

Q1 2012



City of Moorpark Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

Moorpark In Brief

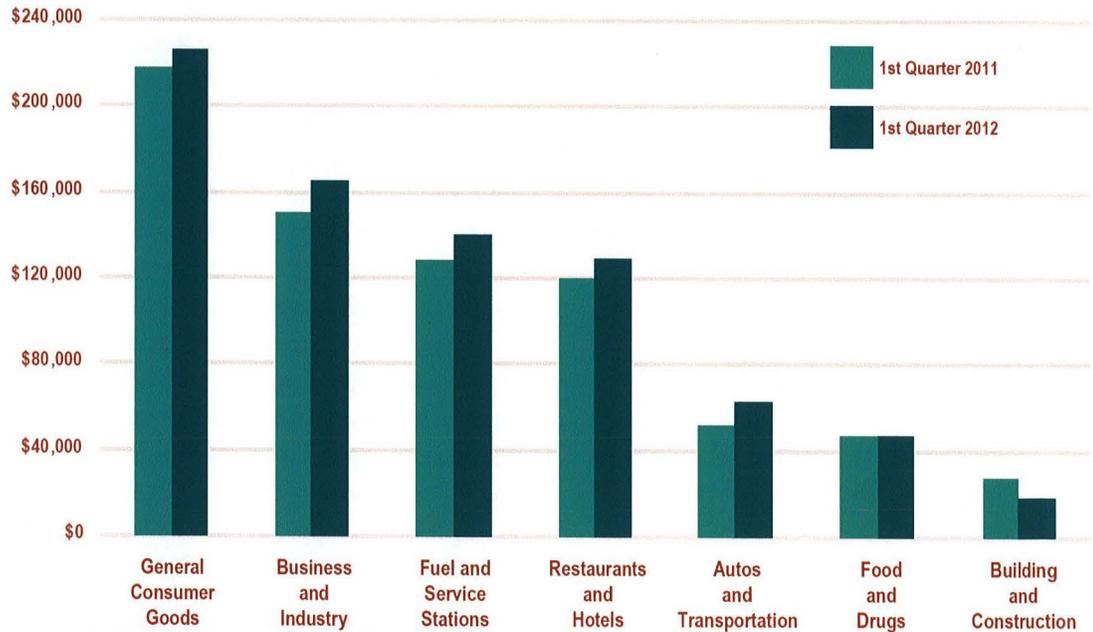
Receipts from Moorpark's January through March sales were 5.9% higher than the same quarter one year ago. Actual sales activity increased 6.9% after accounting aberrations were factored out.

New business additions and increased sales boosted general consumer goods and business to business revenues. The autos & transportation group and all restaurant categories experienced improving sales. Higher fuel prices buoyed service station returns further contributing to the quarterly gain.

The gains were partially offset by a business closure which negatively impacted the building & construction group.

Adjusted for aberrations, taxable sales for all of Ventura County increased 6.5% over the comparable time period, while the Southern California region as a whole was up 8.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Command Performance Catering	Moorpark College Book Store
CTS Electronics Manufacturing Solutions	Moorpark Petroleum
Dick's Sporting Goods	Moorpark Shell
Ensign Bickford Aerospace & Defense	National Ready Mixed Concrete
Kahoots Feed & Supply	Simi Motorsports
Kohls	Target
McDonalds	Testequity
Michaels Arts & Crafts	TJ Maxx
Moorpark 76	Tom Lindstrom RV
Moorpark Auto Spa & Lube	USA Gasoline
Moorpark Chevron	Vons
	Warehouse Discount Center
	Wood Ranch BBQ Grill
	XP Systems

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$3,094,005	\$3,310,433
County Pool	336,005	345,118
State Pool	1,378	1,140
Gross Receipts	\$3,431,388	\$3,656,691
Cty/Cnty Share	(113,236)	(120,671)
Net Receipts	\$3,318,152	\$3,536,020
Less Triple Flip*	\$(829,538)	\$(884,005)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

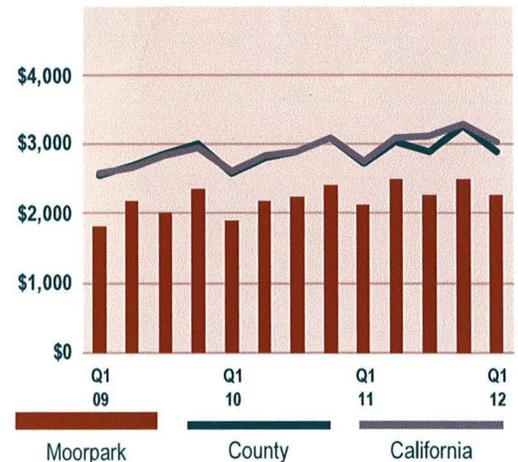
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

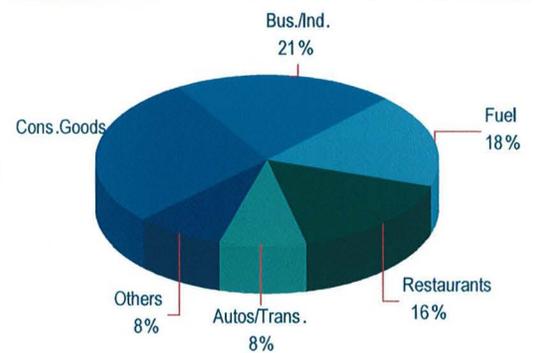
The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Moorpark This Quarter



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q1 '12	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —		8.5%	13.8%
Department Stores	21,029	-6.2%	-0.8%	1.5%
Discount Dept Stores	— CONFIDENTIAL —		5.0%	5.6%
Drug Stores	14,962	1.7%	0.4%	2.7%
Electrical Equipment	56,999	0.6%	12.9%	7.4%
Electronics/Appliance Stores	44,353	4.8%	3.9%	0.5%
Family Apparel	15,503	6.9%	13.8%	11.9%
Grocery Stores Liquor	24,760	0.1%	3.7%	5.5%
Light Industrial/Printers	51,399	62.3%	6.9%	0.1%
Restaurants Liquor	36,868	27.1%	8.1%	12.9%
Restaurants No Alcohol	73,624	-0.2%	6.1%	9.5%
Service Stations	140,445	9.3%	14.1%	13.3%
Specialty Stores	21,588	48.8%	-5.0%	6.5%
Stationery/Book Stores	14,938	-13.1%	-16.0%	-16.8%
Trailers/RVs	— CONFIDENTIAL —		8.2%	10.3%
Total All Accounts	\$790,586	6.4%	5.8%	9.9%
County & State Pool Allocation	80,777	0.6%		
Gross Receipts	\$871,362	5.9%		
City/County Share	(28,755)	-5.9%		
Net Receipts	\$842,607	5.9%		

Q2 2012



City of Moorpark Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2012)

Moorpark In Brief

Receipts for Moorpark's April through June sales were 3.1% lower than the same quarter one year ago. Actual sales activity was up 3.8% when reporting aberrations were factored out.

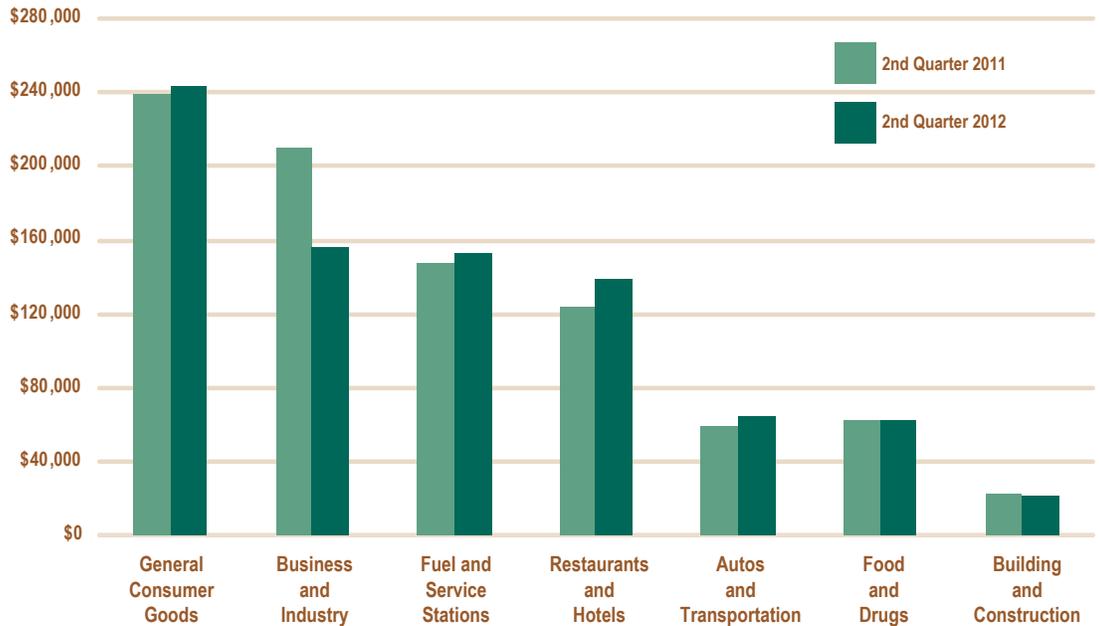
Retroactive adjustments that inflated the year-ago period accounted for the drop in the business and industry group. A new business contributed to positive returns once adjusted for these onetime events.

Sales activity increased in several general retail sectors including family apparel, sporting goods/bike stores and electronics/appliance stores. New eateries added to already good performance in restaurants.

The gain in service stations was consistent with the rise in fuel prices while a new business and expansion boosted auto-related returns.

Adjusted for aberrations, taxable sales for all of Ventura County increased 5.8% over the comparable time period, while the Southern California region as a whole was up 7.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Command Performance Catering	Moorpark Shell
Dick's Sporting Goods	National Ready Mixed Concrete
Do It Center	Ralphs
Fitzpatrick Dental Equipment	Simi Motorsports
Kahoots Feed & Supply	SVK Distributing
Kohls	Target
McDonalds	Testequity
Michaels	TJ Maxx
Moorpark 76	Tom Lindstrom RV
Moorpark Auto Spa & Lube	USA Gasoline
Moorpark Chevron	Vons
Moorpark Petroleum	Warehouse Discount Center
	Wood Ranch BBQ Grill

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$865,536	\$839,163
County Pool	92,584	88,343
State Pool	(509)	832
Gross Receipts	\$957,611	\$928,338
Cty/Cnty Share	(31,601)	(30,635)
Net Receipts	\$926,010	\$897,703
Less Triple Flip*	\$(231,503)	\$(224,426)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, second quarter retail sales were 7.5% higher than the same period one year earlier.

Purchases of new automobiles, spurred by low interest rates, easy credit and manufacturers' incentives, outpaced first quarter growth and generated 22% of the total increase. Business-to-business sales reflected strength in a number of sectors, notably heavy industrial, business services and equipment for energy related projects. Restaurant and hotel receipts grew by 8.6%, outpacing all other industry groups except autos and transportation. Family apparel sales were strong but weak electronics/appliances returns and lackluster results from department stores and big box discounters held general consumer group gains to a modest 3.9%. Flattening fuel prices and ongoing weakness in lumber and building materials sales also restrained overall results.

Outlook for the Year

The momentum for the recovery is slowing and has recently prompted another round of "quantitative easing" by the Federal Reserve Board in an effort to reinvigorate the housing market and spur business investment by keeping interest rates low. Retail growth in California, which fell further than the nation as a whole during the "Great Recession," may outpace the nation going forward but stubborn unemployment, nearly static income levels, and cautious business spending will keep overall sales at moderate levels at least through 2014-15.

Sales Tax from On-line Retailers

AB 155, which was passed last year as a compromise with Amazon.com went into effect on September 15. While the bill expanded the state's ability to require the collection of tax

on out-of-state sales, local agencies expecting immediate revenue gains will be disappointed.

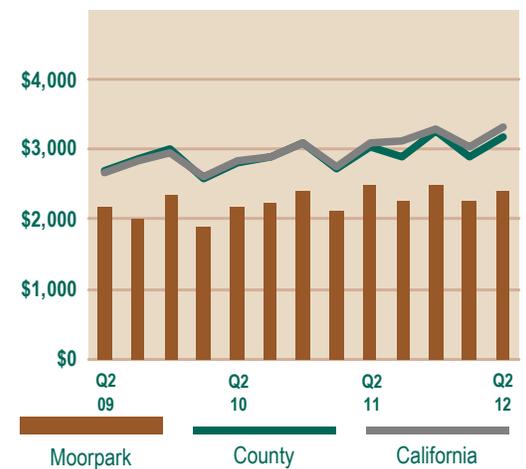
Federal case law continues to provide that remote sellers without nexus in a state are not required to collect that state's sales tax. Amazon agreed not to contest AB 155's definition of nexus which includes remote sellers who have annual sales in California of one million dollars or more and who have an in-state affiliate that provides services in connection with the remote seller's sales if those connected sales exceed \$10,000 per year.

The Board of Equalization's initial estimate was that the legislative change would raise approximately \$38.2 million in one-cent local revenues. However since then, Amazon which was a significant portion of the estimate has decided to build distribution facilities in California which will divert the revenues to the hosting jurisdictions. Other remote sellers, such as Overstock.com, have announced that

they will simply drop their in-state affiliates to avoid collecting the tax.

The Board of Equalization expects to add up to 100 staff positions over the next three years to enforce the new provisions. However, at least initially, local governments should not expect annual revenues of more than \$0.25 per capita and the ultimate solution continues to be federal legislation that eliminates the nexus prohibition and levels the playing field for all retailers.

SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q2 '12	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —	—	16.2%	14.6%
Department Stores	25,446	-7.0%	0.4%	1.1%
Discount Dept Stores	— CONFIDENTIAL —	—	3.2%	3.7%
Drug Stores	15,495	0.3%	1.0%	3.6%
Electrical Equipment	61,947	-10.4%	61.4%	-5.4%
Electronics/Appliance Stores	52,211	5.4%	-12.5%	-3.0%
Family Apparel	18,358	9.6%	6.8%	8.9%
Grocery Stores Liquor	38,543	-0.8%	1.5%	4.2%
Light Industrial/Printers	31,296	-19.4%	-2.9%	-0.6%
Medical/Biotech	18,455	52.4%	-33.0%	1.6%
Restaurants Liquor	37,845	17.3%	7.5%	11.3%
Restaurants No Alcohol	78,545	6.1%	5.6%	8.1%
Service Stations	152,543	3.6%	1.9%	2.3%
Specialty Stores	18,195	-0.1%	3.8%	2.5%
Trailers/RVs	— CONFIDENTIAL —	—	17.8%	9.4%
Total All Accounts	\$839,163	-3.0%	4.4%	6.7%
County & State Pool Allocation	89,175	-3.1%		
Gross Receipts	\$928,338	-3.1%		
City/County Share	(30,635)	3.1%		
Net Receipts	\$897,703	-3.1%		

Q3 2012



City of Moorpark Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Moorpark In Brief

Receipts for Moorpark's July through September sales were 5.7% higher than the same quarter one year ago. Actual sales activity was up 3.6% when reporting aberrations were factored out.

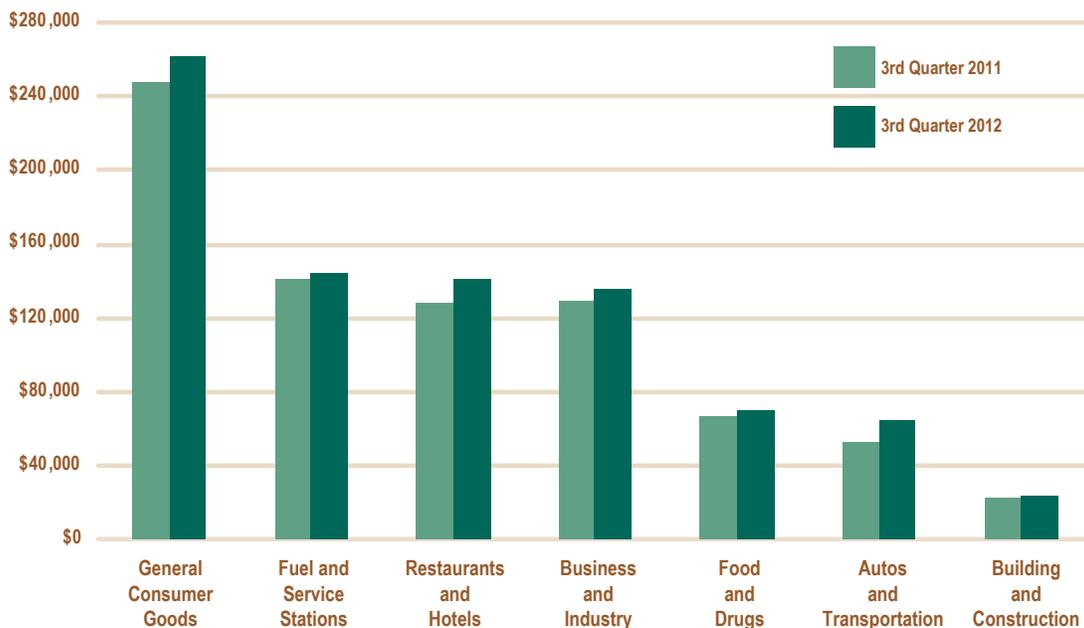
A onetime reporting aberration that negatively impacted year-ago returns exaggerated overall results from the business and industry sector.

The city experienced a strong sales quarter for restaurants, electronics/appliance stores and the autos & transportation group. A recent addition helped boost revenues from business services.

The gains were partially offset by a double-up payment that temporarily inflated year-ago returns and caused the drop in light industrial/printers.

Adjusted for aberrations, taxable sales for all of Ventura County increased 11.0% over the comparable time period, while the Southern California region as a whole was up 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Command Performance Catering	National Ready Mixed Concrete
Dick's Sporting Goods	Ralphs
Kahoots Feed & Supply	Simi Motorsports
Kohls	Smart & Final
McDonalds	SVK Distributing
Moorpark 76	Target
Moorpark Auto Spa & Lube	Testequity
Moorpark Chevron	TJ Maxx
Moorpark College Bookstore	Tom Lindstrom RV
Moorpark Petroleum	USA Gasoline
Moorpark Shell	Vons
	Warehouse Discount Center
	Wood Ranch BBQ Grill
	XP Systems

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$1,654,682	\$1,680,556
County Pool	176,052	170,322
State Pool	142	532
Gross Receipts	\$1,830,876	\$1,851,411
Cty/Cnty Share	(60,419)	(61,097)
Net Receipts	\$1,770,457	\$1,790,314
Less Triple Flip*	\$(442,614)	\$(447,579)

*Reimbursed from county compensation fund

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and

even include an increase in construction-related employment.

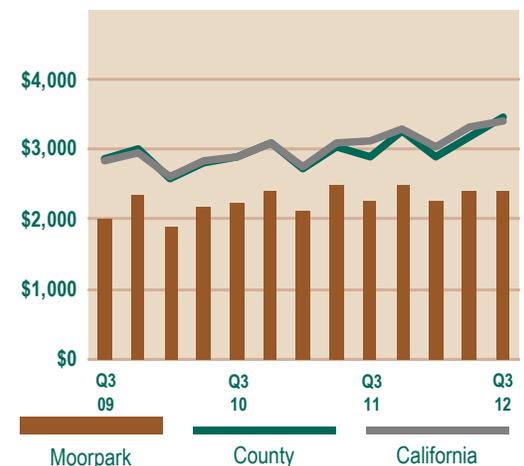
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improv-

ing housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q3 '12	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —		97.3%	5.9%
Business Services	15,873	57.8%	11.0%	-1.2%
Department Stores	24,567	-6.2%	-3.3%	-0.9%
Discount Dept Stores	— CONFIDENTIAL —		8.1%	15.5%
Drug Stores	14,646	-4.8%	-1.4%	0.4%
Electrical Equipment	49,182	-8.3%	20.7%	18.4%
Electronics/Appliance Stores	53,527	13.2%	-6.1%	-1.1%
Family Apparel	17,540	-2.0%	3.9%	9.7%
Grocery Stores Liquor	46,811	9.8%	8.9%	9.6%
Light Industrial/Printers	27,632	-39.8%	20.8%	-5.4%
Restaurants Liquor	35,437	11.0%	4.0%	8.5%
Restaurants No Alcohol	84,748	10.8%	10.9%	8.1%
Service Stations	144,118	2.4%	3.1%	1.6%
Specialty Stores	18,093	17.4%	-1.5%	0.9%
Stationery/Book Stores	16,042	-17.6%	-28.5%	-12.7%
Total All Accounts	\$841,394	6.6%	19.6%	8.8%
County & State Pool Allocation	81,679	-2.9%		
Gross Receipts	\$923,073	5.7%		
City/County Share	(30,461)	-5.7%		
Net Receipts	\$892,611	5.7%		

Q4 2012



City of Moorpark Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2012)

Moorpark In Brief

Receipts for Moorpark's October through December sales were 2.5% higher than the same quarter one year ago.

The increase in family apparel, home furnishings and electronics/appliance stores boosted holiday returns in general consumer goods. Sales activity rose in auto-related sectors while higher prices contributed to the gain in service stations. The benefit of new eateries was partially offset by onetime payment deviations.

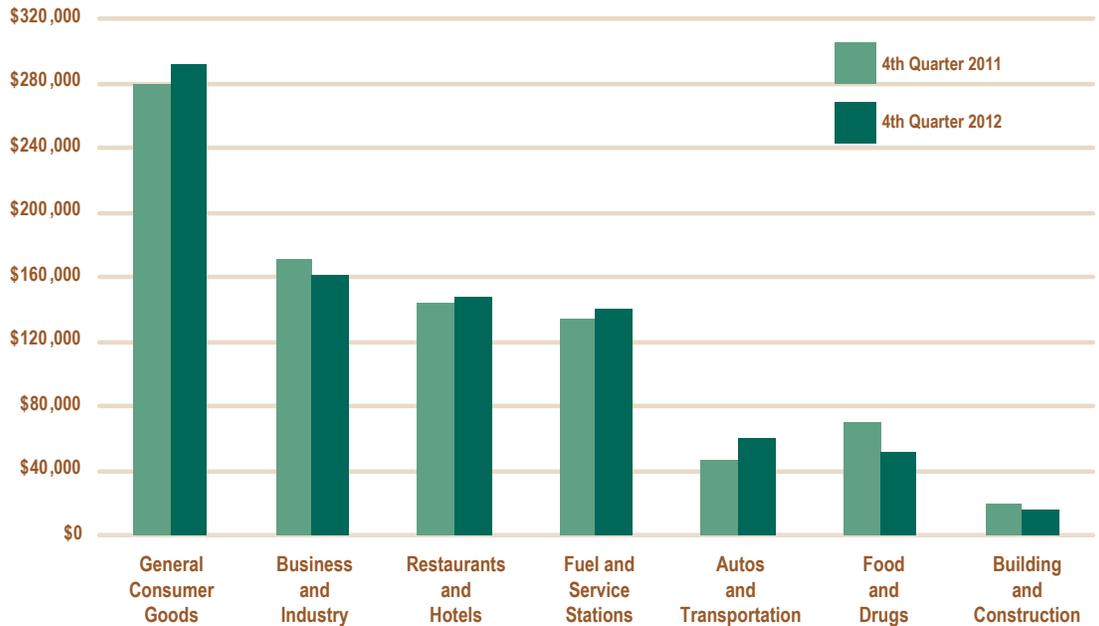
A onetime accounting adjustment that inflated the year-ago period in the light industrial/printers category distorted results in business and industry. Once adjusted for this one-time event, business to business returns dipped 4.5%. Nonetheless, new openings added to gains in medical/biotech.

A temporary payment deviation exaggerated the decline in grocery stores with liquor.

Revenues from remote sales bumped up the countywide use tax allocation pool.

Adjusted for aberrations, taxable sales for all of Ventura County increased 5.0% over the comparable time period, while the Southern California region as a whole was up 6.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Command Performance Catering	Moorpark Chevron
Cornerstone Photography	Moorpark Petroleum
Dick's Sporting Goods	Moorpark Shell
Fitzpatrick Dental Equipment	Simi Motorsports
In N Out Burgers	Target
Kahoots Feed & Supply	Testequity
Kohls	TJ Maxx
McDonalds	Tom Lindstrom RV
Michaels Arts & Crafts	USA Gasoline
Moorpark 76	Verizon Wireless
Moorpark Auto Spa & Lube	Vons
	Warehouse Discount Center
	Wood Ranch BBQ Grill
	XP Systems

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$2,519,847	\$2,549,843
County Pool	265,154	278,786
State Pool	327	1,160
Gross Receipts	\$2,785,328	\$2,829,788
Cty/Cnty Share	(91,916)	(93,383)
Net Receipts	\$2,693,413	\$2,736,405
Less Triple Flip*	\$(673,353)	\$(684,101)

*Reimbursed from county compensation fund

Statewide Results

Statewide sales tax receipts for October through December sales were up 3.4%; however, net of onetime payment aberrations, actual sales increased 6.1% compared to the same sales period in 2011.

The autos and transportation group, led by continued strong sales of new cars and light trucks, recorded another quarter of robust increases over prior year results and accounted for 26% of the adjusted statewide gain. For many general consumer goods retailers the holiday sales season can be the difference between a profit and a loss for the year. This group bested year-ago receipts by 4.3%. Business and industry totals again included tax receipts from a variety of alternative energy projects. Heavy industrial, office equipment and office supplies/furniture also contributed to the group's 5.3% increase. Restaurant dining remained popular as overall sales moved up 5.7%, with most of the increase going to full and quick-service operators. Higher prices at the pump bolstered returns for fuel and service stations which posted a 2.1% rise, even as gasoline consumption for the period trended down. Receipts for building and construction increased 5.3%, while food and drugs gained 1.5%. County use tax pool totals were buoyed by receipt of taxes previously uncollected on internet sales.

First Full Quarter for AB 155

AB 155 expanded the definition of nexus to include out-of-state sellers with statewide annual sales of \$1M or more and who have in-state affiliates providing services connected to those out-of-state sales. Effective September 15, 2012 companies meeting these criteria were required

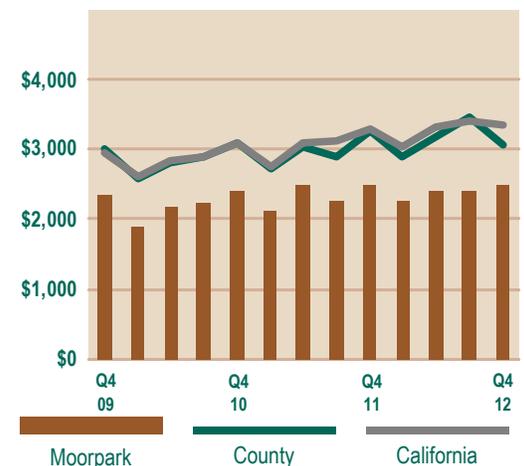
to collect California sales and use tax.

The 26 companies HdL has identified to date as falling under AB 155's criteria produced slightly over \$12M in local one-cent sales tax revenues in the fourth quarter of 2012. It is estimated that this will translate into annual revenues of about \$0.80 per capita. To date, the revenues are being allocated to all jurisdictions in California via the countywide use tax allocation pools. Each city and county receives its proportionate share of the pool based on its ratio of taxable sales.

Past deal making by high volume retailers suggests that new revenues could eventually be redirected to just a few agencies in exchange for sales tax rebates as more out-of-state companies decide where to locate their in-state distribution warehouses. Online sellers already located in the state have negotiated rebates as high as 85% of the local sales tax they collect.

S.336/HR.684, the Federal Marketplace Fairness Act, would provide a uniform approach to allowing all states to require online and remote sellers to collect sales taxes. The bills are strongly supported by a coalition of national retailers and local governments but are opposed by eBay and anti-tax groups. Neither bill has yet to receive Congressional approval.

SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q4 '12	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —	—	6.3%	10.4%
Business Services	16,123	41.4%	6.4%	17.2%
Department Stores	— CONFIDENTIAL —	—	-4.5%	-3.2%
Discount Dept Stores	— CONFIDENTIAL —	—	2.6%	4.4%
Electrical Equipment	— CONFIDENTIAL —	—	-11.1%	4.5%
Electronics/Appliance Stores	58,425	13.8%	-1.7%	3.6%
Family Apparel	— CONFIDENTIAL —	—	2.9%	8.3%
Grocery Stores Liquor	29,073	-32.3%	-19.2%	-17.6%
Light Industrial/Printers	34,263	-46.5%	-26.1%	-3.7%
Medical/Biotech	— CONFIDENTIAL —	—	-699.7%	-12.3%
Restaurants Beer And Wine	16,000	16.0%	4.5%	-0.1%
Restaurants Liquor	37,726	-3.1%	6.7%	8.2%
Restaurants No Alcohol	88,021	2.4%	9.1%	5.1%
Service Stations	140,222	4.1%	2.5%	2.8%
Specialty Stores	18,375	9.4%	-2.2%	0.0%
Total All Accounts	\$869,286	0.5%	-6.1%	2.0%
County & State Pool Allocation	109,091	22.2%		
Gross Receipts	\$978,378	2.5%		
City/County Share	(32,286)	-2.5%		
Net Receipts	\$946,091	2.5%		