

Q3

2015



San Fernando Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

San Fernando In Brief

San Fernando's receipts from July through September were 12.0% below the third sales period in 2014. However, a negative multi-quarter adjustment skewed the results. Excluding reporting aberrations, actual sales were up 4.7%.

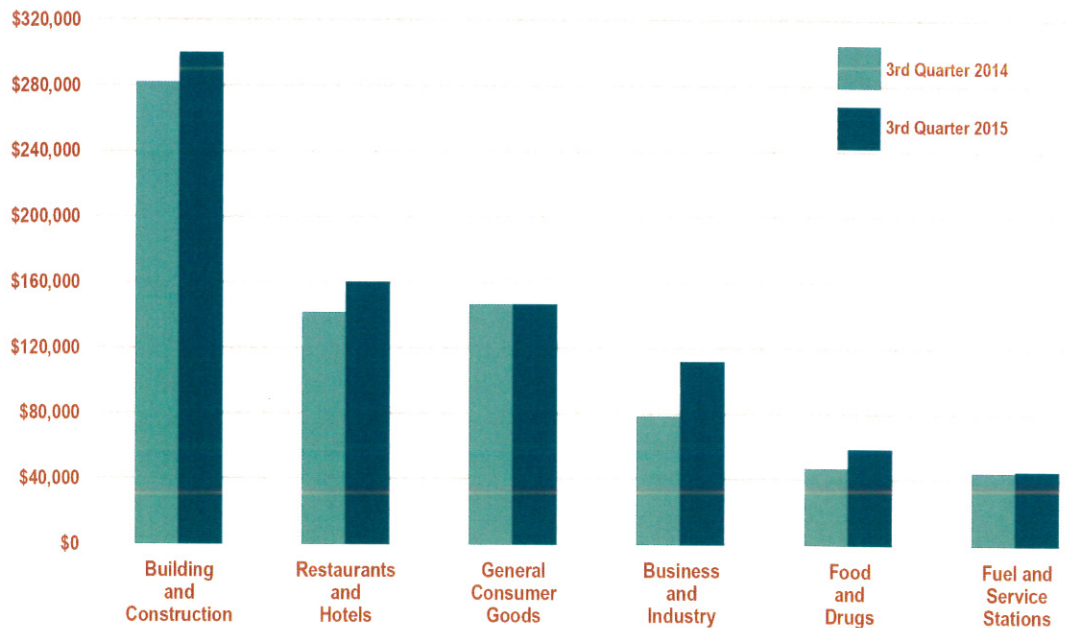
Due to the overall decline in quarterly revenue, the city's proportionate share of the countywide use tax pool also decreased 11%, further contributing to the loss.

Once adjusted, the city experienced solid sales activity by multiple industrial merchants and building-construction suppliers. The addition of a grocery store selling liquor as well as new casual and fast-casual dining options for customers continued to provide positive growth.

Moderate summer sales and an accounting anomaly were largely responsible for flat returns from general consumer goods retailers.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period; the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Araca Merchandise	Pool & Electrical Products
Arco	PRG
Arroyo Building Materials	Rydel Chrysler Dodge Jeep Ram
Casco	Sams Club
El Pollo Loco	Smart & Final
El Super	Southland Lighting
Ferguson Enterprises	T Mobile
Goodman Distribution	TMB Production Supplies & Services
Home Depot	Truman 76
IHOP	Vallarta Supermarket
McDonalds	Western Motor Sport
Nachos Ornamental	WSS
Pacoima Motors 2	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,906,494	\$1,979,882
County Pool	222,492	248,593
State Pool	1,370	1,087
Gross Receipts	\$2,130,356	\$2,229,562
Less Triple Flip*	\$(532,589)	\$(557,391)
	\$1,055,179	\$1,114,870

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

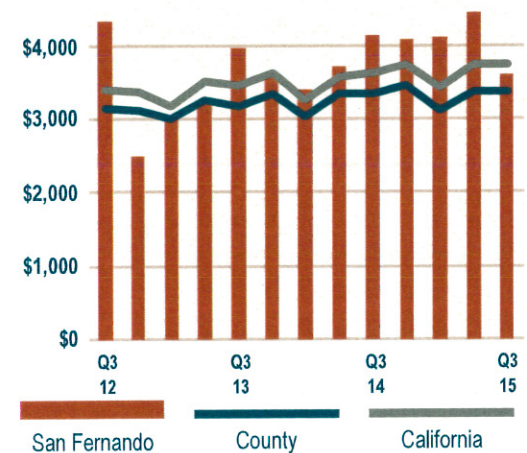
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

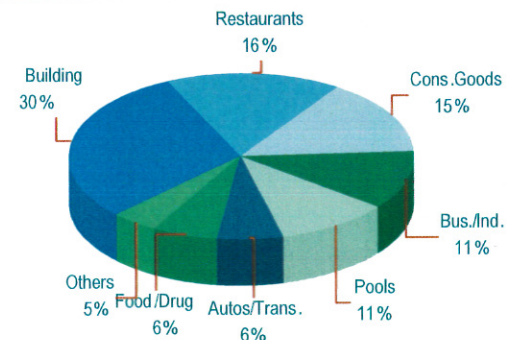
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP San Fernando This Quarter



SAN FERNANDO TOP 15 BUSINESS TYPES

Business Type	San Fernando		County	HdL State
	Q3 '15	Change	Change	Change
Auto Repair Shops	16,125	1.5%	3.4%	6.3%
Automotive Supply Stores	27,299	1.6%	4.6%	5.2%
Casual Dining	38,646	27.6%	7.5%	5.5%
Contractors	41,855	3.5%	14.9%	12.9%
Discount Dept Stores	— CONFIDENTIAL —		2.5%	2.1%
Electrical Equipment	— CONFIDENTIAL —		-34.0%	-0.4%
Grocery Stores Liquor	41,172	22.1%	6.5%	3.8%
Lumber/Building Materials	— CONFIDENTIAL —		7.8%	6.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —		7.6%	8.2%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		7.2%	10.1%
Quick-Service Restaurants	109,843	5.3%	4.9%	6.7%
Repair Shop/Equip. Rentals	29,531	6.7%	11.5%	3.4%
Service Stations	41,977	-5.7%	-9.2%	-11.8%
Shoe Stores	— CONFIDENTIAL —		4.9%	3.7%
Used Automotive Dealers	20,858	69.8%	17.6%	13.8%
Total All Accounts	883,459	-12.1%	2.3%	2.3%
County & State Pool Allocation	106,144	-11.3%	3.2%	3.5%
Gross Receipts	989,603	-12.0%	2.4%	2.4%