

Q4 2014



City of Oceanside Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2014)

Oceanside In Brief

Receipts for Oceanside's October through December sales were 0.9% above the same quarter in 2013.

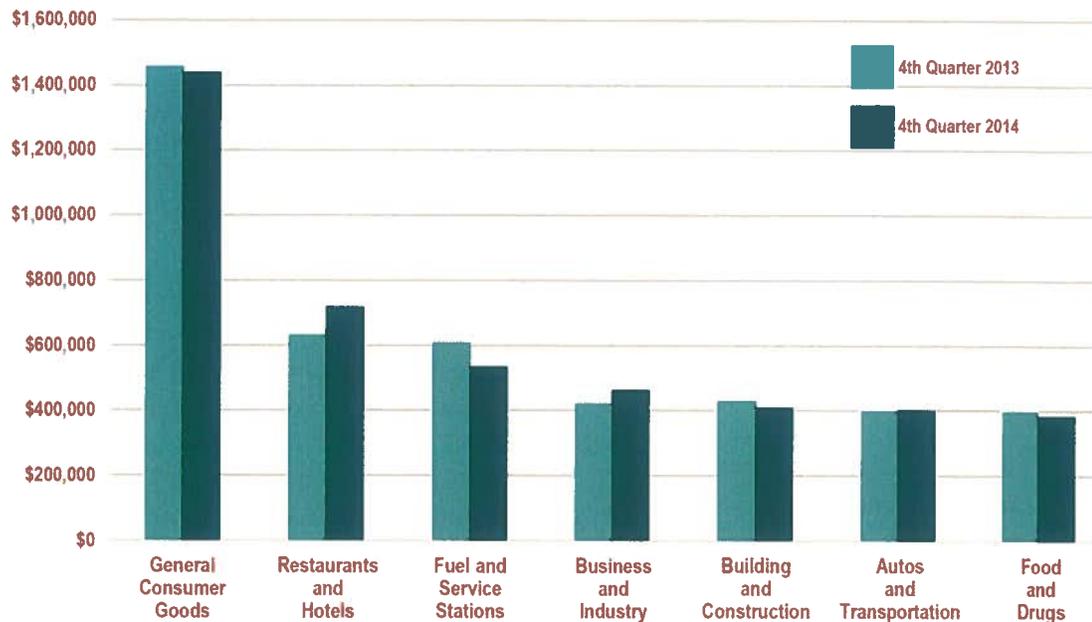
Gains in business and industry and increases stemming from the opening of several new restaurants were largely offset by weak results from fuel and service station and general consumer goods groups. Total local sales results were lackluster as a result. However, a boost in the city's allocation from the countywide use tax pool helped lift total proceeds.

Building and construction and food and drug totals appeared to be down, but temporary accounting adjustments, not lower sales, caused the declines.

Conversely, business and industry receipts were higher than a year ago, but reporting aberrations, mostly in the form of late-arriving payments from sales in prior periods, inflated the comparison.

Adjusted for aberrations, taxable sales for all of San Diego County grew 4.2% over the comparable time period, while the Southern California region was up 4.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Albertsons	Melrose Arco
Arco AM PM	Mission AM PM
Best Buy	Moshen Oil
Chevron	Mossy Nissan
Circle K	MWI
CVS Pharmacy	One Source Supply Solutions
G & M Oil	Ralphs
Home Depot	Ross
Kingsbridge Healthcare Finance	Stater Bros
Kohls	Target
Krannich Solar West	Toys R Us
Lowe's	Walmart
McDonalds	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$12,926,367	\$13,460,112
County Pool	1,655,986	1,771,435
State Pool	7,672	11,434
Gross Receipts	\$14,590,025	\$15,242,981
Less Triple Flip*	\$(3,647,506)	\$(3,810,745)

*Reimbursed from county compensation fund

NOTES

Holiday Quarter Up

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter (October – December) of 2014 were 3.6% higher than last year's holiday quarter.

The gain was primarily due to continued strong demand for new cars and trucks, increased restaurant patronage and a rise in the countywide "use tax" allocation pools resulting from a shift to online shopping where much of the merchandise is shipped from out of state. General consumer goods sales allocated via the pools rose 22% during this holiday quarter versus an increase in tax receipts from brick and mortar stores of only 2.8%.

Robust sales for building and construction materials added to the overall increase which was largely offset by significant declines in revenues from petroleum related industries and service stations.

Gasoline Supply and Demand

Statewide, fourth quarter's tax receipts from fuel and service stations dropped 10.4% from the previous year. Prices rebounded in the first quarter of 2015 due to refinery shutdowns and labor strife but remained well below the prior year due to a worldwide supply glut and weak demand.

Spending cuts by oil producers and a sharp decline in the number of rigs drilling for crude in the U.S. could reduce output and place upward pressure on prices in the second half of 2015. However, improved fuel efficiency and demographic changes continue to reduce demand for gasoline, with consumption at the lowest it has been in 30 years.

From 2008 through 2014 Californians purchased just over 10 million new vehicles, with mileage ratings almost 22% higher than those they replaced. Also, usage has further declined as baby boomers age into retirement and millennials increasingly favor public transportation and car services that make owning a vehicle less necessary.

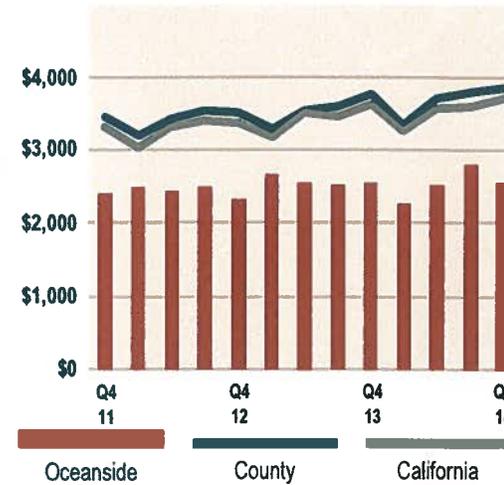
Triple Flip Unwind

In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act that authorized the issuance of \$15 billion in "Economic Recovery Bonds" to close the state's operating budget deficit.

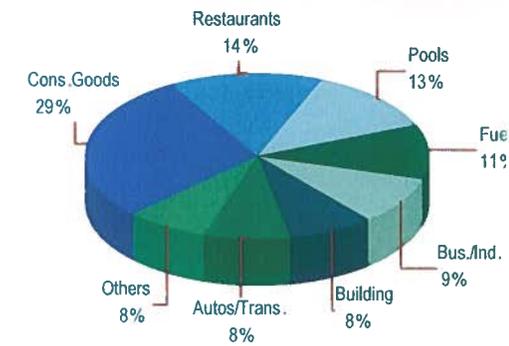
The Bradley-Burns local sales tax rate was decreased from 1 percent to 0.75 percent and the diverted 0.25 percent rate was pledged to repay the bonds. The state then directed that counties reimburse local governments for the 0.25 percent loss with property tax from the Educational Revenue Augmentation Fund (ERAF) set up for schools and then reimburse schools for the ERAF loss from the State General Fund. The funding scheme became known as the "Triple Flip."

The governor's FY 2014-15 state budget currently provides for retiring the bonds as early as July 2015. If carried out as planned, local agencies would receive their final "true-ups" of triple flip reimbursements in the first half of 2016 and the full one cent Bradley-Burns tax reinstated in their second quarter 2016 receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Oceanside This Quarter



OCEANSIDE TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Oceanside Q4 '14*	Oceanside Change	County Change	HdL State Change
Automotive Supply Stores	87.2	4.4%	2.8%	2.1%
Casual Dining	296.7	22.4%	9.6%	6.0%
Contractors	75.8	-3.7%	26.8%	9.0%
Discount Dept Stores	—	CONFIDENTIAL	1.1%	0.9%
Electrical Equipment	91.6	-32.7%	30.5%	24.3%
Electronics/Appliance Stores	190.3	-2.5%	-0.7%	1.3%
Family Apparel	107.4	10.6%	2.9%	5.1%
Grocery Stores Liquor	201.9	0.0%	2.8%	3.5%
Home Furnishings	86.1	-2.5%	4.9%	6.8%
Lumber/Building Materials	—	CONFIDENTIAL	9.5%	-0.7%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.8%	7.6%
Quick-Service Restaurants	309.6	6.3%	6.4%	7.5%
Service Stations	533.2	-12.2%	-16.0%	-10.5%
Specialty Stores	166.7	7.5%	3.1%	5.8%
Sporting Goods/Bike Stores	87.9	3.2%	0.1%	3.9%
Total All Accounts	\$4,347.9	0.2%	3.5%	3.8%
County & State Pool Allocation	\$630.4	6.2%	9.7%	4.7%
Gross Receipts	\$4,978.3	0.9%	4.2%	3.9%