



Quarterly Financial Report

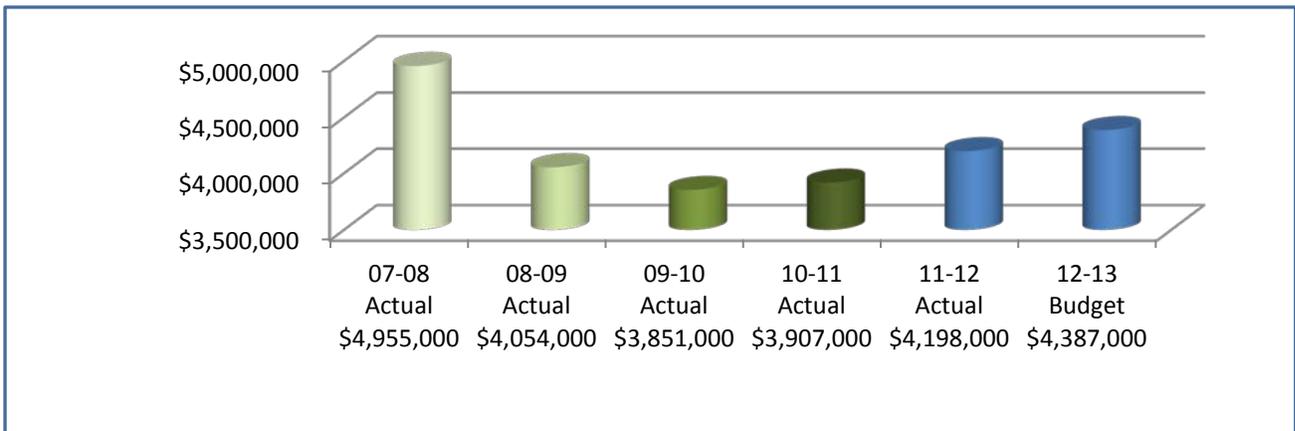
Sales Tax

Fiscal Year 2011-12 total sales tax revenue received was \$5,145,000, which is 3.1% above budget and 4.0% above 2010-11 actual. Sales tax revenue performance, which excludes the Triple Flip allocation, is \$4.2 million, 3.8% higher than the \$4.0 million budget and 7.4% higher than prior year performance of \$3.9 million. This 2011-12 sales tax revenue performance is an increase over the prior 3 years, including 2008-09 sales tax revenue of \$4.1 million, although \$757,000 below the peak in 2007-08 of \$4,955,000.

Sales Tax Revenue Full Fiscal Year 2011-12

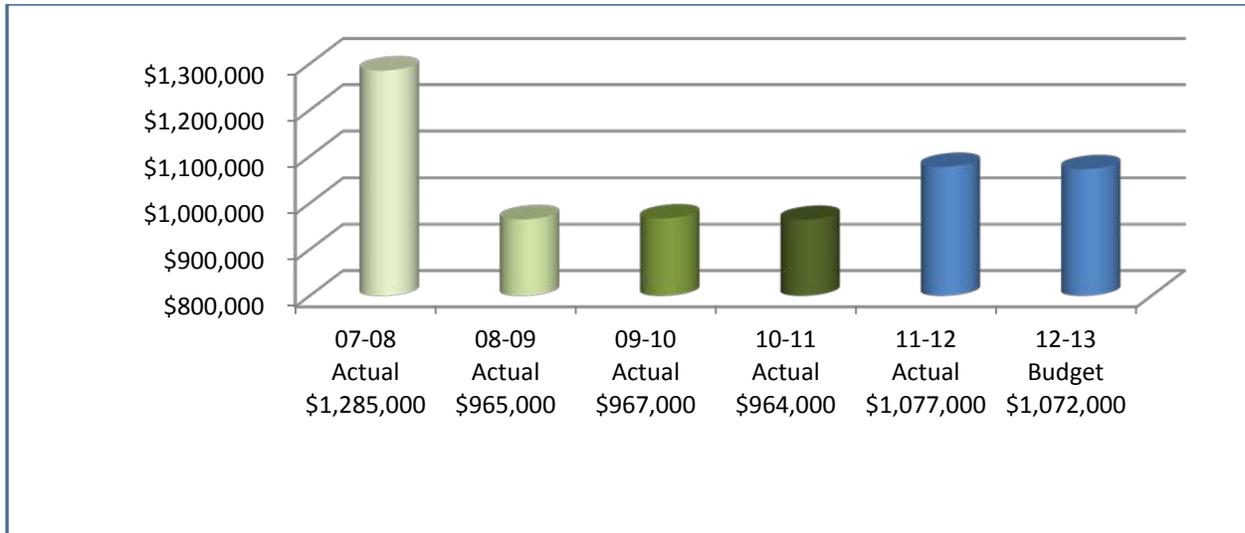
	2011-12 Actual	2011-12 Amended Budget	2010-11 Actual	2011-12 Actual vs. Budget	2011-12 Actual vs. 2010-11 Actual
Bradley-Burns (3/4%)	\$3,281,470	\$3,152,700	\$3,042,485	4.1%	7.9%
Triple Flip (1/4% alloc. Bradley Burns)	\$946,995	\$947,275	\$1,038,220	0.0%	-8.8%
Local Tax (1/4%)	\$916,645	\$892,100	\$865,010	2.8%	6.0%
Total Year-To-Date Sales Tax	\$5,145,110	\$4,992,075	\$4,945,715	3.1%	4.0%
Memo: Performance	\$4,198,115	\$4,044,800	\$3,907,495	3.8%	7.4%

Historical Annual Sales Tax Revenue Performance (Excludes biannual triple flip allocation)



The historic decline in sales tax revenue reflects the weakening of the economy that began in 2007, combined with the loss of a major auto dealership in late 2007-08. This was followed by the closure of a second major dealership and major department store in mid-2008-09; and the loss of a second major department store in late 2008-09. As the economy has slowly regained its footing, the existing auto dealership expanded their product line and increased sales; and a new department store entered the Capitola market in mid 2009-10. A second department store is also anticipated to open in fiscal 2012-13 which will contribute to sales tax growth.

Historical Fourth Quarter Sales Tax Revenue Performance
(Excludes biannual triple flip allocation)



Sales Tax Generators

Businesses can be placed into the following sectors based on their sales tax contributions:

- Largest Generators: 1 - 10
- Middle Generators: 11 – 100
- Smallest Generators: 101 - 555

The 10 Largest sales tax revenue generator sector averages over \$15 million per business in annual sales and was up 3.7% for 2011-12 over 2010-11 for a total sales tax revenue increase of \$56,400. The 90 Middle sales tax revenue generators average from \$600,000 to \$7 million per business in annual sales and increased 12.1% for 2011-12. This generated a \$202,500 increase in sales tax revenue to the City. The Smallest generators, which by number of businesses comprises 82% of the businesses, declined 3.6% from prior year for a loss of \$17,900.

Sales tax revenue generators				
Ranked by sales tax revenue generators	Fiscal 2011-12 Sales tax revenue	% of total sales tax	Incr./(Decr.)	Fiscal 2011-12 over 2010-11
Top 10 sales tax revenue generators	\$ 1,566,424	40.0%	\$ 56,417	3.7%
Sales tax revenue generators 11-100	\$ 1,877,803	47.9%	\$ 202,469	12.1%
Lowest 455 sales tax revenue generators	\$ 474,199	12.1%	\$ (17,891)	-3.6%
Total of Capitola's 555 sales tax revenue	\$ 3,918,426	100.0%	\$ 240,995	6.6%

Sales Tax by Business Segment for fiscal year 2011-12

