99 AND SR 120 Ramps	FHWA PL	FHWA PP Goods Movement	LTA Measure K	Cost of Issuance	RTIF	Valley Wide Air Quality	STIP PP&M
Revenues:									
Local Transportation Fund Planning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Transportation Fund (TDA Administration)	-	-	-	-	-	-	-	-	-
Local Transportation Fund (ALUC)	-	-	-	-	-	-	-	-	-
State Transit Assistance	-	-	-	-	-	-	-	-	-
Congestion Mitigation Air Quality	-	-	-	-	-	-	-	-	-
Merced CMAQ	-	-	-	-	-	-	-	-	-
State/Caltrans - Fwy Svc patrol	-	-	-	-	-	-	-	-	-
State/Caltrans - Fwy Svc patrol Construction	-	-	-	-	-	-	-	-	-
StanCOG CMAQ TDM Ridesharing	-	-	-	-	-	-	-	-	-
FTA 5303 MPO Planning	212,908	-	-	-	-	-	-	-	-
RSTP for SR99 and SR120 Ramps: STPL 6088(057)	-	454,996	-	-	-	-	-	-	-
Federal Highway Plannng & Admin.	-	-	1,243,678	-	-	-	-	-	-
FHWA - Partnership Planning for San Joaquin Goods Movemr	-	-	-	154,717	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Measure K (LTA admin)	-	-	-	-	218,818	-	-	-	-
Measure K (LTA planning)	-	-	-	-	1,323,182	-	-	-	-
Cost of Issuance Reimbursement	-	-	-	-	-	51,612	-	-	-
RTIF Deferred Revenue	-	-	-	-	-	-	74,461	-	-
Valley Wide Air Quality	-	-	-	-	-	-	-	145,089	-
STIP PPM	-	-	-	-	-	-	-	-	200,000
SJCOG Fees/Local other	-	-	-	-	-	-	-	-	-
SJCOG Fees/ ALUC	-	-	-	-	-	-	-	-	-
SACOG SAFE & FSP	-	-	-	-	-	-	-	-	-
SACOG TDM Trip Planning System	-	-	-	-	-	-	-	-	-
Fresno COG Prop 84	-	-	-	-	-	-	-	-	-
Calaveras COG	-	-	-	-	-	-	-	-	-
RTP Modeling Service reimbursement (local)	-	-	-	-	-	-	-	-	-
State grant on Affordable Housing	-	-	-	-	-	-	-	-	-
City of Manteca	-	-	-	-	-	-	-	-	-
Habitat Plan Administration SJCOG, INC.	-	-	-	-	-	-	-	-	-
Total Revenues	212,908	454,996	1,243,678	154,717	1,542,000	51,612	74,461	145,089	200,000
Expenditures:									
601.01 RTP Update	-	-	280,000	-	61,779	-	-	-	-
601.011 RTP (AHSC)	-	-	-	-	-	-	-	-	-
601.02 RTP - Studies	-	-	80,500	-	49,558	-	-	-	-
602.01 R.T.I.P.	-	-	138,000	-	73,197	-	-	-	-
603.01 Road/Street Monitoring	-	454,996	-	-	188,790	-	-	-	200,000
603.02 Transit Coordination	212,908	-	-	-	-	-	-	-	-
603.03 Transportation Air Quality	-	-	301,178	-	59,136	-	-	145,089	-
603.04 Trans/Air Quality Model	-	-	10,000	-	3,017	-	-	-	-
603.041 Partemship Planning SJ Goods Movement	-	-	-	154,717	-	-	-	-	-
701.01 Technical Assistance	-	-	3,000	-	5,720	-	-	-	-
801.01 Intergov. Coordination	-	-	62,000	-	163,000	-	-	-	-
801.02 Projects & Forecasts	-	-	59,000	-	91,142	-	-	-	-
801.03 Aviation and Land Use	-	-	-	-	-	-	-	-	-
801.04 Congestion Mgmt.	-	-	75,000	-	45,367	-	-	-	-
801.05 Regional Planning	-	-	20,000	-	9,903	-	-	-	-
801.06 Valley MPO Coord.	-	-	17,000	-	42,502	-	-	-	-
801.09 Habitat Plan Implementation(See INC Task number)	-	-	-	-	-	-	-	-	-
901.01 Measure K program mgt.	-	-	-	-	164,796	51,612	-	-	-
901.02 RTIF	-	-	-	-	-	-	74,461	-	-
901.03 Smart Growth	-	-	-	-	7,493	-	-	-	-
1001.01 COG OWP mgmt. & admin.	-	-	183,000	-	14,178	-	-	-	-
1001.02 TDA Administration	-	-	-	-	-	-	-	-	-
1001.03 Community Involvement	-	-	15,000	-	2,465	-	-	-	-
1101.01 TDM Ridesharing	-	-	-	-	850	-	-	-	-
1201.01 Freeway Service Patrol	-	-	-	-	4,972	-	-	-	-
1201.03 SJCOG Interns	-	-	-	-	3,188	-	-	-	-
Total Expenditures	212,908	454,996	1,243,678	154,717	991,050	51,612	74,461	145,089	200,000
Other Items (not billed through OWP):									
SJCOG INC	-	-	-	-	-	-	-	-	-
Additional provision for capital outlay	-	-	-	-	-	-	-	-	-
Depreciation cost recovery (A-87 Eligible Only)	-	-	-	-	-	-	-	-	-
Cumulative under-recovered	-	-	-	-	-	-	-	-	-
Total Other Items	-	-	-	-	-	-	-	-	-
Total Expenditures and Other Items	212,908	454,996	1,243,678	154,717	991,050	51,612	74,461	145,089	200,000
Excess of Revenues over Expenditures and Other Items	\$ -	\$ -	\$ -	\$ -	\$ 550,950	\$ -	\$ -	\$ -	\$ -

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund				
	Interest Other	SACOG SAFE 511 & FSP		SACOG TDM Trip	Fresno COG
	Local	ALUC	Match	Planning System	Prop 84
Revenues:					
Local Transportation Fund Planning	\$ -	\$ -	\$ -	\$ -	\$ -
Local Transportation Fund (TDA Administration)	-	-	-	-	-
Local Transportation Fund (ALUC)	-	-	-	-	-
State Transit Assistance	-	-	-	-	-
Congestion Mitigation Air Quality	-	-	-	-	-
Merced CMAQ	-	-	-	-	-
State/Caltrans - Fwy Svc patrol	-	-	-	-	-
State/Caltrans - Fwy Svc patrol Construction	-	-	-	-	-
StanCOG CMAQ TDM Ridesharing	-	-	-	-	-
FTA 5303 MPO Planning	-	-	-	-	-
RSTP for SR99 and SR120 Ramps: STPL 6088(057)	-	-	-	-	-
Federal Highway Planning & Admin.	-	-	-	-	-
FHWA - Partnership Planning for San Joaquin Goods Movemer	-	-	-	-	-
Interest	5,557	-	-	-	-
Measure K (LTA admin)	-	-	-	-	-
Measure K (LTA planning)	-	-	-	-	-
Cost of Issuance Reimbursement	-	-	-	-	-
RTIF Deferred Revenue	-	-	-	-	-
Valley Wide Air Quality	-	-	-	-	-
STIP PPM	-	-	-	-	-
SJCOG Fees/Local other	24,051	-	-	-	-
SJCOG Fees/ ALUC	-	2,410	-	-	-
SACOG SAFE & FSP	-	-	77,932	-	-
SACOG TDM Trip Planning System	-	-	-	54,863	-
Fresno COG Prop 84	-	-	-	-	15,200
Calaveras COG	-	-	-	-	-
RTP Modeling Service reimbursement (local)	-	-	-	-	-
State grant on Affordable Housing	-	-	-	-	-
City of Manteca	-	-	-	-	-
Habitat Plan Administration SJCOG, INC.	-	-	-	-	-
Total Revenues	29,608	2,410	77,932	54,863	15,200
Expenditures:					
601.01 RTP Update	-	-	-	-	-
601.011 RTP (AHSC)	-	-	-	-	-
601.02 RTP - Studies	-	-	-	-	-
602.01 R.T.I.P.	-	-	-	-	-
603.01 Road/Street Monitoring	-	-	-	-	-
603.02 Transit Coordination	-	-	-	-	-
603.03 Transportation Air Quality	-	-	-	-	-
603.04 Trans/Air Quality Model	-	-	-	-	-
603.041 Partership Planning SJ Goods Movement	-	-	-	-	-
701.01 Technical Assistance	-	-	-	-	-
801.01 Intergov. Coordination	22,793	-	-	-	-
801.02 Projects & Forecasts	-	-	-	-	-
801.03 Aviation and Land Use	-	-	-	-	-
801.04 Congestion Mgmt.	6,815	-	-	-	-
801.05 Regional Planning	-	-	-	-	15,200
801.06 Valley MPO Coord.	-	-	-	-	-
801.09 Habitat Plan Implementation(See INC Task number)	-	-	-	-	-
901.01 Measure K program mgt.	-	2,410	-	-	-
901.02 RTIF	-	-	-	-	-
901.03 Smart Growth	-	-	-	-	-
1001.01 COG OWP mgmt. & admin.	-	-	-	-	-
1001.02 TDA Administration	-	-	-	-	-
1001.03 Community Involvement	-	-	-	-	-
1101.01 TDM Ridesharing	-	-	463	54,863	-
1201.01 Freeway Service Patrol	-	-	77,469	-	-
1201.03 SJCOG Interns	-	-	-	-	-
Total Expenditures	29,608	2,410	77,932	54,863	15,200
Other Items (not billed through OWP):					
SJCOG INC	-	-	-	-	-
Additional provision for capital outlay	-	-	-	-	-
Depreciation cost recovery (A-87 Eligible Only)	-	-	-	-	-
Cumulative under-recovered	-	-	-	-	-
Total Other Items	-	-	-	-	-
Total Expenditures and Other Items	29,608	2,410	77,932	54,863	15,200
Excess of Revenues over Expenditures and Other Items	\$ -	\$ -	\$ -	\$ -	\$ -

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
OVERALL WORK PROGRAM COSTING SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
OTHER ITEMS BY FUNDING SOURCE (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund				Totals	Variance with Final Budget
	Calaveras COG	RTP Modeling Service Reimb. (Local)	State Grant Affordable Housing	Plan Admin. SJCOG, INC.		
Revenues:						
Local Transportation Fund Planning	\$ -	\$ -	\$ -	\$ -	\$ 841,042	\$ 10,374
Local Transportation Fund (TDA Administration)	-	-	-	-	265,000	-
Local Transportation Fund (ALUC)	-	-	-	-	17,375	17,375
State Transit Assistance	-	-	-	-	-	(58,574)
Congestion Mitigation Air Quality	-	-	-	-	774,037	(433,563)
Merced CMAQ	-	-	-	-	-	(75,000)
State/Caltrans - Fwy Svc patrol	-	-	-	-	245,132	(735,237)
State/Caltrans - Fwy Svc patrol Construction	-	-	-	-	72,358	(2,642)
StanCOG CMAQ TDM Ridesharing	-	-	-	-	195,000	-
FTA 5303 MPO Planning	-	-	-	-	212,908	(91,420)
RSTP for SR99 and SR120 Ramps: STPL 6088(057)	-	-	-	-	454,996	(345,004)
Federal Highway Plannng & Admin.	-	-	-	-	1,243,678	-
FHWA - Partnership Planning for San Joaquin Goods Movemer	-	-	-	-	154,717	-
Interest	-	-	-	-	5,557	557
Measure K (LTA admin)	-	-	-	-	218,818	(323,182)
Measure K (LTA planning)	-	-	-	-	1,323,182	323,182
Cost of Issuance Reimbursement	-	-	-	-	51,612	(90,888)
RTIF Deferred Revenue	-	-	-	-	74,461	(10,539)
Valley Wide Air Quality	-	-	-	-	145,089	(26,911)
STIP PPM	-	-	-	-	200,000	-
SJCOG Fees/Local other	-	-	-	-	24,051	14,051
SJCOG Fees/ ALUC	-	-	-	-	2,410	(12,590)
SACOG SAFE & FSP	-	-	-	-	77,932	(50,068)
SACOG TDM Trip Planning System	-	-	-	-	54,863	(25,137)
Fresno COG Prop 84	-	-	-	-	15,200	15,200
Calaveras COG	3,851	-	-	-	3,851	(65,171)
RTP Modeling Service reimbursement (local)	-	29,686	-	-	29,686	29,686
State grant on Affordable Housing	-	-	20,405	-	20,405	(9,121)
City of Manteca	-	-	-	-	-	(50,000)
Habitat Plan Administration SJCOG, INC.	-	-	-	421,996	421,996	(139,004)
Total Revenues	3,851	29,686	20,405	421,996	7,145,356	(2,133,626)
Expenditures:						
601.01 RTP Update	-	-	600	-	342,379	192,669
601.011 RTP (AHSC)	-	-	19,805	-	19,805	16,721
601.02 RTP - Studies	-	-	-	-	130,058	41,393
602.01 R.T.I.P.	-	-	-	-	211,197	175,803
603.01 Road/Street Monitoring	-	-	-	-	843,786	484,214
603.02 Transit Coordination	-	-	-	-	212,908	181,190
603.03 Transportation Air Quality	-	29,686	-	-	535,089	243,089
603.04 Trans/Air Quality Model	-	-	-	-	13,017	17,983
603.041 Partemship Planning SJ Goods Movement	-	-	-	-	154,717	75,000
701.01 Technical Assistance	3,851	-	-	-	12,571	109,451
801.01 Intergov. Coordination	-	-	-	-	247,793	207
801.02 Projects & Forecasts	-	-	-	-	150,142	53,858
801.03 Aviation and Land Use	-	-	-	-	17,375	14,607
801.04 Congestion Mgmt.	-	-	-	-	127,182	22,818
801.05 Regional Planning	-	-	-	-	45,103	897
801.06 Valley MPO Coord.	-	-	-	-	59,502	498
801.09 Habitat Plan Implementation(See INC Task number)	-	-	-	-	-	561,000
901.01 Measure K program mgt.	-	-	-	-	218,818	127,182
901.02 RTIF	-	-	-	-	182,004	11,496
901.03 Smart Growth	-	-	-	-	7,493	507
1001.01 COG OWP mgmt. & admin.	-	-	-	-	197,178	796
1001.02 TDA Administration	-	-	-	-	272,086	69,414
1001.03 Community Involvement	-	-	-	-	17,465	106,535
1101.01 TDM Ridesharing	-	-	-	-	1,025,213	556,405
1201.01 Freeway Service Patrol	-	-	-	-	399,931	768,438
1201.03 SJCOG Interns	-	-	-	-	3,188	813
Total Expenditures	3,851	29,686	20,405	-	5,445,997	3,832,985
Other Items (not billed through OWP):						
SJCOG INC	-	-	-	-	-	-
Additional provision for capital outlay	-	-	-	-	124,482	(124,482)
Depreciation cost recovery (A-87 Eligible Only)	-	-	-	-	(426,626)	426,626
Cumulative under-recovered	-	-	-	-	(2,077,660)	2,077,660
Total Other Items	-	-	-	-	(2,379,804)	2,379,804
Total Expenditures and Other Items	3,851	29,686	20,405	-	3,066,193	6,212,789
Excess of Revenues over Expenditures and Other Items	\$ -	\$ -	\$ -	\$ 421,996	\$ 4,079,163	\$ 4,079,163

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Direct</u>	<u>Indirect</u>	<u>Unallowable Expense</u>	<u>Total</u>
Salaries (Unallowable included in Direct Base)	\$ 1,400,297	\$ 1,325,472	\$ 7,890	\$ 2,733,659
Fringe benefits (Unallowable included in Direct Base)	515,119	487,593	4,053	1,006,765
Office expense	54,133	178,353	-	232,487
Communications	17,250	47,266	-	64,516
Memberships	4,863	39,827	3,164	47,853
Rent - equipment	-	139,508	-	139,508
Capital lease principal payments	-	-	94,975	94,975
Capital lease interest payments	-	866	-	866
Interest - building debt service	-	18,731	17,702	36,433
Transportation, travel, and training	89,496	14,422	8,172	112,090
Professional and special services	2,043,982	192,024	88,272	2,324,278
Departmental costs allocated	-	239	-	239
Publications and legal notices	7,296	1,876	-	9,172
Insurance	-	98,108	-	98,108
Rents - other	-	1,066	-	1,066
Capital outlay	-	-	124,482	124,482
Maintenance - equipment	-	6,185	-	6,185
Maintenance - structures and grounds	-	78,152	-	78,152
Utilities	-	99,572	-	99,572
TOTAL EXPENDITURES	4,132,436	2,729,261	348,710	7,210,406
Other reconciling items:				
Depreciation	-	426,627	-	426,627
Total expenditures recovered under indirect cost rate	<u>\$ 4,132,436</u>	<u>\$ 3,155,888</u>	<u>\$ 348,710</u>	<u>\$ 7,637,033</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ORIGINAL, FINAL BUDGET, AND ACTUAL –
GENERAL FUND BY WORK PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 8,570,618	\$ 9,258,982	\$ 7,115,748	\$ (2,143,234)
Use of Money and Property	5,000	5,000	5,558	558
Miscellaneous	15,000	15,000	24,050	9,050
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	8,590,618	9,278,982	7,145,356	(2,133,626)
<u>EXPENDITURES</u>				
Regional Transportation Plan	827,049	535,048	342,379	192,669
Regional Transportation Plan (Affordable Housing)	30,000	36,526	19,805	16,721
Regional Planning Studies	66,451	171,451	130,058	41,393
Transportation Improvement Program	368,000	387,000	211,197	175,803
Roads and Streets Monitoring	1,328,000	1,328,000	843,786	484,214
Transit Coordination and Planning	381,902	394,098	212,908	181,190
Transportation Air Quality Planning	807,975	778,178	535,089	243,089
Goods Movement	54,000	31,000	13,017	17,983
Goods Movement (Partnership Planning)	200,000	229,717	151,955	77,762
Ongoing Technical Assistance	73,000	122,022	12,571	109,451
Intergovernmental Coordination	193,000	248,000	247,793	207
Projections and Forecasts	246,000	204,000	150,142	53,858
Aviation / Airport and Land Use	64,651	31,982	17,375	14,607
Congestion Management Prog/Sys	105,000	150,000	127,182	22,818
Regional Planning	64,000	46,000	45,103	897
Valley MPO Coordination	45,000	60,000	59,502	498
Habitat Plan Implementation	561,000	561,000	-	561,000
Measure K Program Mgmt/Admin	203,500	346,000	218,818	127,182
RTIF	94,000	193,500	182,004	11,496
Smart Growth	2,000	8,000	7,493	507
COG Overall Work Plan Administration	80,703	197,973	197,178	795
TDA Administration	344,000	341,500	272,086	69,414
Community Involvement	134,000	124,000	17,465	106,535
SAFETEA-LU Management	-	-	-	-
Transportation Demand Management	1,224,018	1,581,618	1,005,873	575,745
Freeway Service Patrol	1,093,369	1,168,369	399,931	768,438
SJCOG Interns	-	4,000	3,186	814
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2016/17 Project Expenditures	8,590,618	9,278,982	5,423,896	3,855,086
Other (Not Billed Through Overall Work Program):				
Additional Provision for Capital Outlay	-	-	124,482	(124,482)
Depreciation Cost Recovery A-87 Assets Only	-	-	(426,627)	426,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other	-	-	(302,145)	302,145
Overhead (Overclaimed) Underclaimed - Prior Periods	-	-	2,077,660	(2,077,660)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Adjusted Project Expenditures	8,590,618	9,278,982	7,199,411	2,079,571
Net Change in Fund Balance	-	-	(54,055)	(54,055)
Fund Balance (Deficit) - Beginning	-	-	(762,507)	(762,507)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit) - Ending	\$ -	\$ -	\$ (816,562)	\$ (816,562)

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF BALANCES
LOCAL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>SJRTD</u>	<u>Lathrop</u>	<u>Lodi</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Ripon</u>	<u>Escalon</u>	<u>SJRRC</u>	<u>S.J. County</u>	<u>Stockton</u>	<u>SJCOG TDA Admin.</u>	<u>Total LTF Funds</u>
ASSETS												
Cash in treasury	\$ (826,558)	\$ 810,069	\$ 3,137,436	\$ 349,608	\$ 4,518,085	\$ 500,280	\$ 50,375	\$ 2,206,193	\$ (60,955)	\$ 427,930	\$ -	\$ 11,112,463
Sales tax apportionment receivable	1,090,016	51,573	161,460	186,972	216,135	37,812	18,784	-	60,448	-	-	1,823,200
Interest receivable	77	1,822	7,253	7,007	10,528	1,095	523	5,678	1,279	1,463	-	36,725
Due from other funds	(10,215)	(293)	(918)	(1,064)	(1,230)	(215)	(107)	-	805	2,862	10,375	-
Total Assets	<u>\$ 253,320</u>	<u>\$ 863,171</u>	<u>\$ 3,305,231</u>	<u>\$ 542,523</u>	<u>\$ 4,743,518</u>	<u>\$ 538,972</u>	<u>\$ 69,575</u>	<u>\$ 2,211,871</u>	<u>\$ 1,577</u>	<u>\$ 432,255</u>	<u>\$ 10,375</u>	<u>\$ 12,972,388</u>
LIABILITIES AND FUND EQUITY												
Liabilities:												
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,375	\$ 10,375
Intergovernmental payable	-	659,044	1,629,190	-	-	530,854	37,984	2,206,500	-	-	-	5,063,572
Fund Equity:												
Apportioned	253,320	204,127	1,676,041	542,523	4,743,518	8,118	31,591	5,371	1,577	432,255	-	7,898,441
Total Liabilities and Fund Equity	<u>\$ 253,320</u>	<u>\$ 863,171</u>	<u>\$ 3,305,231</u>	<u>\$ 542,523</u>	<u>\$ 4,743,518</u>	<u>\$ 538,972</u>	<u>\$ 69,575</u>	<u>\$ 2,211,871</u>	<u>\$ 1,577</u>	<u>\$ 432,255</u>	<u>\$ 10,375</u>	<u>\$ 12,972,388</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
LOCAL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>SJRTD</u>	<u>Lathrop</u>	<u>Lodi</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Ripon</u>	<u>Escalon</u>	<u>SJRRC</u>	<u>S.J. County</u>	<u>Stockton</u>	<u>SJCOG Planning</u>	<u>SJCOG TDA Admin.</u>	<u>S.J. County Auditor-Controller</u>	<u>Total LTF Funds</u>
REVENUES:														
Sales Tax	\$ 14,461,151	\$ 699,453	\$ 2,189,774	\$ 2,535,771	\$ 2,931,291	\$ 512,811	\$ 254,756	\$ 2,200,000	\$ 912,000	\$ 229,781	\$ 841,045	\$ 265,000	\$ 2,000	\$ 28,034,833
Interest	3,498	3,830	17,604	15,101	26,008	2,070	1,010	15,939	3,381	5,273	-	-	-	93,714
Unrealized Gains (Losses) on Investments	3,967	(4,032)	(18,626)	(2,146)	(25,462)	(2,419)	(247)	(10,647)	252	(2,475)	-	-	-	(61,835)
Total Revenues	14,468,616	699,251	2,188,752	2,548,726	2,931,837	512,462	255,519	2,205,292	915,633	232,579	841,045	265,000	2,000	28,066,712
EXPENDITURES:														
SJRTD	14,944,606	-	-	-	-	-	-	-	-	-	-	-	-	14,944,606
Lathrop	-	659,045	-	-	-	-	-	-	-	-	-	-	-	659,045
Lodi	-	-	1,629,190	-	-	-	-	-	-	-	-	-	-	1,629,190
Manteca	-	-	-	2,756,017	-	-	-	-	-	-	-	-	-	2,756,017
Tracy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ripon	-	-	-	-	-	530,853	-	-	-	-	-	-	-	530,853
Escalon	-	-	-	-	-	-	237,984	-	-	-	-	-	-	237,984
SJRRC	-	-	-	-	-	-	-	2,206,500	-	-	-	-	-	2,206,500
S.J. County	-	-	-	-	-	-	-	-	962,510	-	-	-	-	962,510
Stockton	-	-	-	-	-	-	-	-	-	268,385	-	-	-	268,385
SJCOG Planning	-	-	-	-	-	-	-	-	-	-	841,045	-	-	841,045
SJCOG TDA Admin.	-	-	-	-	-	-	-	-	-	-	-	265,000	-	265,000
S.J. County Auditor-Controller	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Total Expenditures	14,944,606	659,045	1,629,190	2,756,017	-	530,853	237,984	2,206,500	962,510	268,385	841,045	265,000	2,000	25,303,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(475,990)	40,206	559,562	(207,291)	2,931,837	(18,391)	17,535	(1,208)	(46,877)	(35,806)	-	-	-	2,763,577
Fund Balance Beginning of Year	729,310	163,921	1,116,479	749,814	1,811,681	26,509	14,056	6,579	48,454	468,061	-	-	-	5,134,864
Fund Balance End of Year	\$ 253,320	\$ 204,127	\$ 1,676,041	\$ 542,523	\$ 4,743,518	\$ 8,118	\$ 31,591	\$ 5,371	\$ 1,577	\$ 432,255	\$ -	\$ -	\$ -	\$ 7,898,441

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

PUC Section	Purpose	Allocated/ Expended
99233.1	Administration: Council County of San Joaquin	\$ 265,000 2,000
		<u>267,000</u>
99233.4	Rail Service: San Joaquin Regional Rail Commission	2,206,500
99234	Pedestrian and Bicycle Facilities: County of San Joaquin City of Escalon City of Stockton City of Lodi City of Manteca City of Ripon City of Lathrop	113,771 5,479 268,385 15,236 54,500 11,030 15,044
		<u>483,445</u>
99260	Public Transportation: San Joaquin Regional Transit District	14,944,605
99260	Public Transportation System Planning: Council	841,045
99400(a)	Streets, Roads, Pedestrian and Bicycle Projects: County of San Joaquin City of Escalon City of Lodi City of Ripon City of Manteca City of Lathrop	848,739 155,232 450,000 519,824 1,795,755 644,000
		<u>4,413,550</u>
99400(c)	Contracted Public Transportation - Operations: City of Escalon City of Lodi City of Manteca	77,273 203,437 905,763
		<u>1,186,473</u>
99400(e)	Contracted Public Transportation - Capital: City of Lodi	960,517
		<u>960,517</u>
	Total:	<u><u>\$ 25,303,135</u></u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF BALANCES
STATE TRANSIT ASSISTANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	SJRTD	Lodi	Ripon	SJRRC	Manteca	Tracy	Escalon	SJCOG TDA Admin.	Total STA Funds
<u>ASSETS</u>									
Cash in treasury	\$ 303	\$ 118,197	\$ 3,996	\$ 406,502	\$ 650,312	\$ 111,394	\$ 43,660	\$ -	\$ 1,334,364
Sales tax apportionment receivable	641,493	40,598	1,289	132,310	8,825	21,274	1,250	14,019	861,058
Due from other funds	-	-	-	-	-	-	-	-	-
Interest receivable	1,332	366	9	1,205	1,728	279	117	-	5,036
Total Assets	\$ 643,128	\$ 159,161	\$ 5,294	\$ 540,017	\$ 660,865	\$ 132,947	\$ 45,027	\$ 14,019	\$ 2,200,458
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,019	\$ 14,019
Intergovernmental payable	620,114	132,719	5,134	518,920	8,900	-	1,727	-	1,287,514
Total Liabilities	620,114	132,719	5,134	518,920	8,900	-	1,727	14,019	1,301,533
Fund Balance:									
Apportioned	23,014	26,442	160	21,097	651,965	132,947	43,300	-	898,925
Total Liabilities and Fund Balance	\$ 643,128	\$ 159,161	\$ 5,294	\$ 540,017	\$ 660,865	\$ 132,947	\$ 45,027	\$ 14,019	\$ 2,200,458

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
STATE TRANSIT ASSISTANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>SJRTD</u>	<u>Lodi</u>	<u>Ripon</u>	<u>SJRRC</u>	<u>Manteca</u>	<u>Tracy</u>	<u>Escalon</u>	<u>STA Admin.</u>	<u>STA Funds</u>
REVENUES:									
Intergovernmental	\$ 2,301,958	\$ 145,680	\$ 5,136	\$ 474,816	\$ 31,667	\$ 76,337	\$ 5,000	\$ 50,266	\$ 3,090,860
Prop 1B TSSSDRA	-	-	-	36,935	308,769	-	-	-	345,704
Interest STA	3,497	1,119	17	1,723	101	194	11	-	6,662
Interest PTMISEA	-	-	-	-	4,151	466	544	-	5,161
Interest TSSSDRA	-	-	-	301	-	-	-	-	301
Unrealized Gains									
(Losses) on Investments	(214)	(686)	(19)	(2,071)	(3,477)	(623)	(310)	-	(7,400)
Total Revenues	<u>2,305,241</u>	<u>146,113</u>	<u>5,134</u>	<u>511,704</u>	<u>341,211</u>	<u>76,374</u>	<u>5,245</u>	<u>50,266</u>	<u>3,441,288</u>
EXPENDITURES:									
SJRTD	2,283,114	-	-	-	-	-	-	-	2,283,114
Lodi	-	132,719	-	-	-	-	-	-	132,719
Ripon	-	-	5,134	-	-	-	-	-	5,134
SJRRC	-	-	-	472,518	-	-	-	-	472,518
SJRRC (TSSSDRA)	-	-	-	47,124	-	-	-	-	47,124
Manteca	-	-	-	-	31,408	-	-	-	31,408
Manteca (PTMISEA)	-	-	-	-	37,225	-	-	-	37,225
Tracy	-	-	-	-	-	-	-	-	-
Escalon	-	-	-	-	-	-	5,000	-	5,000
Escalon (PTMISEA)	-	-	-	-	-	-	67,339	-	67,339
SJCOG TDA Admin.	-	-	-	-	-	-	-	50,266	50,266
Total Expenditures	<u>2,283,114</u>	<u>132,719</u>	<u>5,134</u>	<u>519,642</u>	<u>68,633</u>	<u>-</u>	<u>72,339</u>	<u>50,266</u>	<u>3,131,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,127	13,394	-	(7,938)	272,578	76,374	(67,094)	-	309,441
OTHER FINANCING SOURCES (USES):									
Interfund Transfers	210	15	-	77	(3)	-	1	(300)	-
Change in Net Position	22,337	13,409	-	(7,861)	272,575	76,374	(67,093)	(300)	309,441
Fund Balance Beginning of Year	677	13,033	160	28,958	379,390	56,573	110,393	300	589,484
Fund Balance End of Year	<u>\$ 23,014</u>	<u>\$ 26,442</u>	<u>\$ 160</u>	<u>\$ 21,097</u>	<u>\$ 651,965</u>	<u>\$ 132,947</u>	<u>\$ 43,300</u>	<u>\$ -</u>	<u>\$ 898,925</u>

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

PUC Section	Purpose	Allocated/ Expended
6730(a)	Public Transit:	
	San Joaquin Regional Transit District	\$ 2,176,174
	San Joaquin Regional Rail Commission	472,518
	City of Escalon	5,000
	City of Ripon	5,134
	City of Manteca	31,408
	City of Tracy	-
		<u>2,690,234</u>
6730(b)	Transit Capital:	
	San Joaquin Regional Transit District	106,940
	City of Lodi	132,719
		<u>239,659</u>
6731(b)	Transit Administration/Planning:	
	Council	50,266
		<u>50,266</u>
Proposition 1B	PTMISEA (Capital)	
	City of Escalon	67,337
	City of Manteca	37,225
		<u>104,562</u>
Proposition 1B	Transit System Safety Security and Disaster Response Account (TSSSDRA) (Capital)	
	San Joaquin Regional Rail Commission	47,126
		<u>47,126</u>
	Total:	<u><u>\$ 3,131,847</u></u>

**STATISTICAL SECTION
(Unaudited)**

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SAN JOAQUIN COUNCIL OF GOVERNMENTS STATISTICAL SECTION

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

Contents	Page
Financial Trends.....	94-102
These schedules contain trend information to help the reader understand how the Council's financial performance has changed over time.	
Revenue Capacity.....	103-105
These schedules contain information to help the reader assess the Council's most significant local revenue source, the sales tax.	
Debt Capacity.....	106-107
This schedule presents information to help the reader assess the affordability of the Council's current levels of outstanding debt and the Council's ability to issue additional debt in the future.	
Demographic and Economic Information.....	108-110
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	
Operating Information	111-112
These schedules contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the activities it performs.	

Sources:

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

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Governmental Activities:</u>										
Net investment in capital assets	\$ 31,734,543	\$ 35,758,363	\$ 38,656,399	\$ 39,585,252	\$ 45,035,979	\$ 47,531,273	\$ 48,877,028	\$ 52,501,136	\$ 55,794,469	\$ 61,483,649
Restricted for:										
Habitat acquisition and management	11,582,285	7,811,087	8,138,003	9,454,822	10,839,874	12,654,148	14,517,762	19,915,476	27,881,404	30,468,909
Apportioned	95,593,101	8,837,068	-	-	-	-	-	-	-	-
Debt service	2,568,434	91,671,112	-	-	-	-	-	-	-	-
Unrestricted	<u>(130,293,050)</u>	<u>(100,703,058)</u>	<u>(23,072,945)</u>	<u>(22,060,434)</u>	<u>(59,497,115)</u>	<u>(90,678,836)</u>	<u>(108,507,870)</u>	<u>(139,365,146)</u>	<u>(142,902,987)</u>	<u>(147,519,179)</u>
Total Primary Government Net Position	<u>\$ 11,185,313</u>	<u>\$ 43,374,572</u>	<u>\$ 23,721,457</u>	<u>\$ 26,979,640</u>	<u>\$ (3,621,262)</u>	<u>\$ (30,493,415)</u>	<u>\$ (45,113,080)</u>	<u>\$ (66,948,534)</u>	<u>\$ (59,227,114)</u>	<u>\$ (55,566,621)</u>

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Program Revenues:</u>										
Governmental activities:										
Charges for services:										
General government	\$ 722	\$ 696	\$ 815	\$ 251	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -
Habitat development	9,438,682	1,514,990	4,424,418	2,555,022	2,302,388	4,921,911	3,899,205	10,067,603	12,471,563	9,598,068
Operating grants and contributions	90,771,419	146,120,142	68,236,918	89,467,495	81,560,358	81,103,164	85,599,338	88,569,743	94,013,210	94,334,399
	<u>100,210,823</u>	<u>147,635,828</u>	<u>72,662,151</u>	<u>92,022,768</u>	<u>83,862,871</u>	<u>86,025,075</u>	<u>89,498,543</u>	<u>98,637,346</u>	<u>106,484,773</u>	<u>103,932,467</u>
Total Program Revenues - primary government										
<u>General Revenues:</u>										
Governmental activities:										
Unrestricted investment earnings	38,103	40,790	7,308	5,399	5,928	5,160	6,163	3,702	4,825	5,558
Miscellaneous	66,404	28,029	27,602	45,312	62,134	23,326	10,989	15,763	15,343	24,050
	<u>104,507</u>	<u>68,819</u>	<u>34,910</u>	<u>50,711</u>	<u>68,062</u>	<u>28,486</u>	<u>17,152</u>	<u>19,465</u>	<u>20,168</u>	<u>29,608</u>
Total General Revenues - primary government										
Total Revenues - primary government	<u>\$ 100,315,330</u>	<u>\$ 147,704,647</u>	<u>\$ 72,697,061</u>	<u>\$ 92,073,479</u>	<u>\$ 83,930,933</u>	<u>\$ 86,053,561</u>	<u>\$ 89,515,695</u>	<u>\$ 98,656,811</u>	<u>\$ 106,504,941</u>	<u>\$ 103,962,075</u>

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
EXPENSES										
Governmental Activities:										
General government	\$ 6,493,431	\$ 6,292,146	\$ 6,203,470	\$ 5,921,697	\$ 6,263,778	\$ 6,118,418	\$ 6,674,200	\$ 6,175,981	\$ 7,475,155	\$ 7,357,834
Transportation	122,691,177	124,121,214	84,886,628	82,211,723	95,878,429	94,290,443	84,563,205	93,990,838	75,397,967	76,213,793
Habitat development	1,062,862	1,080,070	1,055,063	634,819	530,619	545,955	626,915	899,905	1,224,372	1,092,612
Commute Connection program	-	-	-	-	-	500	50	-	-	-
Building interest expense	216,900	212,874	205,015	47,057	36,147	19,923	55,843	53,346	51,073	37,298
Measure K Renewal investment interest expense	-	-	-	-	11,822,862	11,950,475	12,215,147	13,727,149	14,634,954	15,600,045
Total Primary Government Expenses	130,464,370	131,706,304	92,350,176	88,815,296	114,531,835	112,925,714	104,135,360	114,847,219	98,783,521	100,301,582
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
General government	722	696	815	251	125	-	-	-	-	-
Habitat development	9,438,682	1,514,990	4,424,418	2,555,022	2,302,388	4,921,911	3,899,205	10,067,603	12,471,563	9,598,068
Operating grants and contributions	90,771,419	146,120,142	68,236,918	89,467,495	81,560,358	81,103,164	85,599,338	88,569,743	94,013,210	94,334,399
Total Governmental Activities Program Revenues	100,210,823	147,635,828	72,662,151	92,022,768	83,862,871	86,025,075	89,498,543	98,637,346	106,484,773	103,932,467
Total Primary Government Net Revenue (Expense)	(30,253,547)	15,929,524	(19,688,025)	3,207,472	(30,668,964)	(26,900,639)	(14,636,817)	(16,209,873)	7,701,252	3,630,885
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Unrestricted investment earnings	38,103	40,790	7,308	5,399	5,928	5,160	6,163	3,702	4,825	5,558
Miscellaneous	66,404	28,029	27,602	45,312	62,134	23,326	10,989	15,763	15,343	24,050
Total General Revenues - primary government	104,507	68,819	34,910	50,711	68,062	28,486	17,152	19,465	20,168	29,608
CHANGE IN NET POSITION TOTAL PRIMARY GOVERNMENT	\$ (30,149,040)	\$ 15,998,343	\$ (19,653,115)	\$ 3,258,183	\$ (30,600,902)	\$ (26,872,153)	\$ (14,619,665)	\$ (16,190,408)	\$ 7,721,420	\$ 3,660,493

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11 *</u>	<u>2011-12 *</u>	<u>2012-13 *</u>	<u>2013-14 *</u>	<u>2014-15 *</u>	<u>2015-16 *</u>	<u>2016-17</u>
General Fund										
Reserved	\$ -	\$ -	\$ -							
Unreserved	<u>(3,172,720)</u>	<u>(2,686,636)</u>	<u>(3,393,120)</u>							
Nonspendable				\$ 99,949	\$ 134,925	\$ 105,199	\$ 94,515	\$ 134,269	\$ 97,503	\$ 74,606
Unassigned				<u>(3,010,753)</u>	<u>(2,923,930)</u>	<u>(2,827,527)</u>	<u>(3,070,547)</u>	<u>(1,573,715)</u>	<u>(860,010)</u>	<u>(891,168)</u>
Total General Fund	<u>(3,172,720)</u>	<u>(2,686,636)</u>	<u>(3,393,120)</u>	<u>(2,910,804)</u>	<u>(2,789,005)</u>	<u>(2,722,328)</u>	<u>(2,976,032)</u>	<u>(1,439,446)</u>	<u>(762,507)</u>	<u>(816,562)</u>
All Other Governmental Funds										
Reserved	<u>353,867,089</u>	<u>379,306,780</u>	<u>409,558,264</u>							
Nonspendable				21,455,781	15,632,083	18,919,010	28,466,395	30,216,271	33,797,012	39,440,333
Restricted				242,609,078	217,072,269	181,542,717	154,287,487	173,599,167	162,570,448	148,415,593
Assigned				9,454,822	10,839,584	12,654,048	14,517,762	19,915,065	27,881,404	30,468,785
Unassigned				<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(550)</u>	<u>(550)</u>	<u>(550)</u>	<u>(550)</u>
Total All Other Governmental Funds	<u>353,867,089</u>	<u>379,306,780</u>	<u>409,558,264</u>	<u>273,519,681</u>	<u>243,543,936</u>	<u>213,115,275</u>	<u>197,271,094</u>	<u>223,729,953</u>	<u>224,248,314</u>	<u>218,324,161</u>
Total Fund Balance	<u>\$ 350,694,369</u>	<u>\$ 376,620,144</u>	<u>\$ 406,165,144</u>	<u>\$ 270,608,877</u>	<u>\$ 240,754,931</u>	<u>\$ 210,392,947</u>	<u>\$ 194,295,062</u>	<u>\$ 222,290,507</u>	<u>\$ 223,485,807</u>	<u>\$ 217,507,599</u>

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

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
REVENUES										
Sales tax	\$ 73,149,434	\$ 62,476,792	\$ 58,090,065	\$ 58,722,796	\$ 65,431,665	\$ 68,941,867	\$ 76,691,276	\$ 79,216,703	\$ 82,361,177	\$ 85,631,201
Proposition 1B PTMISEA	-	-	89,000	40,000	1,575,000	18,463	36,926	100,000	18,463	345,704
Intergovernmental	7,732,701	70,387,640	5,500,686	28,143,994	10,746,511	10,898,070	6,485,807	7,524,225	8,154,036	7,115,748
Charges for services	9,627,908	1,645,111	4,757,357	2,796,000	4,132,250	4,636,072	4,200,784	8,463,814	13,229,792	10,001,229
Investment earnings	11,528,055	14,579,218	5,359,772	3,452,217	3,125,431	1,953,729	2,868,828	2,367,676	3,905,567	1,575,879
Other	68,875	28,029	27,602	45,311	83,489	797,874	402,439	2,403,574	122,998	721,055
Total Revenues	102,106,973	149,116,790	73,824,482	93,200,318	85,094,346	87,246,075	90,686,060	100,075,992	107,792,033	105,390,816
EXPENDITURES										
General administration	8,457,347	7,848,755	7,408,261	7,084,839	7,441,201	7,403,493	8,035,616	7,817,690	8,937,608	8,804,389
Transportation	111,268,790	112,255,930	75,118,626	74,982,641	94,003,700	93,460,643	84,423,448	94,320,118	75,699,168	75,956,253
Habitat plan	534,850	601,724	707,193	301,390	237,929	178,868	254,044	315,080	640,604	670,616
Investment expense	5,397,353	748,954	699,422	2,021,595	948,577	872,724	182,681	129,539	157,619	136,942
Debt service:										
Principal	54,296	65,901	58,620	38,849	31,376	26,077	25,366	2,786,040	2,900,459	1,744,974
Interest	6,416,338	13,654,547	11,598,938	7,037,856	11,859,009	11,970,398	12,270,990	13,780,495	14,686,027	16,525,069
Capital outlay:										
Capital assets	13,576,217	4,206,120	3,047,841	676,403	426,500	2,726,780	1,591,800	3,879,018	3,575,248	6,031,438
Capital leases	72,344	50,316	8,330	37,938	34,590	5,464	47,872	158,750	103,928	10,995
Total Expenditures	145,777,535	139,432,247	98,647,231	92,181,511	114,982,882	116,644,447	106,831,817	123,186,730	106,700,661	109,880,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,670,562)	9,684,543	(24,822,749)	1,018,807	(29,888,536)	(29,398,372)	(16,145,757)	(23,110,738)	1,091,372	(4,489,860)
OTHER FINANCING SOURCES (USES)										
Commercial paper proceeds	-	-	-	216,190,785	-	-	-	-	-	-
Bond anticipation note proceeds	210,003,362	-	-	-	-	-	-	-	-	-
Bond anticipation note defeasement	-	-	-	(206,469,378)	-	-	-	-	-	-
Commercial paper retirements	-	-	-	(92,000,000)	-	-	-	-	-	-
2014 Tax Bond proceeds	-	-	-	-	-	-	-	56,592,479	-	-
2017 Tax Bond proceeds	-	-	-	-	-	-	-	-	-	239,584,484
Bond note defeasement	-	-	-	-	-	-	-	-	-	(241,083,827)
Operating transfers - in	-	-	-	255,239	-	-	-	-	-	-
Operating transfers - out	-	-	-	(255,239)	-	-	-	-	-	-
Proceeds on sale of assets	3,204,945	-	-	-	-	-	-	-	-	-
Capital leases	72,344	50,316	8,330	37,938	34,590	5,464	47,872	158,750	103,928	10,995
Total Other Financing Sources (Uses)	213,280,651	50,316	8,330	(82,240,655)	34,590	5,464	47,872	56,751,229	103,928	(1,488,348)
NET CHANGE IN FUND BALANCES	\$ 169,610,089	\$ 9,734,859	\$ (24,814,419)	\$ (81,221,848)	\$ (29,853,946)	\$ (29,392,908)	\$ (16,097,885)	\$ 33,640,491	\$ 1,195,300	\$ (5,978,208)
Debt service as a percentage of noncapital expenditures	4.90%	10.15%	12.20%	7.74%	10.38%	10.53%	11.69%	13.90%	17.07%	17.52%

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE FISCAL YEARS ENDING JUNE 30, 2008 THROUGH JUNE 30, 2017**

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
INTERGOVERNMENTAL										
TDA Administration	\$ 181,271	\$ 214,176	\$ 146,711	\$ 242,475	\$ 224,835	\$ 250,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 265,000
State Transit Assistance	137,964	40,822	-	72,019	73,175	76,832	75,072	71,168	54,342	-
RTIF Administration and Third Party Costs	22,169	2,126	11,109	59,160	60,565	16,893	12,538	45,731	55,566	74,461
Freeway Service Patrol	469,166	478,210	217,446	217,845	218,774	537,791	832,446	848,758	777,908	317,490
Ridesharing - Stanislaus Co.	160,000	141,500	132,247	143,779	153,978	155,000	190,000	195,000	195,000	195,000
Ridesharing - Merced County TDM	-	-	-	2,578	36,867	46,734	-	10,001	8,327	-
Rideshare-Amador/Calaveras/Tuolumne County	12,000	12,000	12,000	12,000	12,000	3,000	-	-	-	-
Habitat Funds/Habitat Management Measure K	528,012	478,344	347,870	333,429	292,690	367,086	372,871	584,825	583,768	421,996
Fed. Highways Plng. & Admin/SPR/PPM	1,180,287	1,401,413	1,000,000	1,366,000	1,375,150	1,448,350	1,490,000	1,505,000	1,505,000	1,542,000
Federal Transit Administration	1,546,086	1,518,403	1,405,945	1,079,826	1,213,771	1,154,608	1,190,763	1,575,259	1,505,580	1,243,678
FHWA Partnership Planning	218,673	296,091	213,067	301,454	300,610	380,023	203,105	437,164	343,739	212,908
JARC Mobility and Operations FTA 5316	-	-	150,000	-	-	1,108	78,598	68,788	140,774	154,717
RSTP	-	-	-	63,545	100,459	-	-	-	-	-
Calaveras COG	-	-	-	22,510	129,813	85,619	-	-	258,053	454,996
City of Manteca	-	-	-	-	-	3,714	14,707	9,807	21,171	3,851
State Affordable Housing	-	-	-	-	-	4,212	4,027	569	4,908	-
CMAQ/IRP/WTW/CIRIS	-	-	-	-	-	-	-	-	69,967	20,405
CMAQ/Congest. Mitigation/Rideshare	404,113	488,462	486,047	918,808	545,137	431,403	494,486	731,529	845,938	774,037
San Joaquin Valley Air District	-	-	-	-	-	-	20,000	-	-	-
Airport Land Use Commission	665	900	1,610	1,843	1,790	2,633	15,147	2,615	2,493	-
Sacramento COG 511/FSP Match/Website Upgrade	-	115,016	94,621	79,818	79,602	81,164	59,780	88,900	218,527	132,794
Sacramento COG SP&R	-	-	-	2,595	21,603	4,989	-	-	-	-
RTP/Sustainable Energy	-	-	-	-	-	-	3,226	-	-	29,686
Caltrans SP&R Smart Growth Program	-	-	-	90,845	209,155	-	-	-	-	-
SB 45 STIP PP&M Program	431,323	300,000	192,059	218,941	205,000	205,000	200,000	200,000	200,000	200,000
Caltrans State Public Trans-Account Funds	-	-	-	-	-	-	18,000	-	-	-
Cost of Issuance on Tax Bond	-	-	-	-	-	-	25,000	-	-	51,612
StanCOG Multi-County Travel Demand Model	-	-	-	-	-	-	60,000	-	-	-
Tri-County Forecasting	-	-	-	-	-	-	-	-	15,350	15,200
Valley Blue Print	172,673	129,449	71,448	20,884	-	-	-	-	-	-
USDOT SR130/FAA	300,494	86,096	-	-	-	-	-	-	-	-
Valley Wide Air Quality	-	-	148,436	99,653	190,061	155,331	165,750	134,624	192,711	145,089
ALUP - SJCOG TDA	255,399	344,601	139,397	50,000	-	-	-	31,817	123,695	17,375
Planning - SJCOG TDA	829,407	608,125	538,590	559,603	700,981	681,191	735,291	757,670	806,219	841,043
Total Intergovernmental	6,849,702	6,655,734	5,459,798	5,959,610	6,146,016	6,092,681	6,485,807	7,524,225	8,154,036	7,113,338
USE OF MONEY AND PROPERTY										
Interest Income	44,261	31,670	8,519	6,496	5,700	5,085	6,163	3,702	4,825	5,558
Unrealized Gain (Loss) on Inv.	(6,158)	9,120	(1,211)	(1,097)	228	75	-	-	-	-
Total Use of Money and Property	38,103	40,790	7,308	5,399	5,928	5,160	6,163	3,702	4,825	5,558
OTHER REVENUE										
SJCOG Fees - Data Sales	364	696	815	251	125	-	-	-	-	-
Donations and Other Local Revenue	66,762	25,903	27,602	45,312	62,135	23,327	10,989	15,763	15,343	26,460
Total Other Revenue	67,126	26,599	28,417	45,563	62,260	23,327	10,989	15,763	15,343	26,460
Total Revenues	\$ 6,954,931	\$ 6,723,123	\$ 5,495,523	\$ 6,010,572	\$ 6,214,204	\$ 6,121,168	\$ 6,502,959	\$ 7,543,690	\$ 8,174,204	\$ 7,145,356

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL FUND
FOR THE FISCAL YEARS ENDING JUNE 30, 2008 THROUGH JUNE 30, 2017**

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
EXPENDITURES										
RTP Update	\$ 104,159	\$ 150,218	\$ 409,341	\$ 139,322	\$ 161,325	\$ 463,545	\$ 897,004	\$ 631,264	\$ 612,405	\$ 342,379
RTP / Affordable Housing	-	-	-	-	-	-	-	-	69,967	19,805
RTP Studies	504,228	567,449	286,784	72,953	126,098	66,149	104,362	1,558	82,031	130,058
Regional Transp. Improv. Plan	267,209	255,668	334,835	348,878	284,602	352,156	377,440	420,885	426,434	211,197
Road/Street Monitoring	773,030	830,392	547,751	610,351	534,837	461,186	552,434	619,487	836,090	843,786
Transit Coordination	356,637	483,932	240,499	337,769	267,419	407,697	159,023	461,302	425,450	212,908
Transportation Air Quality	211,804	219,606	362,956	301,574	473,827	534,510	524,971	509,867	496,806	535,089
Good Movements	124,998	97,093	57,032	74,382	82,034	46,885	4,472	45,858	52,365	13,017
Goods Movement/Partnership Planning	-	-	-	-	-	-	-	-	167,782	151,955
Technical Assistance	37,267	25,453	20,643	15,921	11,045	14,832	19,119	10,377	48,584	12,571
Intergovernmental Coordination	406,864	344,386	280,077	292,606	250,967	231,065	233,658	260,088	240,638	247,793
Projects and Forecasts	100,092	65,407	75,957	72,680	91,988	89,751	79,036	121,028	199,628	150,142
Aviation and Land Use	260,339	367,155	139,397	133,158	96,875	56,581	67,035	73,546	148,673	17,375
Congestion Management	290,491	160,898	325,680	131,578	282,224	254,819	181,640	158,806	212,578	127,182
Regional Planning	86,888	33,502	2,010	10,587	28,117	31,040	34,841	27,620	37,969	45,103
Valley M.P.O. Coordination	123,667	169,988	108,074	112,993	76,544	38,376	64,080	45,935	97,131	59,502
Interregional Partnership	10,323	17,819	7,444	254,997	16,804	-	-	-	-	-
San Joaquin Valley Blueprint	208,222	214,025	116,721	56,257	-	-	-	-	-	-
Habitat Implementation	-	5,125	23,302	11,223	41,014	7,767	-	-	-	-
Measure K Program Management	346,961	256,309	169,049	252,460	171,515	170,589	148,419	166,377	176,710	218,818
RTIF	34,877	32,419	16,596	76,580	85,853	30,392	24,892	63,287	86,951	182,004
Smart Growth	99,672	31,285	-	113,557	269,804	-	-	-	8,500	7,493
COG OWP Mgmt. & Admin.	237,752	203,873	139,644	166,163	146,601	142,159	210,804	305,226	358,938	197,178
TDA Administration	181,271	214,176	146,711	242,475	272,981	271,265	278,191	369,794	329,559	272,086
Community Involvement	349,511	277,043	143,789	81,553	125,327	84,236	36,153	56,645	35,880	17,465
Capital Outlay/Deprec./Ins. Adjustment	(93,171)	(170,027)	(206,027)	182,914	(103,927)	(31,976)	7,462	140,583	134,468	(291,148)
ISTEA/TEA-21 Management	-	-	-	-	-	-	-	-	-	-
Ridesharing - S.J. County/Stan. County TDM	818,667	663,440	643,407	1,186,219	889,092	660,360	800,224	1,016,841	1,173,642	1,005,873
Freeway Service Patrol	570,490	577,445	299,876	290,506	285,575	633,961	888,767	944,524	876,094	399,931
SJCOG Interns	-	-	-	-	-	-	-	-	-	3,184
Under (Over) - Applied Costs	55,576	193,278	1,524,189	251,777	1,158,454	1,042,610	1,110,508	(285,045)	265,920	2,077,660
Total Expenditures	\$ 6,467,824	\$ 6,287,357	\$ 6,215,737	\$ 5,821,433	\$ 6,126,995	\$ 6,059,955	\$ 6,804,535	\$ 6,165,853	\$ 7,601,193	\$ 7,210,406

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
PROFILE OF TAXABLE SALES
2008-2017
(UNAUDITED)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Retail Stores										
Apparel stores	3.79%	4.77%	5.12%	5.06%	4.88%	5.09% *	5.08% *	n/a *	n/a *	n/a
General merchandise	9.91%	11.14%	11.66%	11.20%	10.40%	10.35% *	9.92% *	n/a *	n/a *	n/a
Specialty stores	5.31%	6.87%	6.90%	6.58%	6.21%	5.98% *	5.74% *	n/a *	n/a *	n/a
Eating and drinking group	9.77%	11.21%	10.77%	10.54%	10.88%	10.93% *	11.22% *	n/a *	n/a *	n/a
Building material group	5.22%	5.45%	5.20%	5.02%	5.11%	5.31% *	5.28% *	n/a *	n/a *	n/a
Automotive group	21.36%	18.55%	19.42%	20.89%	22.13%	21.88% *	21.80% *	n/a *	n/a *	n/a
Other retail stores	12.16%	9.66%	9.39%	9.02%	8.86%	9.37% *	9.44% *	n/a *	n/a *	n/a
Business and personal services	4.19%	4.79%	4.53%	4.42%	4.30%	4.32% *	4.32% *	n/a *	n/a *	n/a
All other	28.29%	27.56%	27.01%	27.27%	27.23%	26.77% *	27.20% *	n/a *	n/a *	n/a
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%

SOURCE: CALIFORNIA STATE BOARD OF EQUALIZATION

* 2013, 2014, 2015, and 2016 Data reflects 1st and 2nd quarter. 3rd and 4th quarter data was not yet available.

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Governmental Activities:</u>										
General government	\$ 6,493,431	\$ 6,292,146	\$ 6,203,470	\$ 5,921,697	\$ 6,263,778	\$ 6,118,418	\$ 6,674,200	\$ 6,175,981	\$ 7,475,155	\$ 7,357,834
Transportation	122,691,177	124,121,214	84,886,628	82,211,723	95,878,429	94,290,443	84,563,205	93,990,838	75,397,967	76,213,793
Habitat development	1,062,862	1,080,070	1,055,063	634,819	530,619	545,955	626,915	899,905	1,224,372	1,092,612
Commute Connection program	-	-	-	-	-	500	50	-	-	-
Building interest expense	216,900	212,874	205,015	47,057	36,147	19,923	55,843	53,346	51,073	37,298
Measure K Renewal investment interest expense	-	-	-	-	11,822,862	11,950,475	12,215,147	13,727,149	14,634,954	15,600,045
Total Expenses	\$ 130,464,370	\$ 131,706,304	\$ 92,350,176	\$ 88,815,296	\$ 114,531,835	\$ 112,925,714	\$ 104,135,360	\$ 114,847,219	\$ 98,783,521	\$ 100,301,582

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

<u>Fiscal Year</u>	<u>Local Transportation Fund</u>	<u>State Transit Assistance Fund</u>	<u>Measure K and Measure K Renewal Fund</u>	<u>Total</u>
2016-17	\$ 28,034,833	\$ 3,090,860	\$ 54,505,508	\$ 85,631,201
2015-16	26,873,978	3,364,546	52,122,653	82,361,177
2014-15	25,255,642	4,387,887	49,573,174	79,216,703
2013-14	24,509,779	4,561,824	47,619,673	76,691,276
2012-13	22,706,297	4,805,389	46,235,570	73,747,256
2011-12	22,059,739	-	43,374,926	65,434,665
2010-11	19,609,278	-	39,113,518	58,722,796
2009-10	17,953,026	4,587,275	35,549,764	58,090,065
2008-09	20,270,843	1,739,077	40,466,872	62,476,792
2007-08	23,155,198	3,661,440	45,580,925	72,397,563

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
DIRECT AND OVERLAPPING SALES TAX RATES
2008-2017**

<u>Fiscal Year</u>	<u>Sales Tax Measure K</u>	<u>County of San Joaquin *</u>	<u>City of Manteca</u>	<u>City of Stockton</u>	<u>City of Tracy</u>	<u>City of Lathrop</u>
2017	0.50%	7.75%	8.25%	9.00%	8.25%	8.75%
2016	0.50%	8.00%	8.50%	9.00%	8.00%	9.00%
2015	0.50%	8.00%	8.50%	9.00%	8.50%	9.00%
2014	0.50%	8.00%	8.50%	9.00%	8.50%	9.00%
2013	0.50%	8.00%	8.51%	8.00%	8.50%	9.00%
2012	0.50%	7.75%	8.25%	8.00%	8.25%	n/a
2011	0.50%	7.75%	8.25%	8.00%	8.75%	n/a
2010	0.50%	8.75%	9.25%	9.00%	n/a	n/a
2009	0.50%	8.25%	8.75%	8.50%	n/a	n/a
2008	0.50%	7.25%	7.75%	7.50%	n/a	n/a

Source: California State Board of Equalization

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

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

County and Cities	2007		2015		
	Rank	Taxable Sales	Percentage of Total	Taxable Sales	Percentage of Total
San Joaquin County		\$ 9,326,761	100.00%	\$ 10,467,213	100.00%
Stockton	1	3,663,679	39.28%	3,708,571	35.43%
Unincorporated	2	1,407,633	15.09%	1,524,812	14.57%
Tracy	3	1,133,674	12.16%	1,421,064	13.58%
Unallocated	4	991,383	10.63%	1,417,988	13.55%
Lodi	5	855,072	9.17%	909,889	8.69%
Manteca	6	748,489	8.03%	922,591	8.81%
Lathrop	7	247,704	2.66%	229,438	2.19%
Ripon	8	202,657	2.17%	256,615	2.45%
Escalon	9	76,470	0.82%	76,245	0.73%
Total San Joaquin County		<u>\$ 9,326,761</u>	<u>100.00%</u>	<u>\$ 10,467,213</u>	<u>100.00%</u>

Source: California State Board of Equalization
Data for 2016 and 2017 are not available.

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES								TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	BOND ANTICIPATION NOTES	2011 SALES TAX REVENUE BONDS	2014 SALES TAX REVENUE BONDS	2017 SALES TAX REVENUE BONDS	CAPITAL LEASES	COMMERCIAL PAPER	LINE OF CREDIT				
2017	\$ - *	\$ -	\$ 50,129,794 ***	\$ 239,265,570 ****	\$ 121,766	\$ -	\$ 75,000,000	\$ 364,517,130	N/A	488.1	
2016	- *	212,372,478	50,665,689 ***	-	195,140	-	75,000,000	338,233,307	N/A	461.2	
2015	- *	212,890,402	53,421,584 ***	-	176,671	-	75,000,000	341,488,657	N/A	474.6	
2014	- *	212,933,326	-	-	48,962	-	75,000,000	287,982,288	N/A	405.2	
2013	- *	212,976,251	-	-	26,387	-	75,000,000	288,002,638	N/A	410.4	
2012	- *	213,019,175	-	-	47,072	75,000,000	-	288,066,247	1.2415%	415.7	
2011	- *	213,062,099	-	-	43,858	75,000,000	-	288,105,957	1.3343%	418.1	
2010	205,114,860	- **	-	-	44,770	167,000,000	-	372,159,630	1.7610%	536.0	
2009	207,461,341	- **	-	-	95,059	167,000,000	-	374,556,400	1.7863%	543.2	
2008	209,807,822	- **	-	-	110,644	167,000,000	-	376,918,466	1.7845%	552.4	

SOURCE: FINANCE DEPARTMENT

Data not available because:

- (*) Bond Anticipation Notes were not issued until May 2008 and were defeased in March of 2011.
- (**) Sales Tax Revenue Bonds were not issued until March 2011.
- (***) Sales Tax Revenue Bonds were not issued until July 2014.
- (****) Sales Tax Revenue Bonds were not issued until April 2017.

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

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

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

YEAR	COUNTY POPULATION (JANUARY 1)	TOTAL HOUSING UNITS	NEW HOUSING UNITS	TAXABLE SALES (IN THOUSANDS)
2017	746,868	241,021	1,616 **	n/a
2016	733,383	239,405	1,500 **	n/a
2015	719,511	237,905	962 **	\$ 10,467,213
2014	710,731	236,943	1,037 *	\$ 4,817,009
2013	701,745	235,906	914	\$ 4,609,442
2012	963,013	234,992	649	\$ 9,010,930
2011	689,160	234,343	4,516	\$ 8,426,952
2010	694,293	229,827	846	\$ 7,602,090
2009	689,480	228,981	1,642	\$ 7,260,073
2008	682,316	227,339	3,370	\$ 8,696,074

SOURCES:

Population and New Housing – California Department of Finance

Taxable Sales – California State Board of Equalization

* Taxable Sales Data for 2014 Reflects 1st, 2nd, & 3rd Quarter, 4th Quarter Data Not Available

** Taxable Sales Data for 2016-2017 Was Not Yet Available

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

CALENDAR YEAR	COUNTY ⁽¹⁾ POPULATION (JANUARY 1)	PERSONAL ⁽⁴⁾ INCOME \$ THOUSANDS	PER CAPITA ⁽⁴⁾ PERSONAL INCOME	MEDIAN ⁽³⁾ AGE	UNEMPLOYMENT ⁽²⁾ RATE		
2017	746,868	N/A	*	N/A	*	N/A	N/A
2016	733,383	N/A	*	N/A	*	N/A	N/A
2015	719,511	N/A	*	N/A	*	N/A	N/A
2014	710,731	N/A	*	N/A	*	33.7	11.10%
2013	701,745	\$ 24,480,660	\$ 34,755	33.5		12.80%	
2012	693,013	23,203,279	33,024	33.0		15.00%	
2011	689,160	21,591,743	31,331	32.6		16.89%	
2010	694,293	21,133,128	30,438	32.7		17.30%	
2009	689,480	20,968,710	30,412	32.2		15.39%	
2008	682,316	21,121,955	30,956	31.8		10.39%	

SOURCE: California Employment Development Department

(1) California Department of Finance

(2) California Employment Development Department

(3) U.S. Census Bureau

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

(*) Data for 2015-2016 is not yet available, therefore, 2013 data is the most current year provided.

**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SAN JOAQUIN COUNTY EMPLOYMENT BY INDUSTRY
CALENDAR YEAR 2016 AND TEN YEARS PRIOR**

Industry Type	2007		2016	
	Average Annual Employment	% of Total Employment	Average Annual Employment	% of Total Employment
Agriculture	\$ 14,500	6.30%	\$ 16,600	6.85%
Natural Resources and Mining	14,000	6.08%	11,200	4.62%
Manufacturing	21,900	9.51%	18,700	7.71%
Trade, Transportation, and Utilities	51,400	22.33%	61,000	25.17%
Financial Activities	9,900	4.30%	7,500	3.09%
Professional and Business Services	18,300	7.95%	19,400	8.00%
Government	40,300	17.51%	40,900	16.87%
Educational and Health Services	31,900	13.86%	37,200	15.35%
Leisure and Hospitality	17,800	7.73%	20,300	8.37%
Other Services	7,700	3.34%	7,600	3.14%
Information	2,500	1.09%	2,000	0.83%
Total, All Industries	\$ 230,200	100.0%	\$ 242,400	100.0%

SOURCE: California Employment Development Department, Labor Market Information Division, Industry Employment and Labor Force - by Annual Average, March 2008 Benchmark.

Employment figures may not add up to totals due to rounding.

(1) Data for 2017 is not yet available; therefore, 2016 data is provided.

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

<u>FUNCTION</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Executive Director	1	1	1	1	1	1	1	1	1	1
Deputy Executive Director/CFO	1	1	1	1	1	1	1	1	1	1
Deputy Director	1	1	1	1	1	1	1	1	1	1
Manager of Administrative Services	1	1	1	1	1	1	1	1	1	1
Public Communications Manager	1	1	1	1	1	-	1	1	1	1
Project Manager	1	1	1	1	1	1	2	2	2	1
Planners	15	15	15	16	16	16	15	13	16	16
Finance	5	5	4	4	4	4	4	4	4	4
Information Technology	2	2	2	1	1	1	1	1	1	1
Administration	5	4	4	4	4	4	4	2	2	3
Building Maintenance	1	1	1	-	-	-	-	-	-	-
Interns	1	-	-	1	2	1	-	-	-	2
Total Approved Full-Time Positions	35	33	32	32	33	31	31	27	30	32

**BY PROJECT
LAST TEN FISCAL YEARS**

<u>DIRECT PROJECTS</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Regional Transportation Plan Update	0.36	0.51	1.80	0.53	0.67	1.84	3.15	1.80	1.79	1.45
RTP Affordable Housing	-	-	-	-	-	-	-	-	0.20	0.08
Regional Planning Studies	1.74	1.93	1.26	0.28	0.52	0.26	0.37	-	0.24	0.55
Regional Transportation Improvement Plan	0.92	0.87	1.47	1.33	1.18	1.39	1.33	1.20	1.24	0.90
Roads and Streets Planning	2.67	2.83	2.40	2.32	2.21	1.83	1.94	1.77	2.44	3.58
Transit Coordination Planning	1.23	1.65	1.06	1.29	1.11	1.61	0.56	1.32	1.24	0.90
Transportation Air Quality	0.73	0.75	1.59	1.15	1.96	2.12	1.85	1.45	1.45	2.27
Goods Movement	0.43	0.33	0.25	0.28	0.34	0.19	0.02	0.13	0.15	0.06
Goods Movement / Partnership Planning	-	-	-	-	-	-	-	-	0.49	0.64
Ongoing Technical Assistance	0.13	0.09	0.09	0.06	0.05	0.06	0.07	0.03	0.14	0.05
Intergovernmental Coordination	1.41	1.17	1.23	1.11	1.04	0.92	0.82	0.74	0.70	1.05
Projections and Forecast	0.35	0.22	0.33	0.28	0.38	0.36	0.28	0.35	0.58	0.64
Aviation and Land Use	0.90	1.25	0.61	0.51	0.40	0.22	0.24	0.21	0.43	0.07
Congestion Management Prog/Sys	1.00	0.55	1.43	0.50	1.17	1.01	0.64	0.45	0.62	0.54
Regional Planning Studies	0.30	0.11	0.01	0.04	0.12	0.12	0.12	0.08	0.11	0.19
Valley MPO Coordination	0.43	0.58	0.47	0.43	0.32	0.15	0.23	0.13	0.28	0.25
Interregional Partnerships	0.04	0.06	0.03	0.97	0.07	-	-	-	-	-
S.J. Valley Blueprint	0.72	0.73	0.51	0.21	-	-	-	-	-	-
Habitat Implementation	-	0.02	0.10	0.04	0.17	0.03	-	-	-	-
Measure K Administration	1.20	0.87	0.74	0.96	0.71	0.68	0.52	0.47	0.52	0.93
Regional Transportation Impact Fee	0.12	0.11	0.07	0.29	0.36	0.12	0.09	0.18	0.25	0.77
Smart Growth	0.34	0.11	-	0.43	1.12	-	-	-	0.02	0.03
COG OWP Management and Administration	0.82	0.69	0.61	0.63	0.61	0.56	0.74	0.87	1.05	0.84
TDA Administration	0.63	0.73	0.64	0.92	1.13	1.07	0.98	1.05	0.96	1.15
Community Involvement	1.21	0.94	0.63	0.31	0.52	0.33	0.13	0.16	0.10	0.07
ISTEA/TEA-21 Management	-	-	-	-	-	-	-	-	-	-
Transportation Demand Management	2.83	2.26	2.82	4.51	3.68	2.62	2.81	2.90	3.42	4.27
Freeway Service Patrol	1.99	1.97	1.35	1.12	1.16	2.51	3.11	2.69	2.55	1.70
Subtotal - Direct Projects	22.50	21.33	21.50	20.50	21.00	20.00	20.00	17.98	21.00	22.98
<u>INDIRECT</u>	12.50	11.50	10.50	11.50	12.00	11.00	11.00	9.00	9.00	9.00
Total Full-Time Employees Based on Total Hours	35.00	32.83	32.00	32.00	33.00	31.00	31.00	26.98	30.00	31.98

SOURCE: San Joaquin Council of Governments

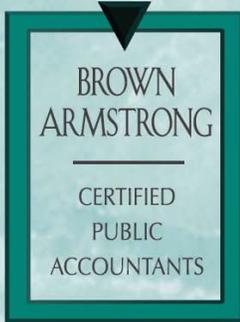
**SAN JOAQUIN COUNCIL OF GOVERNMENTS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN YEARS**

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Square footage of SJCOG Complex	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
SJCOG INC.										
Acres of Habitat Easements	7,815.41	8,327.41	8,910.11	9,510.11	9,894.11	10,799.91	11,508.11	12,622.11	13,153.78	13,915.28
Preservation Credit	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34

SOURCE: San Joaquin Council of Governments Records

OTHER REPORTS

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BROWN ARMSTRONG

Certified Public Accountants

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

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

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the San Joaquin Council of Governments (the Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Council is the recipient agency of Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Program funds for the Cities of Escalon, Manteca, and Tracy. During the fiscal year ended June 30, 2017, the Council received \$345,704 from the State's PTMISEA account for disbursement to the above mentioned cities. As of June 30, 2017, PTMISEA funds received and claims paid to cities were verified in the course of our audit as follows:

	<u>2017</u>
PTMISEA balance designated for future claims, beginning	\$ 575,834
PTMISEA funds received	308,769
Interest earned on PTMISEA deposits	5,161
TSSSDRA funds received	36,935
Interest earned on TSSSDRA deposits	301
Claims paid to cities	<u>(151,687)</u>
PTMISEA balance designated for future claims, ending	<u>775,313</u>
 RECONCILIATION TO FINANCIAL STATEMENT	
Designated for PTMISEA claims	775,313
Designated for other STA claims	<u>123,612</u>
Designated for future claims	<u>\$ 898,925</u>

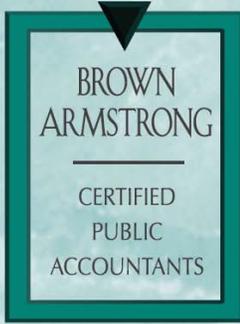
Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 22, 2017



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

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Report on Compliance for Each Major Federal Program

We have audited the San Joaquin Council of Governments' (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2017. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

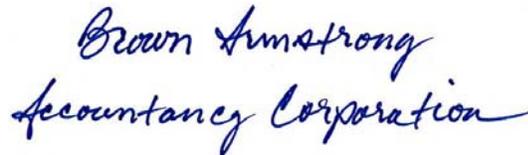
Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types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

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

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

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California
December 22, 2017

FINDINGS AND QUESTIONED COSTS SECTION

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**SAN JOAQUIN COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major programs:

CFDA# 20.505	Metropolitan Transportation Planning and Non-Metropolitan Planning and Research
CFDA# 20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

2. Financial Statement Findings

None.

3. Federal Award Findings and Questioned Costs

None.

4. Status of Prior Year Findings and Questioned Costs

None.

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