

Q1 2011



City of Moorpark Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2011)

Moorpark In Brief

Receipts for Moorpark's January through March sales were 13.8% higher than the same quarter one year ago. Actual sales activity was up 5.9% when reporting aberrations were factored out.

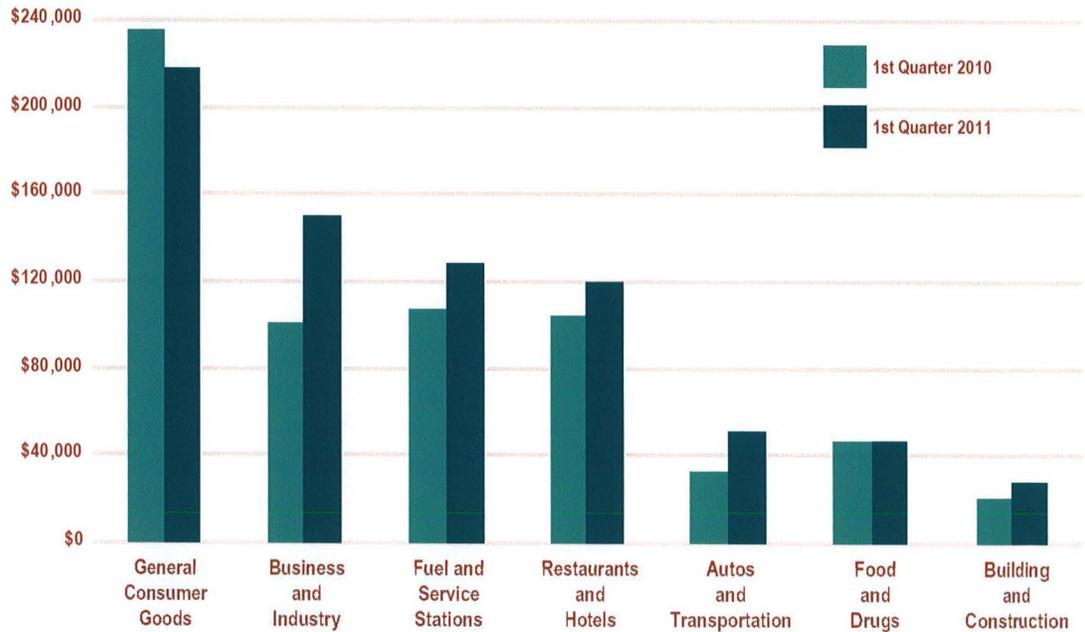
Onetime adjustments that depressed year-ago returns exaggerated the increase in the business and industry group. Nonetheless there were gains in electrical equipment and garden/agricultural supplies.

Higher prices boosted returns in service stations while a new business contributed to the gain in autos and transportation. The reopening of an eatery added to already positive results in restaurants overall. The increase in building-related sectors was inflated by a retroactive adjustment.

Additional offerings in the region continued to negatively impact general retail, however sales activity increased in both sporting goods and electronics.

Adjusted for aberrations, taxable sales for all of Ventura County increased 8.0% over the comparable time period, while the Southern California region as a whole was up 8.7%.

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
Fitzpatrick Dental Equipment	Pentair Pool Products
Kohls	Simi Motorsports
Logical Choice Technologies	Target
McDonalds	Testequity
Moorpark Auto Spa & Lube	TJ Maxx
Moorpark Chevron	Tom Lindstrom RV
Moorpark College Book Store	USA Gasoline
Moorpark Petroleum	Verizon Wireless
Moorpark Service	Vons
	Warehouse Discount Center
	Wood Ranch BBQ Grill
	XP Systems

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$2,894,773	\$3,094,005
County Pool	303,745	336,005
State Pool	2,544	1,378
Gross Receipts	\$3,201,063	\$3,431,388
Cty/Cnty Share	(105,635)	(113,236)
Net Receipts	\$3,095,428	\$3,318,152
Less Triple Flip*	\$(773,857)	\$(829,538)

*Reimbursed from county compensation fund

Statewide Sales on the Rise

Adjusted for accounting aberrations, California's local sales and use tax revenues from transactions during the first quarter of 2011 were 9.2% higher than the previous year's comparable quarter. This represents the fifth consecutive quarter of recovery and the largest percentage gain since the second quarter of 2005. Total annual revenues however, are still 14.8 % below 2006-2007.

Most regions of the state shared in the increase with the largest contributor coming from a dramatic surge in fuel prices. Allocations from new car sales also were a factor with a statewide gain of 19.8% over the first quarter of 2010. Revenues from full service restaurants and consumer electronics exhibited increases of 10% or more.

California Outlook

The good news is that California's economy is recovering and sales tax growth will follow. However, gains in the next two quarters will be held back by temporary supply chain disruptions caused by the earthquake and tsunami in Japan and by reduced consumer spending as rising gas prices cut into disposable incomes. New uncertainties from further declines in home values and additional government layoffs may also soften consumer spending and business investment for the first half of the fiscal year.

Sales tax growth is expected to pick up in the second half although sluggish improvement in employment and lackluster construction spending will continue to affect the economies of the state's inland regions.

Internet Taxation

Under federal case law, states cannot require businesses without a physical presence in their state to collect sales tax. Companies such as Amazon have built their business plans around avoiding collecting the tax thereby put-

ting local brick and mortar stores at a competitive disadvantage.

This year, California has attempted to partially correct the inequity through the passage of ABX1 28 which combines the differing strategies of three previous bills with each designed to be severable in the event of a successful court challenge.

The first follows the lead of New York State by declaring that internet sales through a host of in-state affiliates constitutes "substantial nexus" and therefore makes sales through those affiliates subject to sales tax. ABX1 28 also prevents companies with in-state brick and mortar stores from treating those stores as separate legal entities to avoid collecting tax on internet sales. The third strategy permits the state to use a revised definition of "engaged in business in this state" if future court decisions expand the definition of nexus so that internet sellers must collect sales tax in their customers' jurisdictions.

ABX1 28 is expected to increase

statewide tax collections by \$317 million annually, with local governments splitting about \$39 million or roughly \$1.00 per capita. Revenues from these out of state sales would be distributed primarily through the countywide use tax allocation pools.

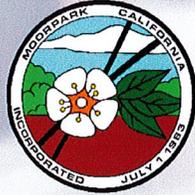
Staying Alive (shrinking retailers)

Agencies in smaller market areas may have fresh opportunities for new retail with big box stores now planning on smaller facilities. Reducing floor area is seen as another method of cost containment as consumer thriftiness keeps pressure on corporate profit margins. JC Penney, Petsmart, TJ Maxx and Staples have announced plans to build stores up to 40% smaller than their existing locations while Best Buy is planning to sublease part of the space in their existing stores and retail giant Wal-Mart is experimenting with stores as small as 14,000 square feet to recapture lost market share from dollar stores.

MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q1 '11	Change	Change	Change
Boats/Motorcycles	—	CONFIDENTIAL	10.8%	-1.2%
Contractors	20,886	64.7%	20.5%	2.7%
Discount Dept Stores	—	CONFIDENTIAL	3.3%	2.1%
Electrical Equipment	56,640	40.2%	22.1%	9.7%
Electronics/Appliance Stores	42,016	2.9%	-4.3%	11.9%
Family Apparel	36,595	-6.4%	2.9%	3.8%
Grocery Stores Liquor	26,609	0.7%	-13.8%	-12.6%
Light Industrial/Printers	31,669	-0.5%	0.8%	6.7%
Office Supplies/Furniture	19,507	na	-3.3%	0.0%
Restaurants Liquor	28,996	23.2%	12.3%	8.1%
Restaurants No Alcohol	73,805	13.6%	8.4%	8.6%
Service Stations	128,526	19.5%	23.4%	19.8%
Sporting Goods/Bike Stores	15,554	15.5%	11.3%	3.5%
Stationery/Book Stores	17,195	-13.6%	2.3%	-1.6%
Trailers/RVs	—	CONFIDENTIAL	7.7%	8.9%
Total All Accounts	\$742,821	14.3%	7.9%	7.5%
County & State Pool Allocation	80,327	8.9%		
Gross Receipts	\$823,148	13.8%		
City/County Share	(27,164)	-13.8%		
Net Receipts	\$795,984	13.8%		

Q2 2011



City of Moorpark Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Moorpark In Brief

Receipts for Moorpark's April through June sales were 14.6% higher than the same quarter one year ago. Actual sales activity was up 11.5% when reporting aberrations were factored out.

The city experienced a strong quarter for service stations as higher fuel prices boosted receipts. Gains were also reported for electrical equipment, light industrial/printers, restaurants selling liquor and contractors. The increases in electrical equipment and repair shops were exaggerated by onetime reporting aberrations.

The gains were partially offset by a decline in sales for certain categories of general consumer goods and medical/biotech.

The city's allocation from the county use tax pool increased overall receipts.

Adjusted for aberrations, taxable sales for all of Ventura County increased 9.0% over the comparable time period, while the Southern California region as a whole was up 8.9%.

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	Staples
Laser Toner & Computer Supply	Target
McDonalds	Testequity
Moorpark Auto Spa & Lube	TJ Maxx
Moorpark Chevron	Tom Lindstrom RV
Moorpark Petroleum	USA Gasoline
Moorpark Service	Verizon Wireless
Moorpark Shell	Vons
	Warehouse Discount Center
	Wood Ranch BBQ Grill
	XP Systems

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$755,458	\$865,536
County Pool	79,736	92,584
State Pool	403	(509)
Gross Receipts	\$835,596	\$957,611
Cty/Cnty Share	(27,575)	(31,601)
Net Receipts	\$808,022	\$926,010
Less Triple Flip*	\$(202,005)	\$(231,503)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

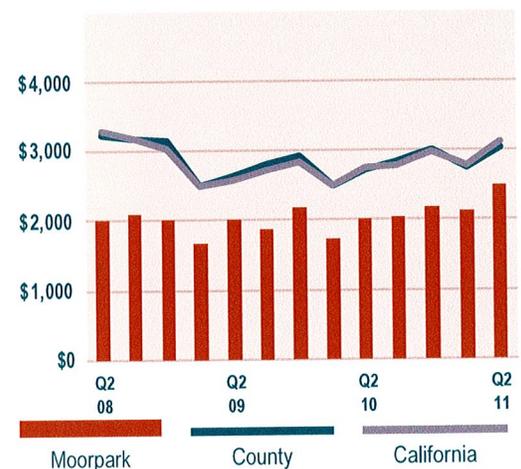
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q2 '11	Change	Change	Change
Boats/Motorcycles	— CONFIDENTIAL —		20.5%	7.1%
Contractors	21,797	45.7%	26.4%	7.5%
Discount Dept Stores	— CONFIDENTIAL —		7.7%	6.4%
Electrical Equipment	69,109	10.8%	19.6%	13.1%
Electronics/Appliance Stores	49,159	6.9%	7.5%	3.2%
Family Apparel	43,687	0.4%	9.1%	12.6%
Grocery Stores Liquor	40,736	-2.1%	0.1%	1.4%
Light Industrial/Printers	38,831	31.5%	-3.4%	0.2%
Office Supplies/Furniture	29,293	246.1%	80.3%	43.0%
Repair Shop/Hand Tool Rentals	24,546	na	24.0%	9.0%
Restaurants Liquor	32,264	28.9%	10.7%	8.7%
Restaurants No Alcohol	74,044	-1.7%	3.2%	3.4%
Service Stations	147,312	25.8%	33.6%	30.9%
Specialty Stores	18,568	8.3%	-0.4%	5.4%
Trailers/RVs	— CONFIDENTIAL —		3.3%	-4.7%
Total All Accounts	\$865,536	14.6%	9.2%	10.1%
County & State Pool Allocation	92,075	14.9%		
Gross Receipts	\$957,611	14.6%		
City/County Share	(31,601)	-14.6%		
Net Receipts	\$926,010	14.6%		

Q3 2011



City of Moorpark Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2011)

Moorpark In Brief

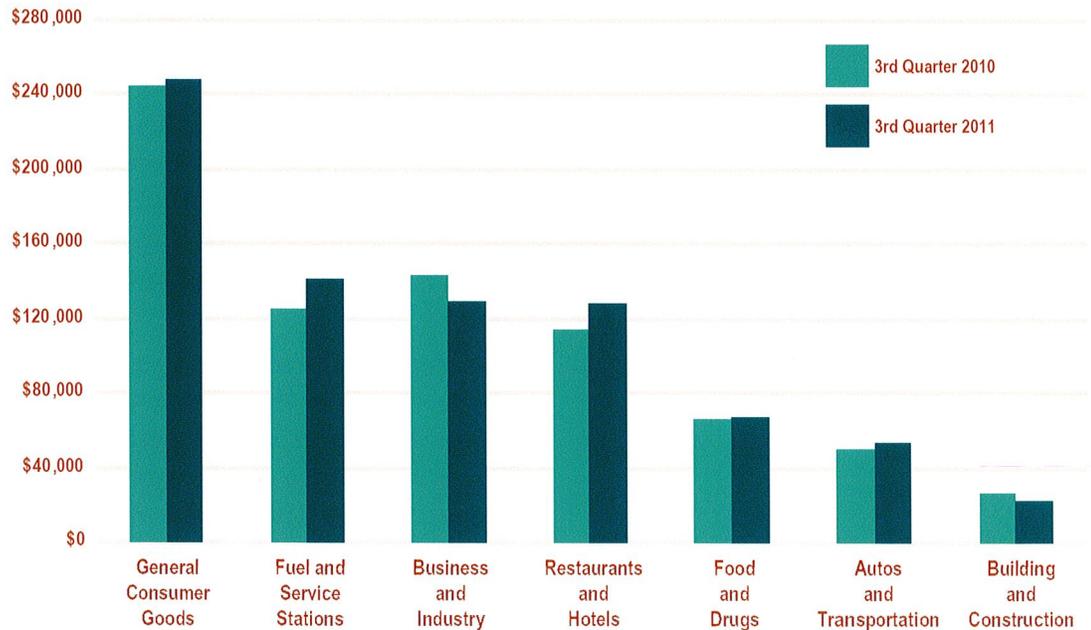
Receipts for sales occurring in the July through September quarter were 2.2% higher than the same quarter last year. Actual sales activity was up 6.2% when reporting aberrations were factored out.

The city experienced a strong sales quarter for service stations, electronics/appliance stores, restaurants with no alcohol and some categories of autos & transportation.

The gains were partially offset by onetime accounting adjustments that negatively impacted some categories of business & industry and a decline in sales from contractor supplies.

Adjusted for aberrations, taxable sales for all of Ventura County increased 7.1% over the comparable time period, while the Southern California region as a whole was up 8.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Carlas Bakery & Taqueria	Moorpark Petroleum
Command Performance Catering	Moorpark Service
Dick's Sporting Goods	Moorpark Shell
Fitzpatrick Dental Equipment	National Ready Mixed Concrete
Kahoots Feed & Supply	Ralphs
Kohls	Simi Motorsports
McDonalds	Target
Moorpark Auto Spa & Lube	Taylor Printing
Moorpark Chevron	Testequity
Moorpark College Book Store	TJ Maxx
	Tom Lindstrom RV
	USA Gasoline
	Warehouse Discount Center
	Wood Ranch BBQ
	XP Systems

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$1,525,643	\$1,654,682
County Pool	163,270	176,052
State Pool	1,082	142
Gross Receipts	\$1,689,995	\$1,830,876
Cty/Cnty Share	(55,770)	(60,419)
Net Receipts	\$1,634,225	\$1,770,457
Less Triple Flip*	\$(408,556)	\$(442,614)

*Reimbursed from county compensation fund

California Overall

Adjusted for accounting aberrations, statewide local sales and use tax revenues for July through September transactions increased 8.6% over last year's comparison quarter. This is the seventh consecutive quarterly gain since the beginning of the recovery.

All categories were up with receipts from higher fuel prices accounting for much of the statewide increase. Sales of new autos, consumer goods and quick and full service restaurants also exhibited solid growth.

The Foggy Crystal Ball

Although 2011-12 is shaping up to be a period of strong sales tax recovery, most analysts believe that the pace of growth will slow in 2012-13 with the only disagreement being over the degree of slowdown.

Additional state budget cuts, continued high unemployment, further declines in home values and unstable fuel prices are part of the uncertainty. The financial turmoil in Europe is also of concern.

Manufacturers, growers, distributors, transporters and other companies involved in export trade make up 25% of the state's gross product. The European crisis has the potential of slowing the demand for both U.S. and Asian goods which would also pare the growth of California's Asian markets. Comparative strengthening of the U.S. dollar would also make exports more expensive.

Analysts worry about the resulting impact on Silicon Valley's technology industries, the Central Valley's agricultural exports and Southern California's transportation sector.

Sales Tax and the Internet

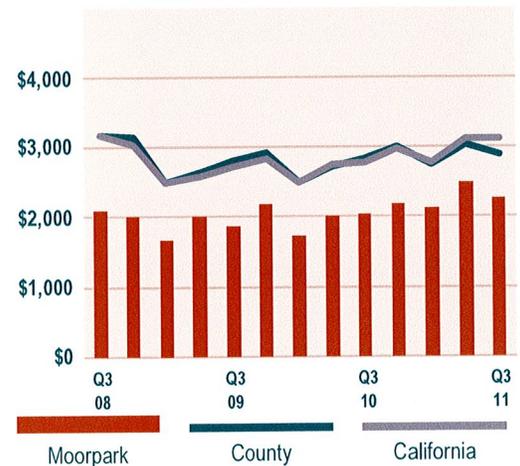
In 1992, the Supreme Court ruled that interstate commerce rules preclude states from requiring sellers without an in-state physical presence to collect local taxes. Since that time, attempts to interest Congress in correcting the problem have been unsuccessful.

With internet sellers becoming a major retail competitive force and more states adopting legislation expanding the definition of what constitutes "physical presence," the need for fairness and uniformity is softening opposition. This year, three competing bills were introduced in Congress that would allow the collection of local taxes. These are: S.1452, H.R. 3179 and S. 1832.

Given the general discord and paralysis in Congress, there is some question of whether any of these will pass. However, a compromise agreement between the State of California and Amazon has resulted in legislation (AB 155) that requires

in-state affiliates of remote sellers to begin collecting and remitting sales and use tax by September 15, 2012. Estimates on the amount of new revenues that will be generated have been difficult to develop but local agencies should not expect gains of more than \$1 per capita. More on the congressional legislation can be found in HdL's December issues paper.

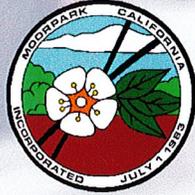
SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q3 '11	Change	Change	Change
Boats/Motorcycles	—	CONFIDENTIAL	12.6%	12.8%
Discount Dept Stores	—	CONFIDENTIAL	0.0%	3.1%
Drug Stores	15,385	7.6%	4.4%	6.2%
Electrical Equipment	53,612	15.1%	26.2%	2.3%
Electronics/Appliance Stores	47,021	19.1%	-4.0%	-9.2%
Family Apparel	43,503	-1.1%	8.6%	7.9%
Grocery Stores Liquor	46,185	2.9%	5.9%	10.8%
Light Industrial/Printers	45,933	-2.4%	15.3%	2.9%
Medical/Biotech	13,855	30.7%	-320.8%	49.5%
Restaurants Beer And Wine	13,899	15.5%	2.3%	0.6%
Restaurants Liquor	31,936	17.8%	7.8%	10.9%
Restaurants No Alcohol	76,488	7.2%	4.5%	7.0%
Service Stations	140,767	12.8%	16.4%	20.5%
Specialty Stores	15,607	7.1%	9.7%	8.3%
Stationery/Book Stores	19,458	-7.9%	8.3%	-4.6%
Total All Accounts	\$789,146	2.5%	0.7%	9.4%
County & State Pool Allocation	84,119	-0.1%		
Gross Receipts	\$873,265	2.2%		
City/County Share	(28,818)	-2.2%		
Net Receipts	\$844,447	2.2%		

Q4 2011



City of Moorpark Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Moorpark In Brief

Receipts for Moorpark's October through December sales were 3.9% higher than the same quarter one year ago. Actual sales activity was up 5.6% when reporting aberrations were factored out.

Holiday sales activity for general retail rose slightly compared to last year. Apparel and specialty stores fared the best with a new store adding to electronics/appliance store returns. Revenues increased in restaurants as a whole and food and drugs while higher prices boosted service station receipts.

An accounting adjustment exaggerated the gain in business to business revenues. Once adjusted for this onetime event and other deviations, this group rose 2.0%.

The decline in building-related sectors was overstated by retroactive adjustments that inflated year-ago proceeds.

Adjusted for aberrations, taxable sales for all of Ventura County increased 6.6% over the comparable time period, while the Southern California region as a whole was up 7.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Command Performance Catering	Moorpark Shell National Ready Mixed Concrete
CTS Electronics Manufacturing Solutions	Ralphs Simi Motorsports
Dick's Sporting Goods	Target Testequity
Kahoots Feed & Supply	TJ Maxx Tom Lindstrom RV
Kohls	USA Gasoline
McDonalds	Vons
Michaels	Warehouse Discount Center
Moorpark Auto Spa & Lube	Wood Ranch BBQ
Moorpark Chevron	XP Systems
Moorpark Petroleum	Zodiac Pool Systems
Moorpark Service	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

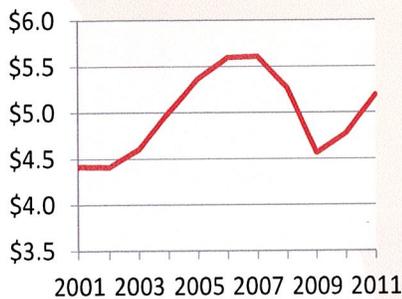
	2010-11	2011-12
Point-of-Sale	\$2,351,184	\$2,519,847
County Pool	255,862	265,154
State Pool	1,195	327
Gross Receipts	\$2,608,240	\$2,785,328
Cty/Cnty Share	(86,072)	(91,916)
Net Receipts	\$2,522,168	\$2,693,413
Less Triple Flip*	\$(630,542)	\$(673,353)

*Reimbursed from county compensation fund

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

CA Local Sales Tax Receipts in \$Billions



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

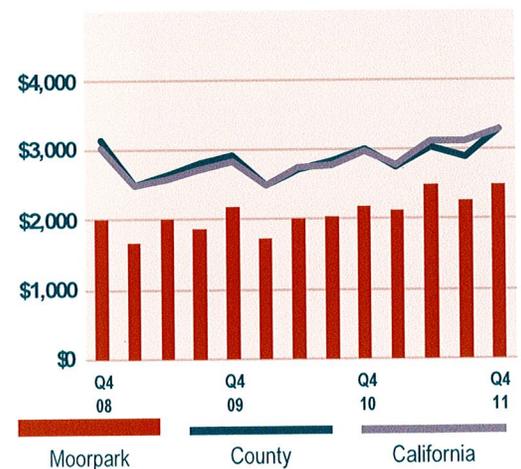
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA



MOORPARK TOP 15 BUSINESS TYPES

Business Type	Moorpark		County	HdL State
	Q4 '11	Change	Change	Change
Art/Gift/Novelty Stores	12,783	6.5%	2.1%	-2.0%
Boats/Motorcycles	—	CONFIDENTIAL	3.4%	8.5%
Department Stores	38,616	-3.6%	2.3%	2.9%
Discount Dept Stores	—	CONFIDENTIAL	3.7%	4.1%
Drug Stores	17,138	8.7%	7.9%	8.0%
Electrical Equipment	49,533	-2.2%	33.2%	1.4%
Electronics/Appliance Stores	50,710	6.6%	5.6%	4.0%
Family Apparel	22,128	7.9%	7.0%	10.6%
Grocery Stores Liquor	42,923	-0.2%	-4.5%	-1.2%
Light Industrial/Printers	64,084	30.0%	19.7%	11.5%
Restaurants Beer And Wine	13,797	-10.7%	0.3%	-0.3%
Restaurants Liquor	38,952	42.3%	9.4%	9.9%
Restaurants No Alcohol	85,977	12.0%	-2.4%	7.2%
Service Stations	134,730	7.8%	14.3%	14.8%
Specialty Stores	17,403	11.9%	4.2%	0.8%
Total All Accounts	\$865,165	4.8%	6.9%	7.8%
County & State Pool Allocation	89,287	-3.7%		
Gross Receipts	\$954,452	3.9%		
City/County Share	(31,497)	-3.9%		
Net Receipts	\$922,955	3.9%		