

Q1 2014



Temple City Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Temple City In Brief

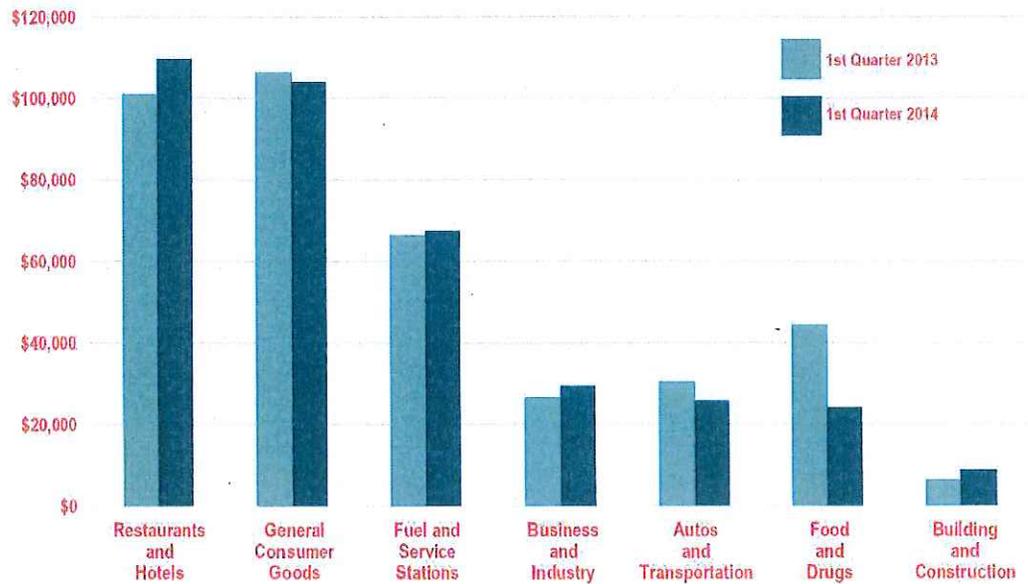
Receipts for Temple City's January through March sales were 2.5% lower than the same quarter one year ago. Actual sales activity was down 3.8% when reporting aberrations were factored out.

Payment anomalies temporarily depressed returns from food and drugs and was primarily responsible for the overall quarterly decrease. Despite new business additions, as a whole general consumer goods were down. Lower sales from some autos and transportation sectors further contributed to the decline.

The losses were partially offset by net higher sales from most restaurant segments and service stations.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 3.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

99 Cents Only	Office Depot
Applebees	OO Kook BBQ
AT&T Mobility	Pep Boys
Chevron	Seafood Village
Circle K	Star Maintenance Supply
CVS Pharmacy	Super A Foods
Daiso Japan	Super Pets
Green Island Restaurant	Temple City Mobil
Hometown Buffet	Temple City Powersports
In N Out Burgers	The Hat
K Mart	TJ Maxx
McDonalds	Vasil
Modern Lighting	

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,533,218	\$1,564,244
County Pool	182,837	186,798
State Pool	817	1,052
Gross Receipts	\$1,716,872	\$1,752,094
Less Triple Flip*	\$(429,218)	\$(438,024)

*Reimbursed from county compensation fund

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SECTION NOTES

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

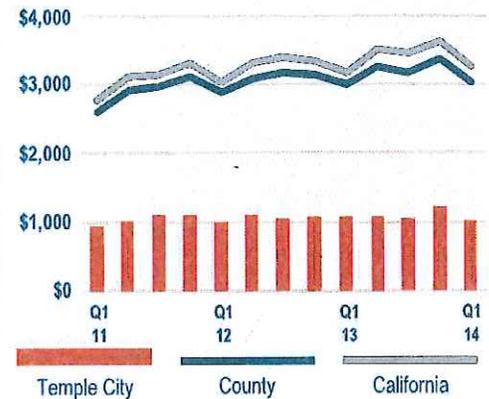
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



TEMPLE CITY TOP 15 BUSINESS TYPES

Business Type	Temple City		County	HdL State
	Q1 '14	Change	Change	Change
Automotive Supply Stores	10,921	-9.5%	1.6%	0.0%
Casual Dining	53,468	29.8%	7.0%	7.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.9%	-2.6%
Drug Stores	— CONFIDENTIAL —	—	-10.4%	-9.8%
Electronics/Appliance Stores	— CONFIDENTIAL —	—	7.8%	2.4%
Family Apparel	— CONFIDENTIAL —	—	-3.5%	-3.2%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	8.4%	10.6%
Grocery Stores Liquor	9,051	-57.0%	-35.1%	-14.7%
Light Industrial/Printers	8,182	12.4%	2.5%	-1.4%
Office Supplies/Furniture	— CONFIDENTIAL —	—	5.2%	-0.4%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	13.1%	8.1%
Quick-Service Restaurants	46,826	-5.0%	4.5%	4.8%
Service Stations	67,417	1.5%	-3.6%	-1.0%
Specialty Stores	12,939	-17.0%	2.5%	2.5%
Variety Stores	10,493	87.8%	1.6%	2.4%
Total All Accounts	\$369,030	-3.2%	1.8%	3.2%
County & State Pool Allocation	\$46,514	3.9%	9.2%	7.7%
Gross Receipts	\$415,544	-2.5%	2.5%	3.7%