

Q2 2014



City of Oceanside Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

Oceanside In Brief

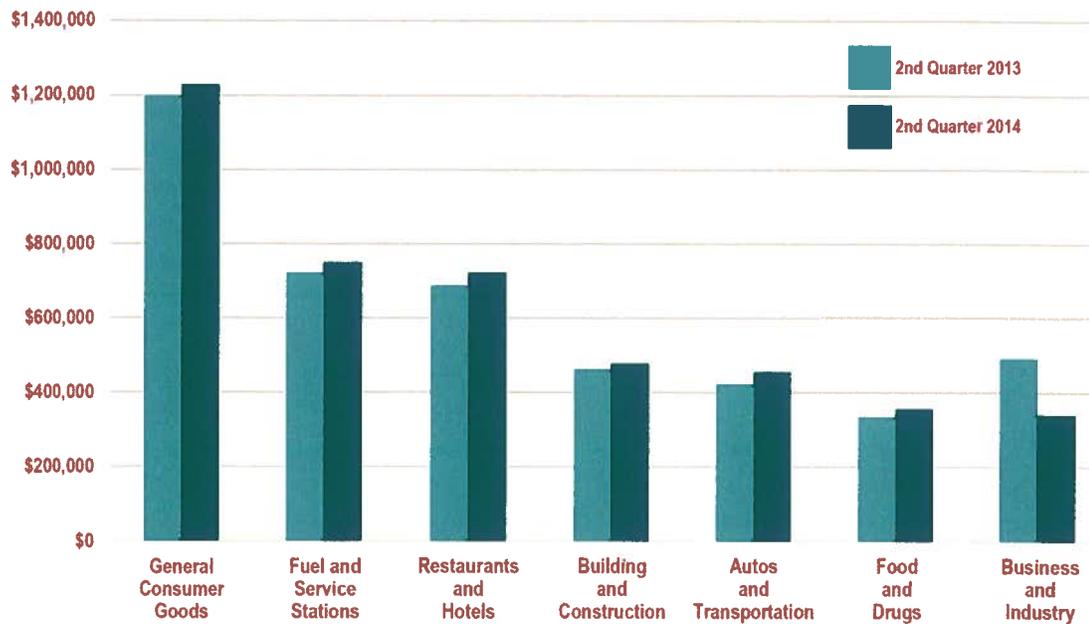
Receipts for Oceanside's April through June sales were 0.6% higher than the same quarter one year ago. Actual sales activity was down 0.9% when reporting aberrations were factored out.

The drop in the business and industry group dampened overall returns and accounted for lower results on an adjusted basis. Higher revenues in building and construction were due to a onetime accounting adjustment that offset the decline in contractors.

Nonetheless all other groups were on the upside. New stores bumped up specialty stores, family apparel and electronics while recent openings contributed to the rise in restaurants and hotels.

Adjusted for aberrations, taxable sales for all of San Diego County increased 4.8% over the comparable time period, while the Southern California region as a whole was up 4.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Mission AM PM
Albertsons	Moshen Oil
Arco AM PM	Mossy Nissan
Best Buy	MWI
Blueline Rental	Oceanside Gas & Market
Chevron	One Source Supply Solutions
Circle K	Ralphs
CVS Pharmacy	Ross
Express Fuel	Target
G & M Oil	United Oil
Home Depot	Walmart
Kohls	
Lowe's	
Melrose Arco	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$4,314,525	\$4,324,835
County Pool	519,077	539,449
State Pool	3,008	3,305
Gross Receipts	\$4,836,610	\$4,867,589
Less Triple Flip*	\$(1,209,152)	\$(1,216,897)

*Reimbursed from county compensation fund

NOTES

California as a Whole

Excluding onetime payment aberrations the local one cent share of state-wide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific "point of sale" in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

Triple Flip - The End is in Sight

California's 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year's state budget deficit.

To guarantee the bonds, the state re-directed 1/4 of local government's one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the "triple flip" and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

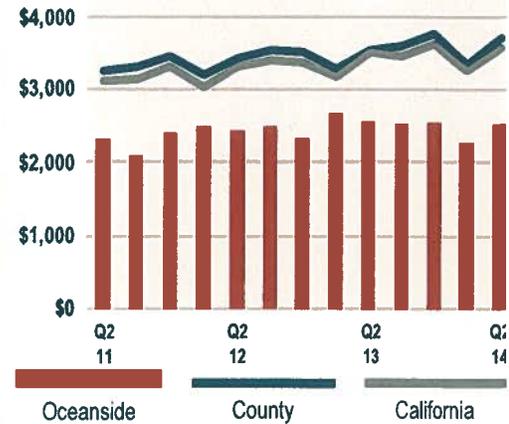
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

Allocation Formulas Corrected

In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state's use of property tax revenues to finance Proposition 198's minimum educational funding requirements (ERAF). Counties also receive 1.5625 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

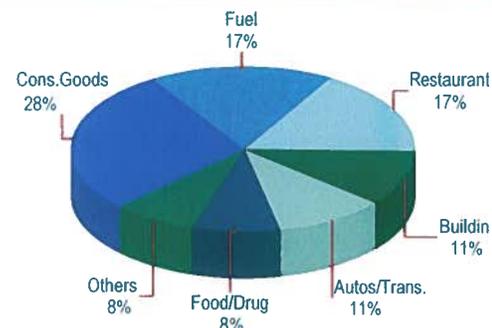
Inconsistencies in the public safety remittances brought to the state's attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Oceanside This Quarter



OCEANSIDE TOP 15 BUSINESS TYPES

*In thousands Business Type	Oceanside		County	HdL State
	Q2 '14*	Change	Change	Change
Automotive Supply Stores	89.0	4.1%	6.1%	2.4%
Casual Dining	279.0	0.5%	5.0%	3.8%
Contractors	99.8	-14.3%	11.7%	14.2%
Discount Dept Stores	— CONFIDENTIAL —		2.4%	2.9%
Electrical Equipment	98.4	-63.9%	12.1%	5.3%
Electronics/Appliance Stores	153.8	3.2%	0.2%	-1.0%
Family Apparel	94.1	29.8%	6.8%	9.6%
Grocery Stores Liquor	183.2	7.6%	6.9%	5.7%
Home Furnishings	75.0	-1.5%	3.9%	6.8%
Lumber/Building Materials	— CONFIDENTIAL —		12.4%	9.2%
New Motor Vehicle Dealers	— CONFIDENTIAL —		1.4%	7.4%
Quick-Service Restaurants	315.8	5.1%	7.7%	6.6%
Service Stations	749.5	3.8%	14.7%	6.7%
Specialty Stores	134.1	4.5%	4.1%	7.7%
Sporting Goods/Bike Stores	87.2	-2.8%	-1.8%	0.2%
Total All Accounts	\$4,324.8	0.2%	5.9%	2.8%
County & State Pool Allocation	\$542.8	4.0%	9.9%	12.7%
Gross Receipts	\$4,867.6	0.6%	6.4%	3.9%