

General Overview

California sales tax receipts increased by 2.7% over the same quarter from last year, with Northern California reporting a 3.3% increase compared to 2.2% for Southern California. Sales tax receipts for the City of Turlock declined by 4.3% over the same period. Most of the decline for the City of Turlock was in the building materials wholesale economic segment. There was also large declines in auto sales, both for new and miscellaneous vehicles.

California GDP: Over the next 12 months, real gross state product is forecast to grow at a strong 3.4% pace before dropping to 2.5% growth in 2020 as recession risks grow.

Unemployment: Is 4% for June. Rate held at its record low of 4.2% in May; U.S. unemployment rate dropped to 3.8% in May, matching April 2000 as the lowest reading since 1969.

E-Commerce as a Percent of Total Sales: 2018Q1 (9.5%); 2017Q4 (8.9%); 2017Q1 (8.5%) California's E-commerce sales comprise approximately 13-14% of the total sales, base on California's portion of the national economy.

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, June 2018)

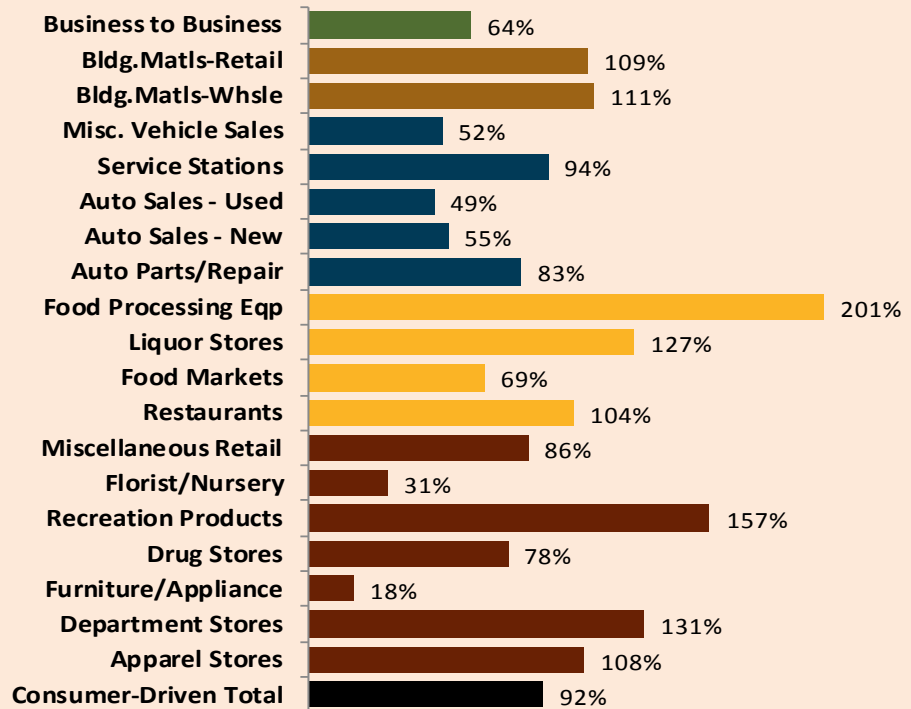
Quarterly Business Activity Performance Analysis

2018Q1 Taxable Sales \$ 330.2 million
 2017Q1 Taxable Sales \$ 345.4 million
 Percent Change -4.4%



Turlock: 1st 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.

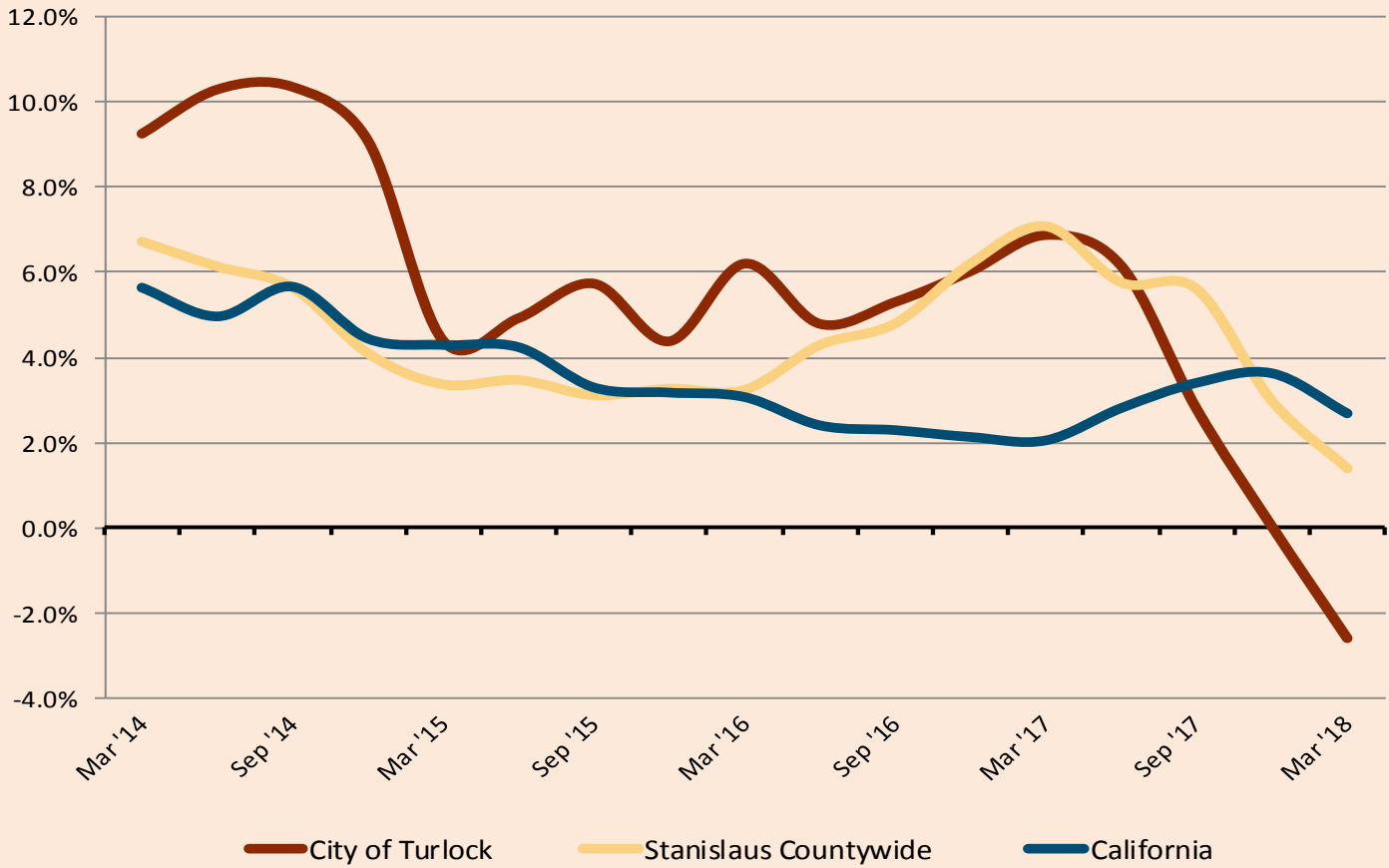


Top 25 Sales & Use Tax Generators

The list is alphabetical and is based on sales from April, 2017 through Mar. 2018. These twenty five businesses generate 52% of Turlock's Sales and Use Tax Revenue.

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

Annualized Change in Sales Tax Cash Receipts



Sales Tax Revenue on a Cash Basis

	2018Q1	2017Q1	% Change
General Retail	971,306	992,101	-2.1%
Food Products	565,835	580,043	-2.4%
Transportation	618,069	633,377	-2.4%
Construction	430,553	531,153	-18.9%
Business To Business	298,285	258,195	15.5%
Miscellaneous	21,465	22,387	-4.1%
Gross 1%	2,905,513	3,017,257	-3.7%
County Pool	393,959	432,949	-9.0%
State Pool	2,506	4,267	-41.3%
County Sharing	(165,099)	(172,724)	4.4%
Administration	(37,768)	(42,700)	11.6%
Subtotal	193,598	221,792	12.7%
Total Sales Tax	3,099,111	3,239,049	-4.3%

Sales Tax Cash Basis Performance Stanislaus County

	% Change
Ceres	4.0%
Modesto	5.5%
Newman	7.1%
Oakdale	10.0%
Patterson	3.7%
Riverbank	1.7%
Turlock	4.3%
Waterford	5.8%
Hughson	13.6%
Unincorporated	6.8%
Countywide	0.9%

