

Q2 2015



City of Brawley Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2015)

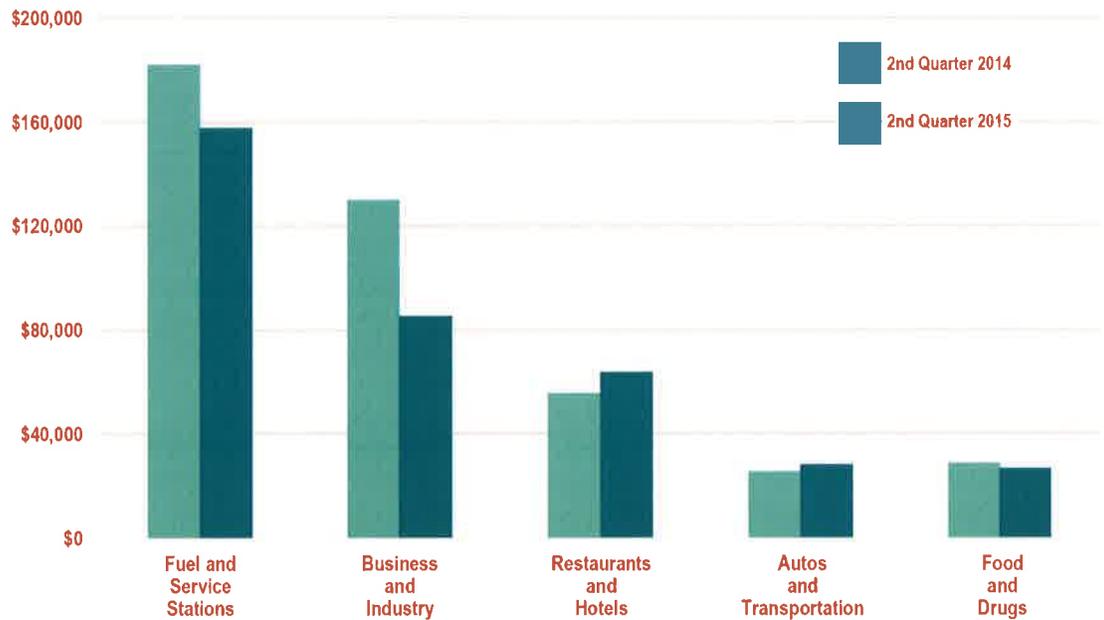
Brawley In Brief

Brawley's sales and use tax from its April through June sales was 11.9% lower than the same quarter one year ago.

Declining prices of fuel and reduced agricultural equipment spending were the primary contributors to the overall decrease. A decline in the city's share of the countywide use tax allocation pool was also a factor. The losses were partially offset by a solid quarter for restaurants and modest gains in some general consumer goods and industrial supply categories.

Adjusted for accounting anomalies and onetime payments related to various energy projects, sales and use tax for all of Imperial County declined 2.5% over the comparable time period while Southern California as a whole, was up 3.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Johnnys Burritos
Arco AM PM	Jordan Implement
AutoZone	Lidco Imperial Valley
Brawley Exxon	McDonalds
Brawley Tractor Parts	McNeece Bros Oil
Circle K	National Beef California
Desert Fuel	RDO Water
Elms Equipment Rental	Shell Station Market
Fillco	USA Gasoline
HD Supply Waterworks	Vons
Imperial Hardware	Walmart
Jack in the Box	Walmart Online
	Weatherford Tubular Services

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$528,618	\$467,956
County Pool	66,465	56,545
State Pool	404	391
Gross Receipts	\$595,487	\$524,892
Less Triple Flip*	\$(148,872)	\$(131,223)

*Reimbursed from county compensation fund

Statewide Sales Tax Trends

Excluding accounting aberrations, the local one cent share of statewide sales occurring April through June was 3.4% higher than the comparable quarter of 2014.

Receipts from the countywide use tax allocation pools accounted for the largest portion of the increase reflecting a continuing shift in consumer preferences from brick and mortar stores to online shopping for merchandise shipped from out of state.

Sales and leases of new cars continued to post impressive gains as did contractor supplies and restaurants. Overall gains were offset by a 17.1% decline in receipts from service stations and petroleum related industries.

The Remaining Fiscal Year

The state's unemployment rate continues to decline and real disposable income is expected to grow 2.5% to 3.0% in the second half of 2015. This improvement in incomes coupled with easy credit conditions should stimulate an increase in housing starts as well as capital investment in equipment, alternate energy and technology.

The auto industry is anticipating continuing strong sales until tapering to more sustainable levels in 2016-2017. Building and construction, the only retail segment yet to return to pre-recession levels, is gaining momentum in several regions and is expected to account for 10% of sales tax growth in the second half of the fiscal year.

Restaurant sales continue to rise although there are some concerns that the strong dollar may impact sales in areas that cater to tourists from abroad. Gains from consumer goods are expected to be modest with the strong dollar cutting prices of imported goods and an ongoing shift in consumer spending from tangible goods to services, entertainment and other non-taxable purchases.

Gasoline prices remain well below the previous year due to a worldwide glut

of oil. Barring unexpected supply or refinery disruptions, prices are expected to trend lower through the first half of 2015-16 but begin rebounding in the second half.

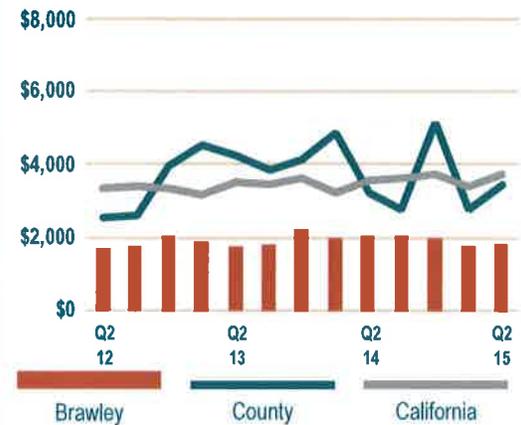
Internet Sales Tax Proposal

HR 2775 (The Remote Transaction Parity Act) is a new proposal by Representative Jason Chaffetz (R-Utah) authorizing states to require remote sellers without physical presence in their state to collect state and local sales tax from in-state buyers.

The bill currently has 52 sponsors and attempts to address objections to elements of the Marketplace Fairness Act that preceded it. The proposal provides for a three year phase in for small businesses, prohibits auditing remote sellers with annual sales under \$5 million, and requires states to provide software to enable remote sellers to collect and remit their tax.

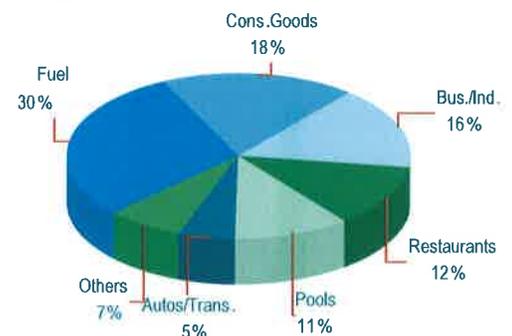
The Board of Equalization estimates that local governments in California currently lose approximately \$44 per capita in uncollected sales and use tax on e-commerce purchases.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Brawley This Quarter



BRAWLEY TOP 15 BUSINESS TYPES

Business Type	Brawley		County	HdL State
	Q2 '15	Change	Change	Change
Auto Repair Shops	6,846	18.9%	10.2%	7.2%
Automotive Supply Stores	20,303	1.5%	13.3%	5.5%
Casual Dining	15,346	46.5%	5.0%	6.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.3%	-0.1%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	24.9%	-6.0%
Fulfillment Centers	— CONFIDENTIAL —	—	45.6%	20.5%
Grocery Stores Liquor	— CONFIDENTIAL —	—	3.1%	3.6%
Hardware Stores	— CONFIDENTIAL —	—	-2.9%	3.6%
Heavy Industrial	— CONFIDENTIAL —	—	21.7%	11.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-5.1%	-23.2%
Quick-Service Restaurants	48,362	7.7%	6.3%	9.2%
Repair Shop/Equip. Rentals	6,565	-48.1%	107.0%	23.7%
Service Stations	91,165	-14.3%	-8.3%	-11.7%
Variety Stores	— CONFIDENTIAL —	—	5.5%	7.1%
Warehouse/Farm/Const. Equip.	44,472	-51.5%	-44.0%	1.2%
Total All Accounts	467,956	-11.5%	7.4%	2.8%
County & State Pool Allocation	56,936	-14.9%	3.3%	11.8%
Gross Receipts	524,892	-11.9%	6.9%	3.8%