

Q3 2015



City of Avalon Sales Tax *Update*

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

Avalon In Brief

Avalon's receipts from July through September were flat compared to the third sales period in 2014. Excluding reporting aberrations, actual sales were up 3.3%.

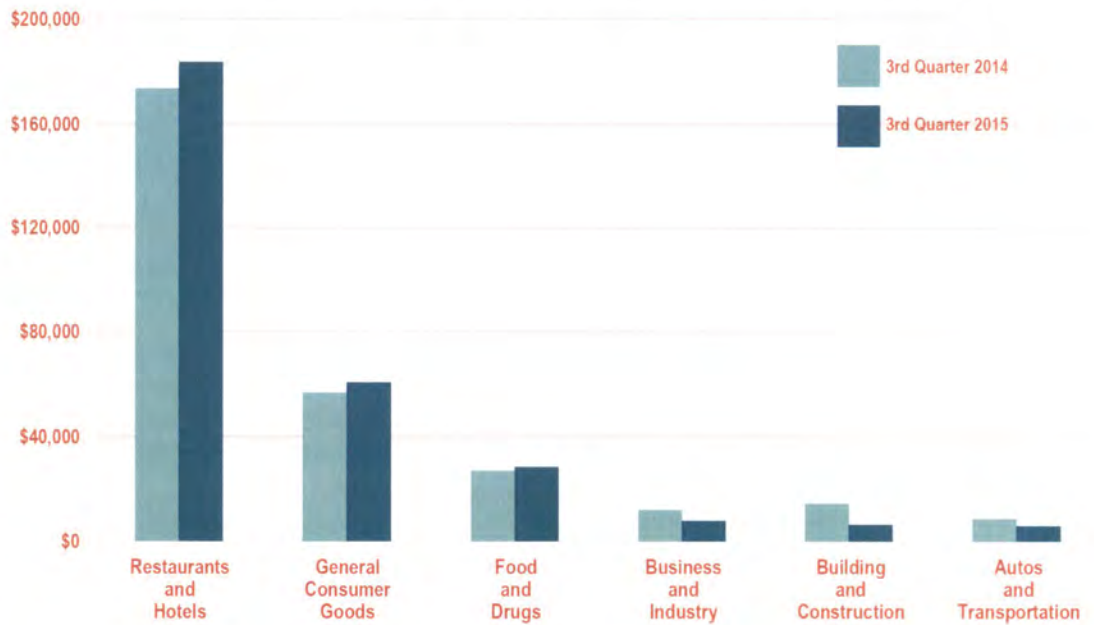
The city experienced an increase in sales for casual dining restaurants, art/gift/novelty stores and the food and drugs sector.

The gains were partially offset by a onetime accounting adjustment that inflated year ago returns and caused the drop in building and construction.

A decline in sales from repair shops/equipment rentals and the autos and transportation group also dampened overall results.

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

Abes Liquor Store	Leos Catalina Drugstore
Antonios Pizzeria & Cabaret	Lobster Trap
Avalon Fuel Dock	Luau Larrys
Bluewater Grill	Maggies Blue Rose
Buoys & Gulls	Mi Casita
Casino Ballroom	Original Jacks
Catalina By The Sea	Pancake Cottage
Catalina Cantina	Perico Gallery
Catalina Sportswear & Souvenir	Pic Nic Fry
CC Gallagher	Ristorante Villa Portofino
Coney Island West	Steves Steakhouse
El Galleon	Vons
Island Threadz	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$298,641	\$298,524
County Pool	35,376	35,811
State Pool	204	56
Gross Receipts	\$334,221	\$334,390
Less Triple Flip*	\$(83,555)	\$(83,598)
Measure C	\$203,383	\$194,587

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.

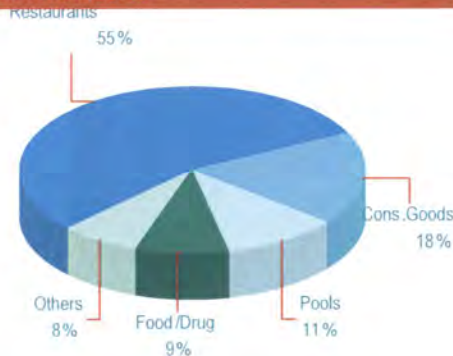
The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial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

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Avalon This Quarter



AVALON TOP 15 BUSINESS TYPES

Business Type	Avalon		County	HdL State
	Q3 '15	Change	Change	Change
Art/Gift/Novelty Stores	24,255	21.5%	7.4%	5.0%
Boats/Motorcycles	— CONFIDENTIAL —		19.1%	11.4%
Casual Dining	158,853	7.5%	7.9%	5.7%
Drug Stores	— CONFIDENTIAL —		-0.9%	-1.5%
Family Apparel	21,242	2.3%	3.1%	2.2%
Fine Dining	— CONFIDENTIAL —		10.6%	11.6%
Fuel/Ice Dealers	— CONFIDENTIAL —		-3.1%	-15.7%
Grocery Stores Liquor	— CONFIDENTIAL —		6.5%	3.8%
Hardware Stores	— CONFIDENTIAL —		7.1%	6.7%
Leisure/Entertainment	— CONFIDENTIAL —		69.7%	22.1%
Liquor Stores	— CONFIDENTIAL —		5.1%	5.4%
Quick-Service Restaurants	5,313	0.4%	4.9%	6.7%
Repair Shop/Equip. Rentals	3,637	-43.7%	11.7%	3.4%
Specialty Stores	5,127	-5.2%	9.6%	5.7%
Transportation-Non-Auto	— CONFIDENTIAL —		-50.9%	-26.3%
Total All Accounts	298,524	0.0%	2.3%	2.3%
County & State Pool Allocation	35,867	0.8%	3.2%	3.5%
Gross Receipts	334,390	0.1%	2.4%	2.4%