

February 27, 2012, 5:30 p.m.

City Hall Conference Room 109, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

1. CALL TO ORDER: Arch Bakerink called the meeting to order at 5:35 p.m.
2. ROLL CALL:
 - Present: Arch Bakerink, George Riddle, Robert Tanner, David Ciesco, Larry Hite
 - Absent: None
 - Staff Present: Zane Johnston, Finance & Administrative Services Director
 - Citizen's Present: Yes
 - Recorded by: Linda Dasse, Executive Assistant
3. ITEMS FROM THE AUDIENCE: None
4. APPROVAL OF THE SPECIAL MEETING MINUTES FOR JANUARY 23, 2012
 - Motion: Arch Bakerink
 - Second: George Riddle
 - Abstain: None
 - Vote: Approved
5. REVIEW SALES TAX (MEASURE E) PROJECTIONS

A handout entitled "Tracy Sales & Use Tax: Transactions Tax Forecast for FY 11-12 through FY 2015-2016" was given to all members of the committee by staff Liaison, Zane Johnston. Zane went over the report prepared by MuniServices. As reported, the tax forecast will produce more revenue in the next four years, but post Measure E will require weaning off these temporary revenues.

The committee recognized the impact of Measure E sales tax and the fact that without it the City would probably have an \$8 to \$9 million dollar deficit, instead of the current \$4.3 million. That being said, current projections will enhance the City's budget, but going forward costs will increase in the areas of health insurance, retirement, additional compensation per labor agreements and changes to CalPERS actuarial presumptions.

Mr. Johnston pointed out to the committee that the Measure E initiative was voter approved as a general purpose tax for the City's General Fund. It cannot be directed to any specific expenditure, nor can the Measure E dollars be isolated and tracked as they become part of the General Fund. General Fund dollars are then spent proportionately for general purposes of the City.

Chairperson Bakerink asked, "if there were any studies that were available that would show comparable City Attorney's budgets". Zane indicated he was not aware of any.
6. REVIEW MARKET SEGMENTS (WHERE TAX IS BEING GENERATED FROM)

The committee was given a chart with information regarding Measure E Revenue through 2 quarters (Apr-May-Jun and Jul-Aug-Sep 2011). Information for the final quarter of 2011 was not available as yet. The revenue from these 2 quarters totaled \$2,764,438.

7. DISCUSSION/USE OF FUNDS IN YEARS WHEN CITY GENERAL FUND REVENUES EXCEED EXPENSES

The committee agreed to keep the information and ideas previously discussed concerning potential future City revenues in excess of expenses until a later date. It was noted the committee could decide to issue a report in the future.

It was moved by George Riddle and seconded by David Ciesco that each committee member draft their individual version of what the Committee's first report to the City Council would state. Motion passed 4 to 1 with Member Larry Hite voting no. Each member was directed to bring back their individual draft at the next meeting. This report will be presented at the June 19, 2012 City Council meeting and will include Measure E revenues through June 30, 2011.

Chairman Bakerink invited members of the public to address the committee on the item.

Tad Neave asked, "Who directs the committee?"

Zane Johnston provided the background. On August 3, 2010, Ordinance 1151 was introduced imposing a transactions and use tax to be administered by the State Board of Equalization. As it pertains to this committee, Section 6.28.180, states "Although not otherwise required by law, the City Council shall, no later than March 1, 2011, establish a Residents' Oversight Committee to review the expenditure of the revenue from this transaction and use tax. The Committee shall consist of five members to be appointed by the Mayor and approved by the City Council. The terms of the Committee members and their specific duties shall be established by resolution of the City Council". This ordinance was adopted on August 17, 2010 and followed by City Council Resolution 2011-019 adopted on January 18, 2011 which established the guidelines and bylaws that provide the parameters for the committee.

Al Nero, Fire Chief introduced himself to the committee members, stating he appreciated the committees' efforts and is available to help in any way he can.

Chairman Bakerrink asked that the committee be provided with a list of all handouts that have been given to the committee since our first meeting. This information along with the CalPERS Actuarial Valuation and the page from the Comprehensive Annual Financial Report that includes audited General Fund expenditures (including Measure E revenue) will be made available to all committee members.

8. ADJOURNMENT

Motion: Arch Bakerink
Second: Robert Tanner
Vote: Unanimous
Time: 7:47 p.m.

The above agenda was posted at Tracy City Hall on February 22, 2012. These are the summary minutes.

Attest:



Secretary



Zane H. Johnston, Staff Liaison

Measure E Residents' Oversight Meetings
Established by Resolution 2011-019 January 18, 2011

HANDOUTS

April 6, 2011

Brown Act Training

- Handout - "ABC Open Government"
- Copy of the power point presentation

April 12, 2012

AB 1234 Ethics Training (*2 hour mandatory training*)

- The meeting was adjourned due to lack of quorum

April 18, 2011

- Measure E Residents' Oversight Committee By-Laws
- Copy of Power Point presentation An Overview of Municipal Finance "Let's Have Some Fund"

May 18, 2011

- Bylaws of the Measure E Residents' Oversight Committee
- Ordinance 1151 - An Ordinance of the City of Tracy Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization
- FY 11-12 Operating Budget Workshop PowerPoint Presentation
- FY 11-12 Budget Measure E Revenue/Percentages of the Total by Department
- FY 11-12 Proposed Budget

July 18, 2011

- Management Partners' Report, "Budget Solutions Strategies" and the resulting City Council actions that were implemented as a result of this study
- "Gray Sheets" FY 10-11 4th Quarter Budget Reviews

October 10, 2011

- FY 11-12 Adopted Budget
- General Fund Summary update for FY 10-11
- ½% Transaction 5-Year Tax Forecast prepared by MuniServices

January 23, 2012

- "Recommended Use of Budget Surpluses Generated by Measure E"

February 27, 2012

- Tracy Sales & Use Tax: Transactions Tax Forecast for FY 2011 through FY 2015-2016
- Measure E Revenue thru 2 quarters – Percentage of Top Producers
- Letter from Moss, Levy & Hartzheim – Re: Measure E (one half cent sales tax as of June 30, 2011) as reported in the Comprehensive Annual Financial Report

*** STARS ***
(SALELISTS-Q8S1)

TRACY S&UT
QUARTERLY SALES TAX CHANGE ANALYSIS SUMMARY
BY BUSINESS SEGMENT

C O N F I D E N T I A L D A T A
QUARTER 4, 2011

T O T A L FOR TRACY S&UT	\$ 2010/4	\$ 2011/4	\$ CHANGE	% QTR
GENERAL RETAIL	0	1,706,227	1,706,227	.0
APPAREL STORES	0	501,618	501,618	.0
DEPARTMENT STORES	0	66,000	66,000	.0
FURNITURE/APPLIANCE	0	239,535	239,535	.0
DRUG STORES	0	42,669	42,669	.0
RECREATION PRODUCTS	0	19,047	19,047	.0
FLORIST/NURSERY	0	4,547	4,547	.0
MISCELLANEOUS RETAIL	0	5,480	5,480	.0
MISCELLANEOUS RETAIL	0	104,320	104,320	.0
FOOD PRODUCTS	0	215,602	215,602	.0
RESTAURANTS	0	121,456	121,456	.0
FOOD MARKETS	0	75,536	75,536	.0
LIQUOR STORES	0	8,426	8,426	.0
FOOD PROCESSING EQP	0	10,184	10,184	.0
TRANSPORTATION	0	412,299	412,299	.0
AUTO PARTS/REPAIR	0	34,086	34,086	.0
AUTO SALES - NEW	0	111,868	111,868	.0
AUTO SALES - USED	0	10,071	10,071	.0
SERVICE STATIONS	0	233,301	233,301	.0
MISC. VEHICLE SALES	0	22,973	22,973	.0
CONSTRUCTION	0	81,849	81,849	.0
BLDG. MATLS-WHSL E	0	41,859	41,859	.0
BLDG. MATLS-RETAIL	0	39,990	39,990	.0
BUSINESS TO BUSINESS	0	478,062	478,062	.0
OFFICE EQUIPMENT	0	36,313	36,313	.0
ELECTRONIC EQUIPMENT	0	12,299	12,299	.0
BUSINESS SERVICES	0	9,949	9,949	.0
ENERGY SALES	0	26,957	26,957	.0
CHEMICAL PRODUCTS	0	7,872	7,872	.0
HEAVY INDUSTRY	0	317,035	317,035	.0
LIGHT INDUSTRY	0	42,487	42,487	.0
LEASING	0	25,150	25,150	.0
MISCELLANEOUS	0	16,797	16,797	.0
HEALTH & GOVERNMENT	0	11,095	11,095	.0
MISCELLANEOUS OTHER	0	3,376	3,376	.0
CLOSED ACCT--ADJUSTMNT	0	2,326	2,326	.0

\$ 4,475,823

Date:

April 16, 2012

	%Δ	\$Δ
General Retail	28.1%	360,433
Food Products	26.5%	168,200
Transportation	27.7%	353,300
Construction	7.0%	22,500
Business to Business	7.3%	72,800
Miscellaneous	10.4%	3,200

Expected Date \$

2011Q1

Expected Date \$

	Allocations	Cash Payments
1st Adv: Jun 2011	268,600	268,600
2nd Adv: Jul 2011	268,600	358,100
3rd Adv: Aug 2011	358,100	578,638
Balance: Sep 2011	283,338	
Total	1,178,638	1,205,338
1st Adv: Sep 2011	295,300	295,300
2nd Adv: Oct 2011	295,300	393,800
3rd Adv: Nov 2011	393,800	938,629
Balance: Dec 2011	575,429	
Total	1,559,829	1,627,729
1st Adv: Dec 2011	363,200	363,200
2nd Adv: Jan 2012	363,200	484,200
3rd Adv: Feb 2012	484,200	812,356
Balance: Mar 2012	526,756	
Total	1,737,356	1,659,756
1st Adv: Mar 2012	285,600	285,600
2nd Adv: Apr 2012	285,600	380,800
3rd Adv: May 2012	380,800	446,361
Balance: Jun 2012	61,171	
Total	1,013,171	1,112,761
Total	5,488,994	5,605,584

Shaded area indicates forecasted dollars.

Total Adjustments 980,433

	Inflation Adj.	Allocations	Cash Payments
Pessimistic: 1.4%	0.35%	5,475,353	5,588,204
Most Likely: 2.4%	0.60%	5,488,994	5,605,584
Optimistic: 4.0%	1.00%	5,510,819	5,631,149

The Most Likely Scenario's effective cash payment growth rate is 1.987.0%.

Allocations

2nd Adv: Jul 2012	5,722,174
3rd Adv: Aug 2012	5,877,661
Balance: Sep 2012	5,736,987

TRACY S&UT: Transactions Tax Forecast for Fiscal Year 2012-2013

① Projected Base \$ 5,488,994

Date:

April 16, 2012

② Business Level Adj.	%A	\$A
General Retail	2.2%	35,400
Food Products	3.4%	27,300
Transportation	2.5%	40,000
Construction	-9.4%	(31,986)
Business to Business	0.3%	2,856
Miscellaneous	0.0%	0

③ Prior Period Payments	Expected Date	\$
	2011Q2	
	2011Q3	
	2011Q4	

④ Coming Soon or Threats	Expected Date	\$

Total Adjustments 73,570

⑤ Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic	2.0%	5,673,815	5,695,707
Most Likely	3.0%	5,729,441	5,747,593
Optimistic	4.0%	5,785,066	5,799,479

⑥ Most Likely Accruals	Allocations
2nd Adv: Jul 2013	5,765,746
3rd Adv: Aug 2013	5,789,950
Balance: Sep 2013	5,796,673

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2012	385,190	385,190
2nd Adv: Jul 2012	385,190	385,190
3rd Adv: Aug 2012	513,587	513,587
Balance: Sep 2012	142,663	530,947
Total	1,426,631	1,429,725
1st Adv: Sep 2012	388,284	388,284
2nd Adv: Oct 2012	388,284	388,284
3rd Adv: Nov 2012	517,712	517,712
Balance: Dec 2012	143,809	541,375
Total	1,438,090	1,447,371
1st Adv: Dec 2012	397,566	397,566
2nd Adv: Jan 2013	397,566	397,566
3rd Adv: Feb 2013	530,088	530,088
Balance: Mar 2013	147,247	523,155
Total	1,472,466	1,450,809
1st Adv: Mar 2013	375,909	375,909
2nd Adv: Apr 2013	375,909	375,909
3rd Adv: May 2013	501,211	501,211
Balance: Jun 2013	139,225	542,569
Total	1,392,254	1,419,689
Total	5,729,441	5,747,593

⑦ Notes

The Most Likely Scenario's effective allocation growth rate is 4.4%
 The Most Likely Scenario's effective cash payment growth rate is 2.5%.

\$ 5,729,441

Date: April 16, 2012

	%Δ	\$Δ
General Retail	3.0%	49,684
Food Products	1.2%	9,635
Transportation	3.1%	52,243
Construction	3.8%	11,711
Business to Business	1.6%	17,403
Miscellaneous	0.6%	189

Expected Date \$

Total Adjustments 140,864

	Inflation Adj.	Allocations	Cash Payments
Pessimistic	0.8%	5,917,267	6,011,725
Most Likely	2.2%	5,999,451	6,017,498
Optimistic	3.4%	6,069,895	6,022,446

	Allocations
2nd Adv: Jul 2014	6,035,545
3rd Adv: Aug 2014	6,055,287
Balance: Sep 2014	6,060,772

	Allocations	Cash Payments
1st Adv: Jun 2013	403,343	403,343
2nd Adv: Jul 2013	403,343	403,343
3rd Adv: Aug 2013	537,791	537,791
Balance: Sep 2013	149,386	555,969
Total	1,493,863	1,497,103
1st Adv: Sep 2013	406,583	406,583
2nd Adv: Oct 2013	406,583	406,583
3rd Adv: Nov 2013	542,110	542,110
Balance: Dec 2013	150,586	566,888
Total	1,505,862	1,515,581
1st Adv: Dec 2013	416,302	416,302
2nd Adv: Jan 2014	416,302	416,302
3rd Adv: Feb 2014	555,069	555,069
Balance: Mar 2014	154,186	547,810
Total	1,541,859	1,519,181
1st Adv: Mar 2014	393,624	393,624
2nd Adv: Apr 2014	393,624	393,624
3rd Adv: May 2014	524,832	524,832
Balance: Jun 2014	145,787	567,177
Total	1,457,867	1,485,633
Total	5,999,451	6,017,498

The Most Likely Scenario's effective allocation growth rate is 4.7%
 The Most Likely Scenario's effective cash payment growth rate is 4.7%.

TRACY S&UT: Transactions Tax Forecast for Fiscal Year 2014-2015

Date: April 16, 2012

① Projected Base \$ 5,999,451

② Business Level Adj.	%Δ	\$Δ
General Retail	3.0%	51,157
Food Products	1.2%	9,825
Transportation	2.5%	43,635
Construction	3.0%	9,649
Business to Business	1.7%	19,052
Miscellaneous	0.6%	191

③ Coming Soon or Threats Expected Date \$

Total Adjustments 133,509

④ Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic	0.8%	6,182,024	6,200,647
Most Likely	2.2%	6,267,885	6,286,767
Optimistic	3.4%	6,341,480	6,360,584

⑤ Most Likely Accruals	Allocations
2nd Adv: Jul 2015	6,305,649
3rd Adv: Aug 2015	6,330,825
Balance: Sep 2015	6,337,819

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2014	421,390	421,390
2nd Adv: Jul 2014	421,390	421,390
3rd Adv: Aug 2014	561,853	561,853
Balance: Sep 2014	156,070	580,845
Total	1,560,703	1,564,088
1st Adv: Sep 2014	424,775	424,775
2nd Adv: Oct 2014	424,775	424,775
3rd Adv: Nov 2014	566,366	566,366
Balance: Dec 2014	157,324	592,252
Total	1,573,239	1,583,393
1st Adv: Dec 2014	434,929	434,929
2nd Adv: Jan 2015	434,929	434,929
3rd Adv: Feb 2015	579,905	579,905
Balance: Mar 2015	161,085	572,321
Total	1,610,846	1,587,154
1st Adv: Mar 2015	411,236	411,236
2nd Adv: Apr 2015	411,236	411,236
3rd Adv: May 2015	548,315	548,315
Balance: Jun 2015	152,310	592,582
Total	1,523,096	1,552,132
Total	6,267,885	6,286,767

⑥ Notes

The Most Likely Scenario's effective allocation growth rate is 4.5%
 The Most Likely Scenario's effective cash payment growth rate is 4.5%.



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Honorable Mayor and City Council
City of Tracy
Tracy, California

Re: Measure E (one half cent sales tax)

We have audited the financial records of the City of Tracy for the fiscal year ending June 30, 2011 reported in our Independent Auditor's Report which accompanies the City's Comprehensive Annual Financial Report. Included in this audit was the examination of tax proceeds from the City's Measure E – one half cent sales tax approved by Tracy voters in November 2010 and commencing for a 5 year period on April 1, 2011. The amount of Measure E tax proceeds received and recorded during the fiscal year ending June 30, 2011 was \$896,551. Measure E is a general tax of the City of Tracy and as such, said amount was deposited into the City's General Fund. Expenditures for a variety of City functions were subsequently made from the City's General Fund. A listing of expenses utilizing Measure E revenue and other revenue of the City can be found on page 19 of the City's Comprehensive Annual Financial Report.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
November 23, 2011

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Measure E Revenue thru 2 quarters

Top 5	\$ 518,816.00	19%
6 thru 10	\$ 274,645.00	10%
11 thru 25	\$ 400,600.00	14%
26 thru 50	\$ 303,426.00	11%
51-100	\$ 333,935.00	12%
All others	\$ 932,906.00	34%
Total	\$ 2,764,348.00	100%

TRACY S&UT: Transactions Tax Forecast for FY 2011-2012

Transactions tax forecast based on sales thru September 2011 (3rd Quarter)

1 Base \$ 2,738,467

Date:

January 23, 2012

2 Business Level Adj.	%Δ	\$Δ
General Retail	236.9%	810,800
Food Products	178.2%	314,111
Transportation	106.4%	746,600
Construction	288.9%	82,000
Business to Business	0.0%	116,800
Miscellaneous	0.0%	5,400
All Other Below Cutoff		650,411

3 Prior Period Payments	Expected Date	\$
	2010Q4	
	2011Q1	

4 Coming Soon or Threats	Expected Date	\$

Total Adjustments **2,726,122**

5 Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic: 1.4%	0.70%	5,502,841	5,630,996
Most Likely: 2.4%	1.20%	5,530,164	5,662,209
Optimistic: 4.0%	2.00%	5,573,881	5,709,815

6 Most Likely Accruals	Allocations
2nd Adv: Jul 2012	5,794,253
3rd Adv: Aug 2012	5,970,346
Balance: Sep 2012	5,835,395

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2011	268,600	268,600
2nd Adv: Jul 2011	268,600	268,600
3rd Adv: Aug 2011	358,100	358,100
Balance: Sep 2011	283,338	578,638
Total	1,178,638	1,205,338
1st Adv: Sep 2011	295,300	295,300
2nd Adv: Oct 2011	295,300	295,300
3rd Adv: Nov 2011	393,800	393,800
Balance: Dec 2011	575,429	938,629
Total	1,559,829	1,627,729
1st Adv: Dec 2011	363,200	363,200
2nd Adv: Jan 2012	363,200	363,200
3rd Adv: Feb 2012	484,267	484,267
Balance: Mar 2012	224,266	590,592
Total	1,434,932	1,438,059
1st Adv: Mar 2012	366,326	366,326
2nd Adv: Apr 2012	366,326	366,326
3rd Adv: May 2012	488,435	488,435
Balance: Jun 2012	135,676	536,321
Total	1,356,765	1,391,083
Total	5,530,164	5,662,209

Shaded area indicates forecasted dollars.

7 Notes

TRACY S&UT: Transactions Tax Forecast for Fiscal Year 2012-2013

① Projected Base \$ 5,530,164

Date:

January 23, 2012

② Business Level Adj.	%Δ	\$Δ
General Retail	1.9%	22,700
Food Products	-0.4%	(2,000)
Transportation	7.8%	96,300
Construction	23.7%	40,200
Business to Business	0.2%	700
Miscellaneous	2.1%	300
All Other Below Cutoff		97,375

③ Prior Period Payments	Expected Date	\$
	2011Q2	
	2011Q3	

④ Coming Soon or Threats	Expected Date	\$
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Total Adjustments 255,575

⑤ Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic	2.0%	5,901,454	5,921,179
Most Likely	3.0%	5,959,311	5,979,190
Optimistic	4.0%	6,017,169	6,037,201

⑥ Most Likely Accruals	Allocations
2nd Adv: Jul 2013	5,999,069
3rd Adv: Aug 2013	6,025,574
Balance: Sep 2013	6,032,936

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2012	400,645	400,645
2nd Adv: Jul 2012	400,645	400,645
3rd Adv: Aug 2012	534,193	534,193
Balance: Sep 2012	148,387	552,249
Total	1,483,869	1,487,087
1st Adv: Sep 2012	403,863	403,863
2nd Adv: Oct 2012	403,863	403,863
3rd Adv: Nov 2012	538,483	538,483
Balance: Dec 2012	149,579	563,095
Total	1,495,787	1,505,441
1st Adv: Dec 2012	413,517	413,517
2nd Adv: Jan 2013	413,517	413,517
3rd Adv: Feb 2013	551,355	551,355
Balance: Mar 2013	153,154	544,145
Total	1,531,543	1,509,017
1st Adv: Mar 2013	390,990	390,990
2nd Adv: Apr 2013	390,990	390,990
3rd Adv: May 2013	521,321	521,321
Balance: Jun 2013	144,811	565,334
Total	1,448,113	1,477,645
Total	5,959,311	5,979,190

⑦ Notes
 The Most Likely Scenario's effective allocation growth rate is 7.8%
 The Most Likely Scenario's effective cash payment growth rate is 5.6%.

TRACY S&UT: Transactions Tax Forecast for Fiscal Year 2013-2014

Date: January 23, 2012

1 Projected Base \$ 5,959,311

2 Business Level Adj.	%A	\$A
General Retail	1.5%	18,518
Food Products	1.1%	5,502
Transportation	1.1%	14,177
Construction	8.0%	16,805
Business to Business	0.0%	0
Miscellaneous	0.7%	103

3 Coming Soon or Threats Expected Date \$

Total Adjustments 55,105

4 Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic	3.0%	6,194,849	6,218,057
Most Likely	4.0%	6,254,994	6,278,406
Optimistic	5.0%	6,315,138	6,338,755

5 Most Likely Accruals	Allocations
2nd Adv: Jul 2014	6,301,819
3rd Adv: Aug 2014	6,328,532
Balance: Sep 2014	6,335,952

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2013	420,523	420,523
2nd Adv: Jul 2013	420,523	420,523
3rd Adv: Aug 2013	560,698	560,698
Balance: Sep 2013	155,749	579,650
Total	1,557,493	1,560,871
1st Adv: Sep 2013	423,901	423,901
2nd Adv: Oct 2013	423,901	423,901
3rd Adv: Nov 2013	565,201	565,201
Balance: Dec 2013	157,000	591,034
Total	1,570,003	1,580,136
1st Adv: Dec 2013	434,034	434,034
2nd Adv: Jan 2014	434,034	434,034
3rd Adv: Feb 2014	578,712	578,712
Balance: Mar 2014	160,753	571,143
Total	1,607,533	1,583,889
1st Adv: Mar 2014	410,390	410,390
2nd Adv: Apr 2014	410,390	410,390
3rd Adv: May 2014	547,187	547,187
Balance: Jun 2014	151,996	595,932
Total	1,519,963	1,553,509
Total	6,254,994	6,278,406

6 Notes

The Most Likely Scenario's effective allocation growth rate is 5.0%
 The Most Likely Scenario's effective cash payment growth rate is 5.0%.

TRACY SR&T: Transactions Tax Forecast for Fiscal Year 2014-2015

Date: January 23, 2012

1 Protected Base \$ 6,254,994

2 Business Level Adj	%A	\$A
General Retail	3.0%	37,592
Food Products	1.1%	5,612
Transportation	0.6%	8,158
Construction	3.0%	6,806
Business to Business	1.3%	5,622
Miscellaneous	0.7%	104

3 Coming Soon or Threats Expected Date \$

Total Adjustments 63,895

4 Forecast Scenarios	Inflation Adj.	Allocations	Cash Payments
Pessimistic	3.5%	6,540,050	6,564,680
Most Likely	4.5%	6,603,239	6,628,106
Optimistic	5.5%	6,666,427	6,691,533

5 Most Likely Accruals	Allocations
2nd Adv: Jul 2015	6,652,974
3rd Adv: Aug 2015	6,686,132
Balance: Sep 2015	6,695,342

Cash Flow Allocations Cash Payments

1st Adv: Jun 2014	443,936	443,936
2nd Adv: Jul 2014	443,936	443,936
3rd Adv: Aug 2014	591,914	591,914
Balance: Sep 2014	164,421	611,922
Total	1,644,206	1,647,772
1st Adv: Sep 2014	447,501	447,501
2nd Adv: Oct 2014	447,501	447,501
3rd Adv: Nov 2014	596,669	596,669
Balance: Dec 2014	165,741	623,940
Total	1,657,413	1,668,110
1st Adv: Dec 2014	458,199	458,199
2nd Adv: Jan 2015	458,199	458,199
3rd Adv: Feb 2015	610,932	610,932
Balance: Mar 2015	169,703	602,942
Total	1,697,032	1,672,072
1st Adv: Mar 2015	433,238	433,238
2nd Adv: Apr 2015	433,238	433,238
3rd Adv: May 2015	577,651	577,651
Balance: Jun 2015	160,459	629,262
Total	1,604,587	1,640,152
Total	6,603,239	6,628,106

6 Notes

The Most Likely Scenario's effective allocation growth rate is 5.6%
 The Most Likely Scenario's effective cash payment growth rate is 5.6%.

TRACY S&UT: Transactions Tax Forecast for Fiscal Year 2015-2016

1 Projected Base \$ 6,603,239

Date: January 23, 2012

2 Business Level Adj.	%Δ	\$Δ
General Retail	3.0%	38,720
Food Products	1.1%	5,725
Transportation	0.6%	8,403
Construction	3.0%	7,010
Business to Business	2.2%	9,652
Miscellaneous	0.7%	105

3 Coming Soon or Threats	Expected Date	\$

Total Adjustments 69,614

4 FORECAST SCENARIOS	Inflation Adj.	Allocations	Cash Payments
Pessimistic	3.5%	6,906,403	6,929,787
Most Likely	4.5%	6,973,131	6,996,764
Optimistic	5.5%	7,039,860	7,063,742

5 Most Likely Assnals	Allocations
2nd Adv: Jul 2016	7,020,398
3rd Adv: Aug 2016	7,051,909
Balance: Sep 2016	7,060,662

Cash Flow	Allocations	Cash Payments
1st Adv: Jun 2015	468,804	468,804
2nd Adv: Jul 2015	468,804	468,804
3rd Adv: Aug 2015	625,071	625,071
Balance: Sep 2015	173,631	646,200
Total	1,736,310	1,740,075
1st Adv: Sep 2015	472,569	472,569
2nd Adv: Oct 2015	472,569	472,569
3rd Adv: Nov 2015	630,092	630,092
Balance: Dec 2015	175,026	658,891
Total	1,750,256	1,761,552
1st Adv: Dec 2015	483,866	483,866
2nd Adv: Jan 2016	483,866	483,866
3rd Adv: Feb 2016	645,154	645,154
Balance: Mar 2016	179,209	636,717
Total	1,792,095	1,765,736
1st Adv: Mar 2016	457,507	457,507
2nd Adv: Apr 2016	457,507	457,507
3rd Adv: May 2016	610,010	610,010
Balance: Jun 2016	169,447	661,884
Total	1,694,471	1,729,401
Total	6,973,131	6,996,764

TAX ENDS 3/31/16
 FY 15-16 will only be 3/4

5 NOTES
 The Most Likely Scenario's effective allocation growth rate is 5.6%
 The Most Likely Scenario's effective cash payment growth rate is 5.6%.

3/4