

Q1 2013



City of Menifee Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

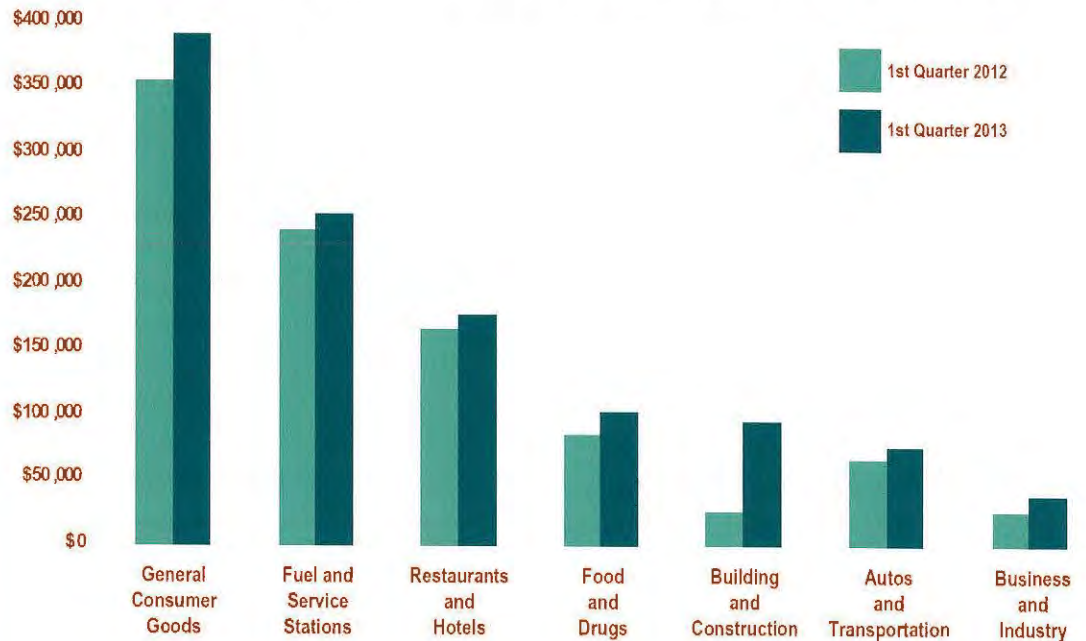
Menifee In Brief

Receipts for Menifee's January through March sales were 15.6% higher than the same quarter one year ago. Actual sales activity was up 6.3% when reporting aberrations were factored out.

The city experienced a strong sales quarter from several categories of general consumer goods. Recent additions helped boost revenues from quick and full-service restaurants. Late payments in the comparison period exaggerated results from building/construction and food/drugs. The increase in service station receipts was inflated by a one-time accounting adjustment.

Adjusted for aberrations, taxable sales for all of Riverside County increased 10.5% over the comparable time period, while the Southern California region as a whole was up 6.5%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Apró	Ralphs
Arco AM PM	Richardsons Auto & RV Sales
Auto Zone	Rite Aid
Best Buy	Ross
BJs Restaurant & Brewhouse	Staples
Chevron	Stater Bros
Circle K	Sun City Chevron
Euramax International	Target
Kohls	Tesoro Refining & Marketing
Living Spaces Furniture	Texas Roadhouse
Lowes	TJ Maxx
Menifee Car Wash	Walgreens
Menifee Mart	

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$4,248,658	\$4,589,469
County Pool	478,901	493,285
State Pool	1,429	2,429
Gross Receipts	\$4,728,988	\$5,085,183
Less Triple Flip*	\$(1,182,247)	\$(1,271,296)

*Reimbursed from county compensation fund

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

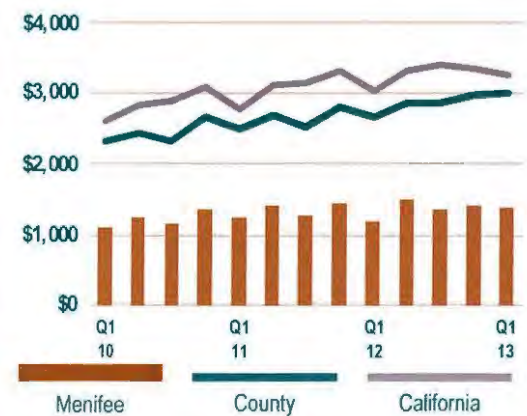
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



MENIFEE TOP 15 BUSINESS TYPES

Business Type	Menifee		County	HdL State
	Q1 '13*	Change	Change	Change
Contractors	29.8	38.3%	39.0%	6.0%
Department Stores	— CONFIDENTIAL —		7.0%	4.8%
Discount Dept Stores	— CONFIDENTIAL —		2.9%	5.1%
Drug Stores	30.5	4.7%	5.0%	2.9%
Electronics/Appliance Stores	66.6	-2.6%	-1.9%	-3.3%
Family Apparel	63.8	13.7%	14.7%	16.5%
Grocery Stores Liquor	58.9	40.0%	32.2%	24.7%
Home Furnishings	— CONFIDENTIAL —		6.9%	4.6%
Lumber/Building Materials	— CONFIDENTIAL —		25.2%	7.2%
New Motor Vehicle Dealers	18.6	9.5%	12.8%	9.5%
Restaurants Liquor	53.5	7.9%	7.6%	6.7%
Restaurants No Alcohol	106.5	6.6%	6.3%	6.0%
Service Stations	252.2	4.7%	-1.2%	-2.2%
Specialty Stores	26.0	15.1%	4.2%	2.7%
Trailers/RVs	— CONFIDENTIAL —		21.4%	15.1%
Total All Accounts	\$1,135.2	17.2%	13.7%	5.7%
County & State Pool Allocation	96.7	-0.3%		
Gross Receipts	\$1,231.9	15.6%		<i>*In thousands</i>