

Q3 2015



City of Glendale Sales Tax Update

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

Glendale In Brief

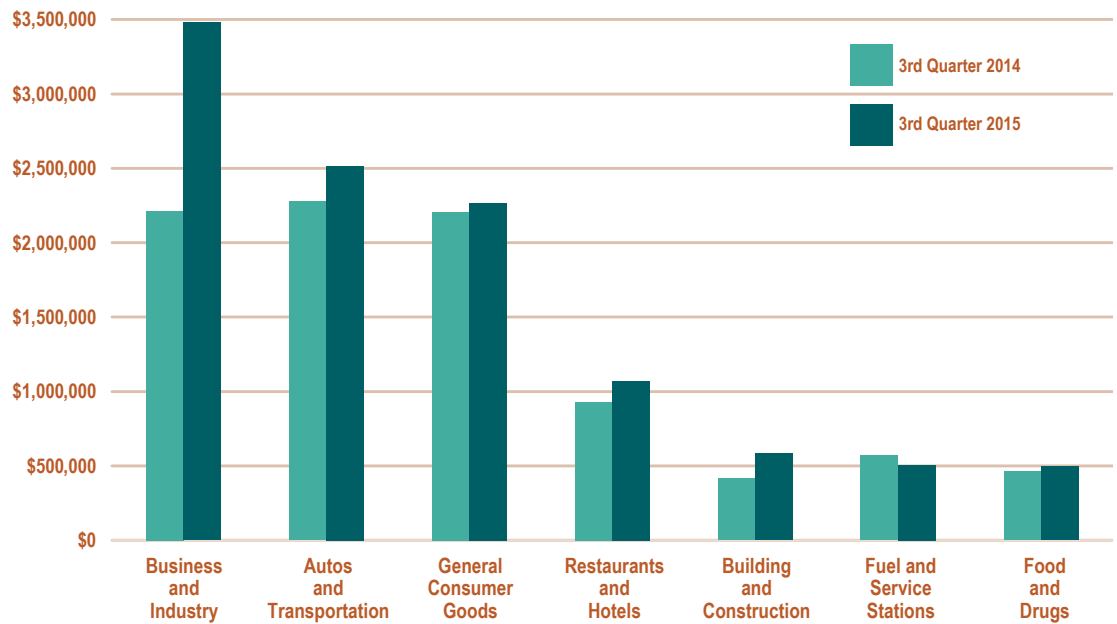
Glendale's receipts from July through September were 20.5% above 2014's third quarter. After excluding the effects of one-time reporting aberrations and deducting transfer amounts that are at risk of being taken away, actual sales were up 9.1%.

Among the major industry groups, autos and transportation results showed the largest gains. Restaurants and hotel receipts were also strong but late-arriving amounts from sales in prior periods inflated the group increase. Back quarter amounts received following a routine city audit inflated the building and construction comparison. General consumer goods, the city's second largest business category by dollars, showed a modest increase; net of accounting adjustments totals were moderately better than the raw data indicated. New business additions lifted food and drug totals.

Slack oil prices cut fuel and service station proceeds by keeping per gallon prices low.

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

Allen Gwynn Chevrolet	Glendale Subaru/Mitsubishi
Apple	Home Depot
Bloomingdales	JC Penney
Bob Smith Toyota	Lexus
Calstar Mercedes	Macys
Car Pros Kia Glendale	Nordstrom
CDW Direct	Pacific BMW
CDW Government	Star Ford Lincoln
Diamond Honda	Sunbelt Electric & Sunbelt Controls
Financial Services Vehicle Trust	Target
Glendale Dodge Chrysler Jeep	Toyota Lease Trust
Glendale Nissan Infiniti	Toyota of Glendale Scion
	Video Equipment Rental

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$17,137,186	\$21,696,936
County Pool	2,000,087	2,711,749
State Pool	12,314	11,105
Gross Receipts	\$19,149,587	\$24,419,789
Less Triple Flip*	\$(4,787,397)	\$(6,104,947)

*Reimbursed from county compensation fund

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

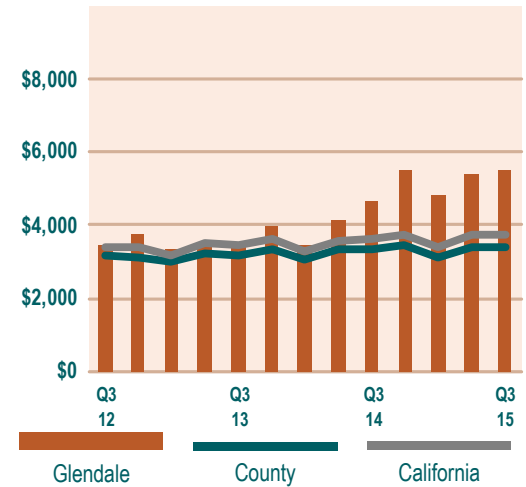
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

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.

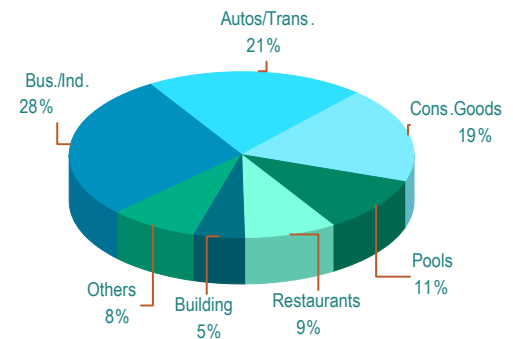
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial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

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Glendale Q3 '15*	Glendale Change	County Change	HdL State Change
Auto Lease	403.2	22.8%	18.1%	25.6%
Casual Dining	462.6	14.0%	7.2%	5.2%
Department Stores	526.9	0.4%	-0.1%	-0.6%
Electronics/Appliance Stores	325.2	16.6%	3.9%	3.8%
Family Apparel	421.3	3.4%	3.1%	2.3%
Grocery Stores Liquor	192.2	4.1%	6.5%	3.8%
Lumber/Building Materials	212.0	9.3%	7.8%	6.7%
Motion Pictures/Equipment	— CONFIDENTIAL —		9.5%	4.3%
New Motor Vehicle Dealers	1,834.3	10.0%	7.6%	8.2%
Office Supplies/Furniture	— CONFIDENTIAL —		19.2%	1.8%
Plumbing/Electrical Supplies	206.8	67.5%	7.2%	10.1%
Quick-Service Restaurants	408.5	17.3%	5.0%	6.8%
Service Stations	505.9	-10.8%	-9.2%	-11.8%
Specialty Stores	221.6	-1.7%	9.8%	5.9%
Women's Apparel	152.7	1.3%	0.4%	-1.0%
Total All Accounts	10,918.5	20.4%	2.3%	2.3%
County & State Pool Allocation	1,311.8	21.4%	3.2%	3.5%
Gross Receipts	12,230.4	20.5%	2.4%	2.4%