

Q1 2013



City of Colton Sales Tax *Update*

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

Colton In Brief

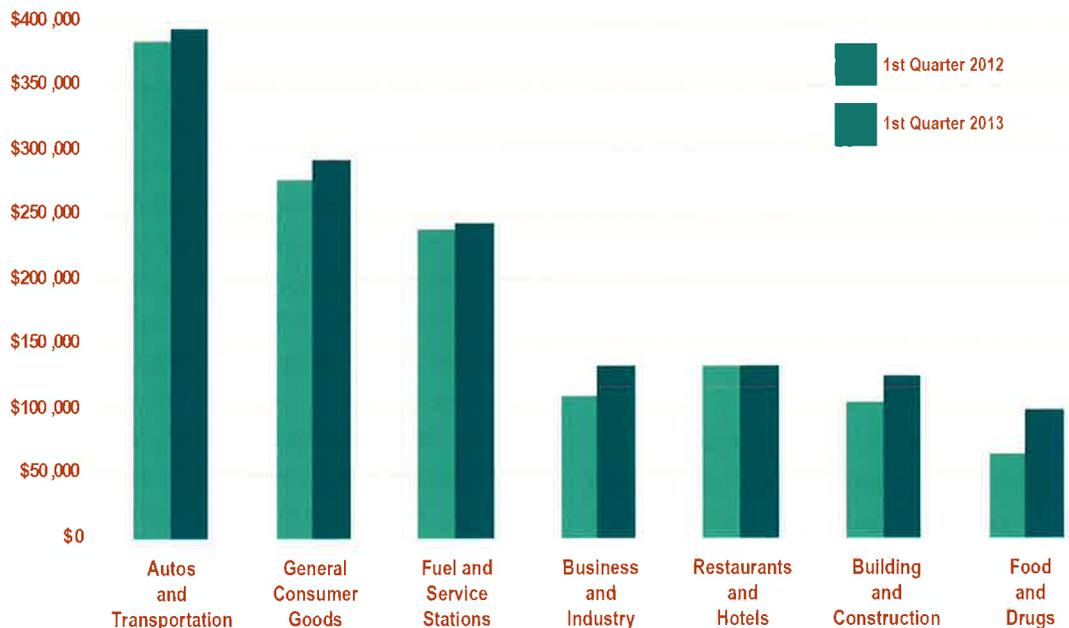
Receipts for Colton's January through March sales were 9.1% higher than the same quarter one year ago. Actual sales activity was up 6.6% when reporting aberrations were factored out.

The city experienced a strong sales quarter for RV dealers, lumber/building materials and some categories of general consumer goods. Recent additions helped boost sales from variety stores. The increase in business services was exaggerated by onetime accounting adjustments.

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

Adjusted for aberrations, taxable sales for all of San Bernardino County increased 5.2% 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

5 Point Auto Service	Food 4 Less
7 Eleven	Giant RV
American Fuel Gas Station	Lucky Oil
Arco AM PM	McMahons RV
Ashley Furniture	Mike Thompsons RVs
AZ Bus Sales	Mobil
Brithinee Electric	Ross
Chadwick Auto Wholesale	Royal Truck Stop
Circle K	Squires Lumber
Cutting Edge Supply	Stater Bros
Dion & Sons	Valley Colton Truck Stop
Fencecorp	Walmart
	Westrux International

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$5,333,434	\$5,347,752
County Pool	587,659	602,068
State Pool	2,063	2,772
Gross Receipts	\$5,923,156	\$5,952,592
Less Triple Flip*	\$(1,480,789)	\$(1,488,148)

*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

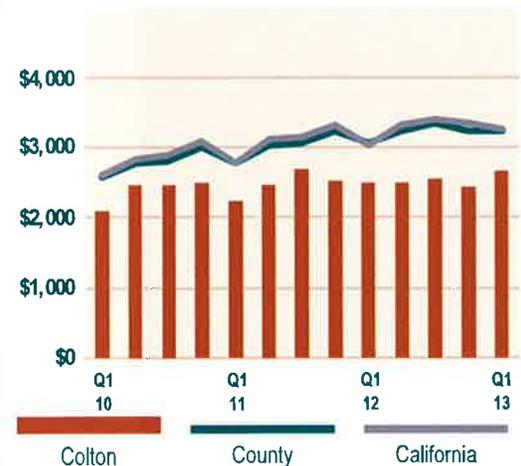
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

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



COLTON TOP 15 BUSINESS TYPES

Business Type	Colton		County	HdL State
	Q1 '13*	Change	Change	Change
Automotive Supply Stores	22.2	-22.8%	2.2%	5.0%
Contractors	32.4	7.7%	0.4%	6.0%
Discount Dept Stores	—	CONFIDENTIAL	4.4%	5.1%
Electrical Equipment	37.6	-0.8%	61.2%	4.9%
Family Apparel	22.0	4.2%	12.7%	16.2%
Grocery Stores Liquor	71.5	82.8%	18.8%	24.7%
Home Furnishings	—	CONFIDENTIAL	6.5%	4.7%
Lumber/Building Materials	83.4	26.2%	18.1%	7.2%
New Motor Vehicle Dealers	77.4	-34.6%	7.7%	9.5%
Office Equipment	20.5	44.6%	138.9%	14.0%
Restaurants No Alcohol	104.7	1.7%	5.6%	6.0%
Service Stations	226.7	6.9%	-5.6%	-2.2%
Trailers/RVs	213.1	26.4%	33.5%	15.3%
Used Automotive Dealers	57.8	3.0%	11.9%	7.9%
Variety Stores	20.3	23.2%	16.2%	17.4%
Total All Accounts	\$1,418.5	8.2%	6.0%	5.7%
County & State Pool Allocation	164.2	17.1%		
Gross Receipts	\$1,582.7	9.1%		<i>*In thousands</i>