

Q4 2009



City of Murrieta Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Murrieta In Brief

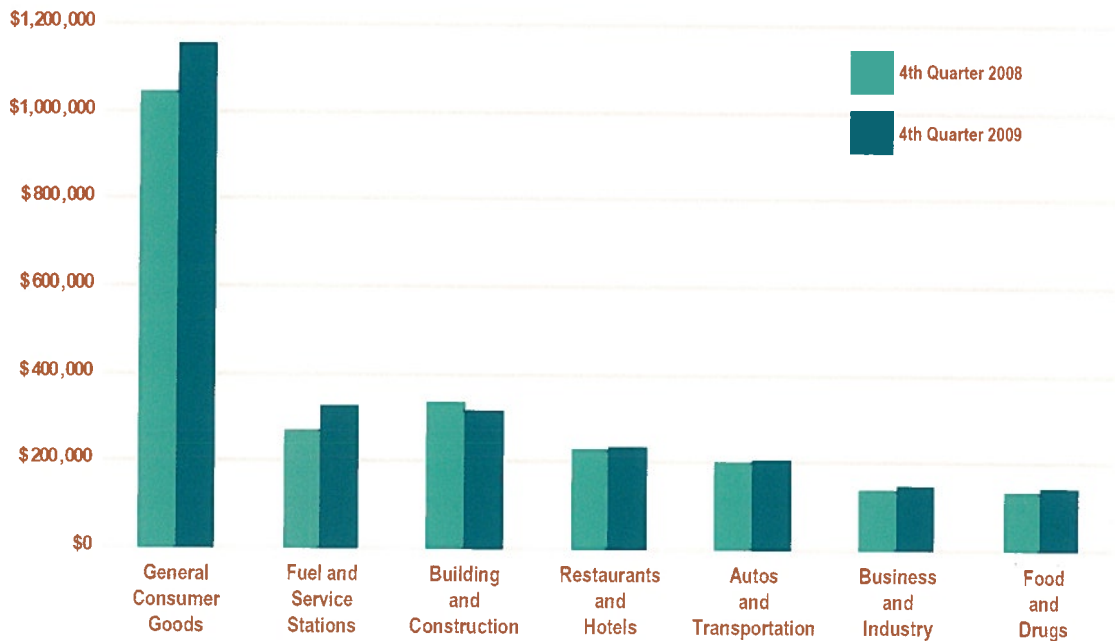
Receipts for Murrieta's fourth quarter sales were 6.7% higher than the same quarter one year ago. Actual sales were up 4.6% when reporting aberrations were factored out.

Higher fuel prices and recent additions that helped boost revenues from several categories of general consumer goods were primarily responsible for the current increase. A onetime payment inflated returns from electronics/appliance stores.

The gains were partially offset by a decline in sales from contractor supplies.

Adjusted for reporting aberrations, taxable sales for all of Riverside County declined 5.8% over the comparable time period while the Southern California region, as a whole, was down 6.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Mor Furniture for Less
Albertsons	Murrieta Hot Springs Shell
Best Buy	Murrieta Volkswagen
Burlington Coat Factory	Ralphs
Carriage Mitsubishi/Suzuki	Ralphs
Chevron	Ross
Dick's Sporting Goods	Sams Club
Giant Inland Empire RV Center	Target
Home Depot	Temecula Motorsports
Kalmia Gas Mart	Tesoro Refining & Marketing
Kohls	Toys R Us
Lowe's	Verizon Wireless
	Wal Mart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$7,443,449	\$6,900,504
County Pool	846,724	730,214
State Pool	3,137	6,652
Gross Receipts	\$8,293,310	\$7,637,370
Less Triple Flip*	\$(2,073,328)	\$(1,909,342)

*Reimbursed from county compensation fund

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles.

The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

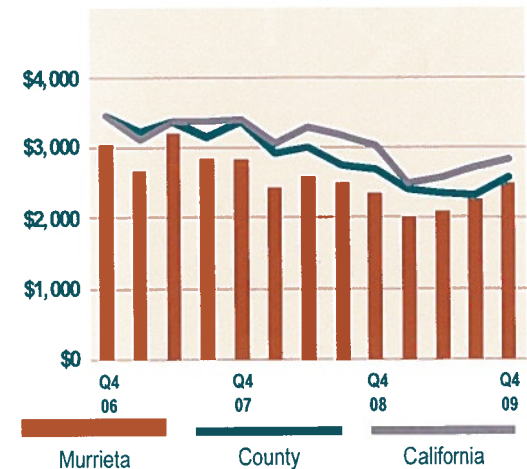
Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

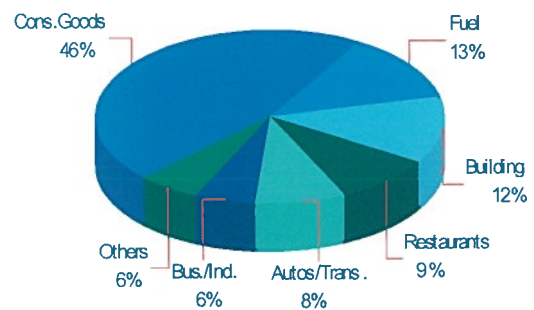
The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Murrieta This Quarter



MURRIETA TOP 15 BUSINESS TYPES

Business Type	Murrieta		County	HdL State
	Q4 '09*	Change	Change	Change
Discount Dept Stores	\$452.9	12.6%	0.1%	1.8%
Service Stations	324.1	20.4%	13.8%	7.0%
Lumber/Building Materials	199.8	7.3%	4.3%	-0.5%
Electronics/Appliance Stores	180.6	19.0%	3.1%	-2.6%
Restaurants No Alcohol	149.6	7.5%	-1.9%	-2.3%
Home Furnishings	134.5	-0.6%	-4.9%	-7.2%
Family Apparel	125.6	34.3%	10.8%	9.4%
Specialty Stores	116.4	-4.8%	-2.2%	-6.0%
Contractors	88.1	-18.0%	-26.8%	-23.0%
Grocery Stores Liquor	76.8	5.3%	0.8%	2.1%
Sporting Goods/Bike Stores	54.6	21.9%	1.0%	-1.6%
New Motor Vehicle Dealers	50.3	11.0%	0.2%	1.0%
Boats/Motorcycles	46.6	11.0%	-17.4%	-21.6%
Restaurants Liquor	43.0	0.1%	7.1%	0.3%
Drug Stores	35.2	5.2%	3.5%	-1.0%
Total All Accounts	\$2,520.0	7.3%	-3.0%	-5.9%
County & State Pool Allocation	265.3	1.7%		
Gross Receipts	\$2,785.3	6.7%		<i>*In thousands</i>