

Q2 2013



City of Brawley Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Brawley In Brief

Receipts for Brawley's April through June sales were 2.8% higher than the same quarter one year ago. Actual sales activity was up 3.7% when reporting aberrations were factored out.

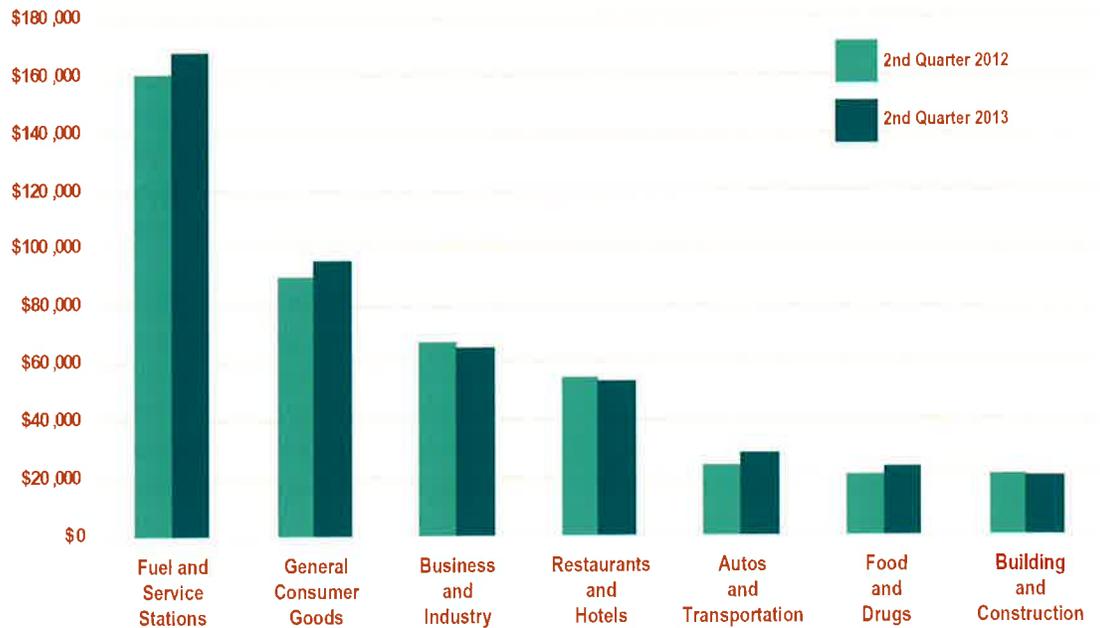
New businesses helped boost receipts from the fuel and service station group. Receipts from general consumer goods were also lifted, in part, by the addition of a new retailer.

The overall gain from autos and transportation was boosted by payment anomalies from auto supply stores. Similarly, accounting adjustments from grocery stores were largely responsible for inflating the results from the food and drugs group.

Although the business and industry sector added a new retailer, the gain was offset by losses from multiple categories. In addition, the restaurant group experienced sales declines from eateries of all types.

Adjusted for aberrations, taxable sales for all of Imperial County increased 70.6% over the comparable time period. Taxes from the construction of energy related projects were largely responsible for boosting the county's overall gain.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Jack in the Box
Aaron Rents	Johnnys Burritos
Arco AM PM	Jordan Implement
Auto Zone	McDonalds
Brawley Exxon	McNeece Bros Oil
Brawley Tractor Parts	Northend Auto Parts
Carls Jr	Rite Aid
Dollar Tree	Shell Station Market
Fillco	Torrences Farm Implements
Hughes Water & Sewer	USA Gasoline
Imperial Hardware	Vons
J & A Gasoline & Liquor	Walmart
	Water Tech

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$438,511	\$454,715
County Pool	74,195	72,602
State Pool	460	328
Gross Receipts	\$513,166	\$527,645
Less Triple Flip*	\$(128,291)	\$(131,911)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

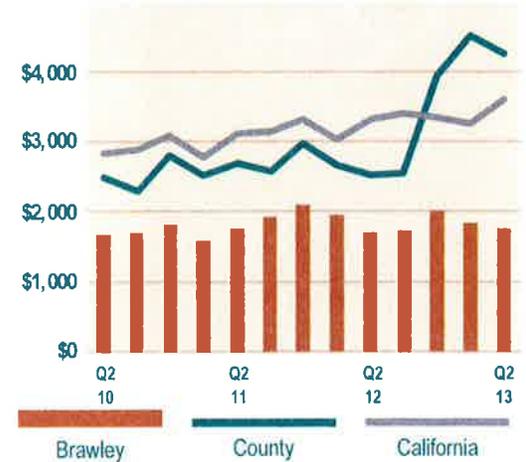
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

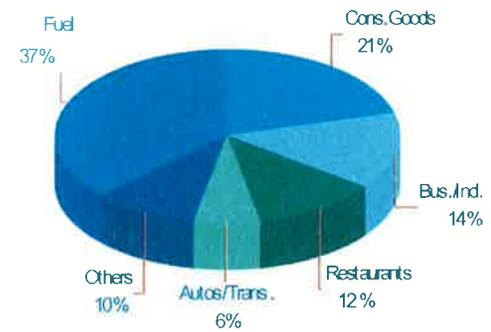
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q2 '13	Change	Change	Change
Auto Repair Shops	8,331	-7.9%	0.7%	5.1%
Automotive Supply Stores	19,094	33.7%	24.0%	3.4%
Contractors	— CONFIDENTIAL —	—	-1.0%	5.6%
Discount Dept Stores	— CONFIDENTIAL —	—	2.8%	2.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	6.3%	2.7%
Hardware Stores	— CONFIDENTIAL —	—	21.7%	7.2%
Heavy Industrial	9,528	-8.8%	-2.8%	6.7%
Home Furnishings	8,618	38.1%	0.5%	6.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-1.9%	-2.9%
Repair Shop/Equip. Rentals	5,757	-47.1%	36.5%	8.8%
Restaurants Beer And Wine	7,604	-3.0%	3.9%	-1.0%
Restaurants No Alcohol	42,956	-2.4%	-0.4%	5.9%
Service Stations	99,710	22.0%	4.6%	-5.7%
Variety Stores	— CONFIDENTIAL —	—	24.6%	7.7%
Warehse/Farm/Const. Equip.	39,105	0.0%	-3.0%	8.2%
Total All Accounts	\$454,715	3.7%	68.8%	7.0%
County & State Pool Allocation	72,930	-2.3%		
Gross Receipts	\$527,645	2.8%		