

Q1 2012



City of Glendale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

Glendale In Brief

Receipts from first quarter sales were up 8.5%. All major industry groups except business and industry showed positive results.

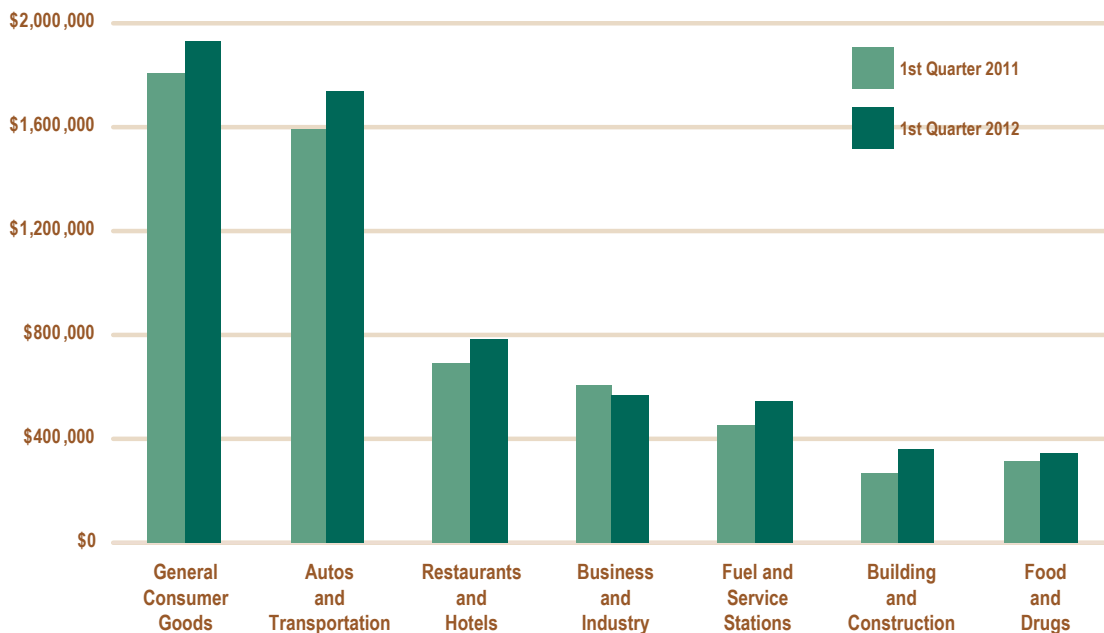
As in most areas of the state, new motor vehicle dealers, auto leases, family apparel, service stations, lumber/building materials and various restaurant types showed solid increases. In addition, Glendale saw strong gains in electronics/appliance store and motion pictures/equipment groups. The gain in the latter group occurred despite a negative accounting adjustment on a closed out account.

Despite overall positive results department stores, shoe stores and light industrial/printers groups declined and women's apparel sales were essentially flat.

The city's allocation from the countywide use tax pool slipped. Unusually large use tax payments in the comparison period caused the drop.

Net of temporary accounting adjustments, all of Los Angeles County was up 8.4%; statewide sales grew 8.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Al Sal 76	JC Penney
Allen Gwynn	Lexus of Glendale
Chevrolet	Macys
Apple	New Century
Bob Smith Toyota	Volkswagen
Calstar Mercedes	Nordstrom
CVS Pharmacy	Pacific BMW
Diamond Honda	Star Ford Lincoln
Financial Services	Target
Vehicle Trust	Toyota Motor Credit Corporation
Glendale Dodge	Toyota of Glendale
Chrysler Jeep	Video Equipment Rental
Glendale Hyundai	Vons
Glendale Mitsubishi	
Glendale Nissan	
Infiniti	
Home Depot	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$24,073,297	\$26,033,661
County Pool	2,720,625	2,870,445
State Pool	10,777	9,571
Gross Receipts	\$26,804,698	\$28,913,677
Less Triple Flip*	\$(6,701,175)	\$(7,228,419)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

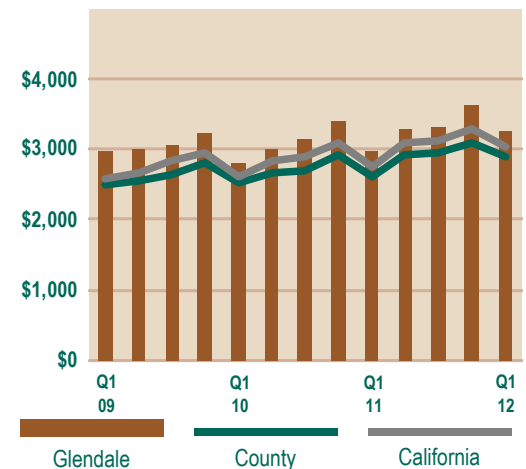
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

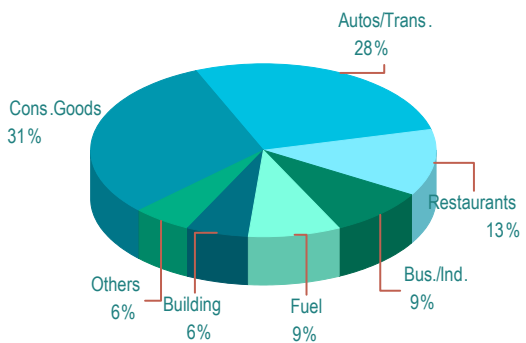
There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q1 '12*	Change	Change	Change
Auto Lease	248.7	16.9%	22.2%	6.9%
Department Stores	383.7	-2.1%	1.8%	1.2%
Discount Dept Stores	— CONFIDENTIAL —		5.0%	5.6%
Electronics/Appliance Stores	260.9	61.8%	-4.5%	0.5%
Family Apparel	350.2	11.9%	13.3%	11.9%
Grocery Stores Liquor	136.3	10.7%	4.7%	5.6%
Lumber/Building Materials	210.2	47.5%	14.3%	8.8%
Motion Pictures/Equipment	129.6	29.8%	208.0%	389.0%
New Motor Vehicle Dealers	1,260.6	10.4%	16.1%	14.5%
Restaurants Beer And Wine	110.2	20.3%	6.2%	3.8%
Restaurants Liquor	291.1	18.5%	11.0%	13.0%
Restaurants No Alcohol	366.4	10.5%	10.7%	9.5%
Service Stations	541.5	18.6%	16.0%	13.3%
Specialty Stores	189.0	5.7%	13.7%	6.9%
Women's Apparel	179.2	0.7%	2.6%	4.2%
Total All Accounts	\$6,288.7	9.6%	11.2%	9.9%
County & State Pool Allocation	673.6	-0.9%		
Gross Receipts	\$6,962.3	8.5%		<i>*In thousands</i>