



# SAN JOAQUIN COUNCIL OF GOVERNMENTS

JUNE 30, 2023

MEASURE K – LOCAL JURISDICTION  
MAINTENANCE OF EFFORT

Focused  
on YOU



SAN JOAQUIN COUNCIL OF GOVERNMENTS

Measure K – Local Jurisdiction  
Maintenance of Effort

June 30, 2023

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
San Joaquin Council of Governments

We have performed the procedures enumerated below, which were agreed to by the San Joaquin Council of Governments (the specified party), solely to assist you in evaluating the San Joaquin County local jurisdictions' compliance with the Transportation Improvement Program Procedures, as prescribed in Section 4 of the San Joaquin County Local Transportation Improvement Plan as of June 30, 2023.

San Joaquin Council of Governments has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the San Joaquin County local jurisdictions' compliance with the Transportation Improvement Program Procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The requirements as specified in Section 4 of the San Joaquin County Local Transportation Improvement Plan are as follows:

SECTION 4. "TRANSPORTATION IMPROVEMENT  
PROGRAM PROCEDURES."

It is the intent of the Legislature and the Authority that revenues provided from this Ordinance be used to supplement existing revenues being used for transportation improvements and programs. Each local jurisdiction receiving Local Street Repair funds pursuant to the Transportation Expenditure Plan shall meet the requirements in that section.

Under state enabling legislation, a jurisdiction cannot redirect monies currently being used for transportation purposes to other uses, and then replace the redirected funds with local street maintenance and improvement dollars from the retail transaction and use tax. To meet the requirements of state law, a jurisdiction must demonstrate maintenance or a minimum level of local street and road expenditures in conformance with one of the requirements below.

- A. Annual expenditures of general funds for transportation purposes shall be an amount not less than the jurisdiction's annual average of its expenditures from its general fund during the 1987-88, 1988-89, and 1989-90 fiscal years, as reported to the State Controller. In calculating the annual general fund expenditures' three-year average, any unrestricted funds with the local jurisdiction may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for transportation purposes are expenditures from the general fund.



To the Board of Directors  
San Joaquin Council of Governments

The Authority shall annually update the base year and preceding three-year base period for the establishment of an annual minimum based on the information available from the State Controller's Annual Report of Financial Transactions for Streets and Roads.

- B. For any city incorporated after July 1, 1987, the Authority shall calculate the annual average of general fund expenditures for transportation purposes for the period between July 1, 1987, and June 30, 1990, that the city was incorporated.
- C. If any local jurisdiction had extraordinary local discretionary fund expenditures during fiscal year 1988-89, it may use, as a base for determining the minimum level of local discretionary funds:
  - 1. The net contribution obtained by subtracting those extraordinary expenses (including but not limited to Senate Bill (SB) 300 funds, assessment district contributions, development impact funds, redevelopment agency contributions, or other non-recurring contributions) from its total expenditures; or
  - 2. A petition to the Authority for special consideration. A local jurisdiction may need to revise its minimum expenditure base beyond the subtraction of extraordinary expenses. In this instance, the Authority may allow the establishment of a new base for that jurisdiction's maintenance of effort requirement. A local jurisdiction petitioning the Authority under this provision must supply evidence of the need for special consideration.

The use of provisions C.1 or 2 of this Section by a local jurisdiction shall be subject to Authority approval.

- D. In November 2013, the Board of Directors approved a modification to the Maintenance of Effort (MOE) waiver setting the calculation of the MOE as the most recent three-years prior to the resumption of MOE compliance (second year after reaching historical sales tax high is \$47,000,000).

The Authority shall annually update the base year and preceding three-year base period for the establishment of an annual minimum based on the information available from the State Controller's Annual Report of Financial Transactions for Streets and Roads.

The accompanying Calculation of Annual Average General Fund Expenditures Threshold for June 30, 2023, Calculation of Annual Average of General Fund Expenditures – Actual vs. Annual Average by Jurisdiction for June 30, 2023 and the Calculation of Annual Average General Fund Expenditures Threshold for June 30, 2024, as listed in the table of contents, are used to meet the reporting requirements of Section 4 of the San Joaquin County Local Transportation Improvement Plan. As a part of these agreed-upon procedures, we traced the information provided for the year ended June 30, 2023, to the appropriate Annual Street Report submitted to the State Controller's Office by each jurisdiction.



To the Board of Directors  
San Joaquin Council of Governments

We were engaged by the specified party to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on any jurisdiction's maintenance of effort. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the specified party and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors of the San Joaquin Council of Governments and the jurisdictions, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Lance, Solt & Lughard, LLP*

Sacramento, California  
August 26, 2024

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Measure K - Local Jurisdiction Maintenance of Effort**  
**Calculation of Annual Average General Fund Expenditures Threshold**  
**June 30, 2023**

| General Fund Expenditures by Year                        | 2023 Threshold Calculation |            |            |              |              |       |              |              |
|--|----------------------------|------------|------------|--------------|--------------|-------|--------------|--------------|
|  | County of<br>San Joaquin   | Escalon    | Lathrop    | Lodi         | Manteca      | Ripon | Stockton     | Tracy        |
| For the Fiscal Year Ended<br>June 30, 2020               | \$ 8,025,403               | \$ 269,813 | \$ 321,474 | \$ 2,243,779 | \$ 1,515,977 | \$ -  | \$ 921,216   | \$ 1,840,128 |
| For the Fiscal Year Ended<br>June 30, 2021               | 8,603,224                  | 262,664    | 301,489    | 2,386,460    | 3,834,276    | -     | 1,262,518    | 2,289,344    |
| For the Fiscal Year Ended<br>June 30, 2022               | 9,163,456                  | 279,133    | 375,900    | 2,572,692    | 1,994,258    | -     | 1,344,155    | 6,131,171    |
| Three Year Total   | 25,792,083                 | 811,610    | 998,863    | 7,202,931    | 7,344,511    | -     | 3,527,889    | 10,260,643   |
| Average Annual Expenditure<br>(Total/3) = 2023 Threshold | \$ 8,597,361               | \$ 270,537 | \$ 332,954 | \$ 2,400,977 | \$ 2,448,170 | \$ -  | \$ 1,175,963 | \$ 3,420,214 |

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Measure K - Local Jurisdiction Maintenance of Effort**  
**Calculation of Annual Average General Fund Expenditures**  
**Actual VS. Annual Average by Jurisdiction**  
**June 30, 2023**

| Jurisdiction                        |                     | 1991-2022<br>Prior<br>Cumulative Excess<br>(Under expended) | 1991-2023<br>Total<br>Cumulative Excess<br>(Under expended) |
|-------------------------------------|---------------------|---|---|
| <b>County of San Joaquin</b>        |                     |   |   |
| Actual General Fund Expenditures    | \$ 9,558,701        |   |   |
| Three Year Average Threshold Amount | <u>(8,597,361)</u>  |   |   |
| Excess (Under expended)             | <u>\$ 961,340</u>   | <u>\$ 10,755,734</u>  | <u>\$ 11,717,074</u>  |
| <b>Escalon</b>                      |                     |   |   |
| Actual General Fund Expenditures    | \$ 315,400          |   |   |
| Three Year Average Threshold Amount | <u>(270,537)</u>    |   |   |
| Excess (Under expended)             | <u>\$ 44,863</u>    | <u>\$ 168,041</u>   | <u>\$ 212,904</u>   |
| <b>Lathrop</b>                      |                     |   |   |
| Actual General Fund Expenditures    | \$ 3,834,041        |   |   |
| Three Year Average Threshold Amount | <u>(332,954)</u>    |   |   |
| Excess (Under expended)             | <u>\$ 3,501,087</u> | <u>\$ 2,872,037</u>   | <u>\$ 6,373,124</u>   |
| <b>Lodi</b>                         |                     |   |   |
| Actual General Fund Expenditures    | \$ 3,200,318        |   |   |
| Three Year Average Threshold Amount | <u>(2,400,977)</u>  |   |   |
| Excess (Under expended)             | <u>\$ 799,341</u>   | <u>\$ 2,484,803</u>   | <u>\$ 3,284,144</u>   |
| <b>Manteca</b>                      |                     |   |   |
| Actual General Fund Expenditures    | \$ 1,916,666        |   |   |
| Three Year Average Threshold Amount | <u>(2,448,170)</u>  |   |   |
| Excess (Under expended)             | <u>\$ (531,504)</u> | <u>\$ 7,559,388</u>   | <u>\$ 7,027,884</u>   |
| <b>Ripon</b>                        |                     |   |   |
| Three Year Average Threshold Amount | <u>\$ -</u>         |   |   |
| Excess (Under expended)             | <u>\$ -</u>         | <u>\$ -</u>   | <u>\$ -</u>   |
| <b>Stockton</b>                     |                     |   |   |
| Actual General Fund Expenditures    | \$ 1,240,245        |   |   |
| Three Year Average Threshold Amount | <u>(1,175,963)</u>  |   |   |
| Excess (Under expended)             | <u>\$ 64,282</u>    | <u>\$ 44,224,651</u>  | <u>\$ 44,288,933</u>  |
| <b>Tracy</b>                        |                     |   |   |
| Actual General Fund Expenditures    | \$ 6,037,680        |   |   |
| Three Year Average Threshold Amount | <u>(3,420,214)</u>  |   |   |
| Excess (Under expended)             | <u>\$ 2,617,466</u> | <u>\$ 7,790,864</u>   | <u>\$ 10,408,330</u>  |

**SAN JOAQUIN COUNCIL OF GOVERNMENTS**  
**Measure K - Local Jurisdiction Maintenance of Effort**  
**Calculation of Annual Average General Fund Expenditures Threshold**  
**June 30, 2024**

| General Fund Expenditures by Year                        | 2024 Threshold Calculation |            |              |              |              |       |              |              |
|--|----------------------------|------------|--------------|--------------|--------------|-------|--------------|--------------|
|  | County of<br>San Joaquin   | Escalon    | Lathrop      | Lodi         | Manteca      | Ripon | Stockton     | Tracy        |
| For the Fiscal Year Ended<br>June 30, 2021               | \$ 8,603,224               | \$ 262,664 | \$ 301,489   | \$ 2,386,460 | \$ 3,834,276 | \$ -  | \$ 1,262,518 | \$ 2,289,344 |
| For the Fiscal Year Ended<br>June 30, 2022               | 9,163,456                  | 279,133    | 375,900      | 2,572,692    | 1,994,258    | -     | 1,344,155    | 6,131,171    |
| For the Fiscal Year Ended<br>June 30, 2023               | 9,558,701                  | 315,400    | 3,834,041    | 3,200,318    | 1,916,666    | -     | 1,240,245    | 6,037,680    |
| Three Year Total   | 27,325,381                 | 857,197    | 4,511,430    | 8,159,470    | 7,745,200    | -     | 3,846,918    | 14,458,195   |
| Average Annual Expenditure<br>(Total/3) = 2024 Threshold | \$ 9,108,460               | \$ 285,732 | \$ 1,503,810 | \$ 2,719,823 | \$ 2,581,733 | \$ -  | \$ 1,282,306 | \$ 4,819,398 |