

General Overview

California sales tax receipts decreased by 1.1% over the same quarter from last year, with Northern California reporting a 0.1% increase compared to a 2.0% decrease for Southern California. Sales tax receipts for the City of Turlock declined by 14.5% over the same period. Most of the decline for the City of Turlock is due to late processing by the CDTFA. A portion of the total receipts for this quarter remain unprocessed and should be processed in the coming quarters.

California Unemployment: California was 4.2% in August and September 2018 is 4.1%, a sign it will get harder to fill positions.

Employment Forecast: The forecast for 2018, 2019 and 2020 total employment growth is 1.7%, 1.8% and 0.8%, respectively. (UCLA, September 2018)

Retail: 15% of retail sales take place online now. In 2013 it was 9%. Amazon nets 44% of those internet sales. 75% of households with yearly income of \$100,000 or more have an Amazon Prime membership. (Kiplinger)

Holiday Spending: Consumers will spend 4.1% more than last year; will spend an average of \$1,007.24 this year. Ecommerce will be driven by mobile commerce, which is expected to jump 32.6% and will account for 44% of holiday ecommerce spending. 2018 US holiday ecommerce sales are expected to grow 16.2% to \$123.39B.

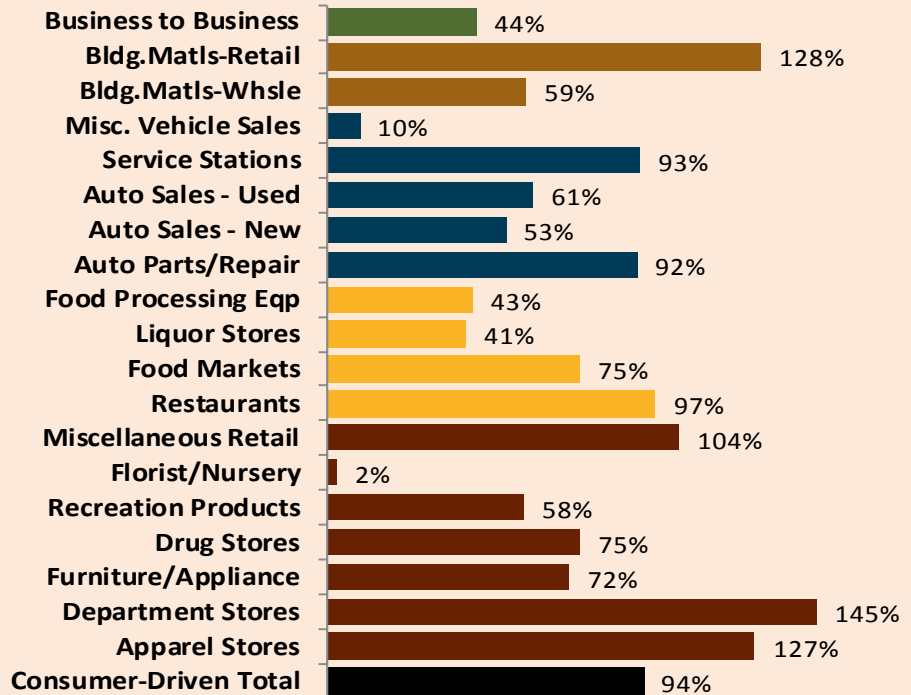
Quarterly Business Activity Performance Analysis

2018Q2 Taxable Sales	\$ 307.4 million
2017Q2 Taxable Sales	\$ 359.4 million
Percent Change	-14.5%



Turlock: 2nd Quarter 2018 Sales Tax Capture & Gap Analysis Report

Percent of Potential Sales Tax: Less than 100% indicates Leakage and more than 100% indicates capture. It compares Turlock's Sales Tax Revenue to other cities throughout the Central Valley based on purchasing habits and disposable income.

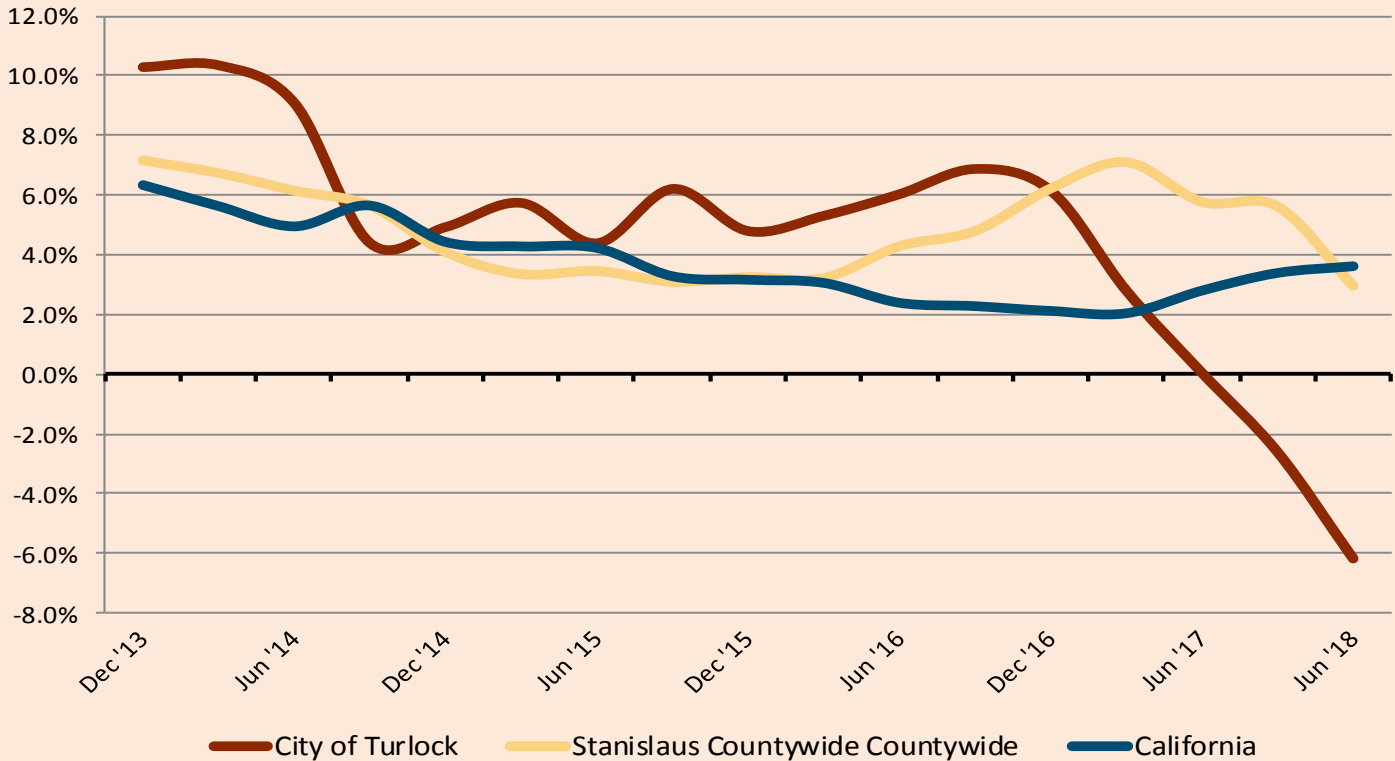


Top 25 Sales & Use Tax Generators

The list is alphabetical and is based on sales from July 2017 through June 2018. These twenty five businesses generate 53% of Turlock's Sales and Use Tax Revenue.

ARCO AM/PM	JKB ENERGY CORPORATION	ROSS STORES
AT & T MOBILITY	JOE M.GOMES AND SONS	SAFEWAY
BON. PONTIAC/BUICK/GMC	KOHL'S	SHAMBAUGH & SON LP
CHEVRON	LOWE'S HOME CENTERS	SHELL SERVICE STATIONS
CHRYSLER DODGE JEEP RAM	MCDONALD'S	SMITH CHEVROLET
COSTCO WHOLESALE	N & S TURLOCK	TARGET STORE
GARTON TRACTOR	NELSON-JAMESON	TJ MAXX
HOME DEPOT	QUIK STOP	WAL MART STORES
IND. ELECTRIC SUPPLY		

Annualized Change in Sales Tax Cash Receipts



The CDTFA's new tax accounting system is experiencing significant challenges. The past two quarters that have been affected and it is expected that there will be data issues for a few more quarters. While the sales tax received is based on actual cash received, City Finance staff continue to use estimates of missing vendors to track revenue to the City. These issues with CDTFA are statewide. Economically for year ending 2nd quarter, the city is experiencing a 2% gain.

Sales Tax Revenue on a Cash Basis

	2018Q2	2017Q2	% Change
General Retail	932,009	1,057,006	-11.8%
Food Products	472,687	560,296	-15.6%
Transportation	565,758	712,233	-20.6%
Construction	328,031	386,462	-15.1%
Business To Business	355,244	521,619	-31.9%
Miscellaneous	17,178	28,790	-40.3%
Gross 1%	2,670,906	3,266,406	-18.2%
County Pool	401,602	329,066	22.0%
State Pool	1,006	(1,654)	-160.8%
County Sharing	(153,676)	(179,691)	14.5%
Administration	(34,284)	(39,683)	13.6%
Subtotal	214,648	108,038	-98.7%
Total Sales Tax	2,885,554	3,374,444	-14.5%

Sales Tax Cash Basis Performance Stanislaus County

	% Change
Ceres	18.9%-
Modesto	5.2%-
Newman	6.4%-
Oakdale	19.0%-
Patterson	38.1%-
Riverbank	20.6%-
Turlock	14.5%-
Waterford	13.8%-
Hughson	5.6%
Unincorporated	20.3%-
Countywide	15.6%-

