

Q4 2013



City of West Covina Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

West Covina In Brief

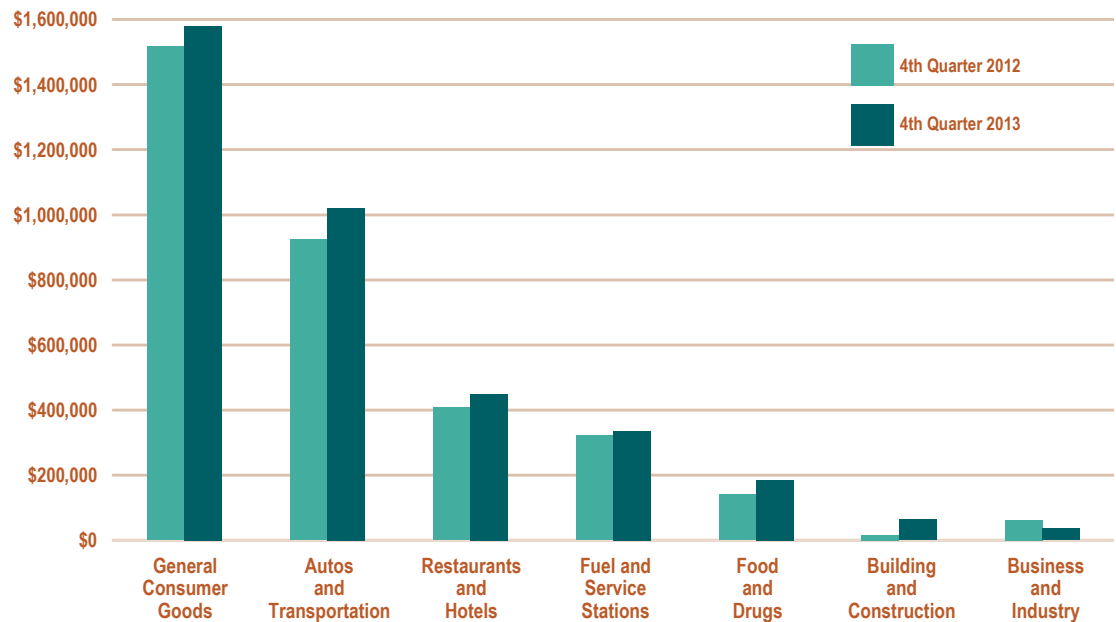
West Covina's allocation of tax revenues from its October through December sales was 7.6% higher than the same quarter one year ago. Actual sales activity increased 5.5% after factoring for accounting anomalies that inflated comparisons in the building-construction and food-drug groups.

A solid quarter for auto sales and the previous addition of several new retailers were the primary factors responsible for the overall increase. A rise in the city's share of the county-wide use tax allocation pool was also a contributor.

The gains were partially offset by previous closeouts and accounting adjustments in the business-industry group and by generally soft holiday spending in some categories of general consumer goods.

Adjusted for aberrations, sales and use tax receipts for all of Los Angeles County increased 1.7% over the comparable time period while Southern California as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ashley Furniture	Norm Reeves Honda
Audi West Covina	Penske Mercedes Benz
Azusa Arco	Rapid Gas
Best Buy	Reynolds Buick
Burlington Coat Factory	Ross
Crestview Cadillac	Sears
Daimler Trust	Target
Grand Stop	Toys R Us
Home Depot	Triple S Chevron
JC Penney	Walmart
Kmart	West Covina Nissan
Macys	West Covina Toyota
Nordstrom Rack	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$9,584,472	\$10,291,655
County Pool	1,153,408	1,209,862
State Pool	4,433	6,086
Gross Receipts	\$10,742,312	\$11,507,604
Less Triple Flip*	\$(2,685,578)	\$(2,876,901)

*Reimbursed from county compensation fund

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

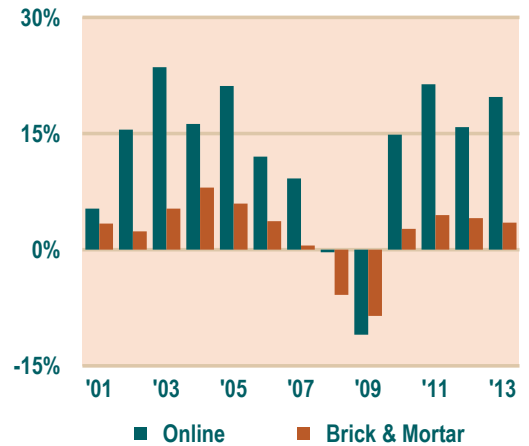
of online ordering by consolidating sales offices and inventories into just a few locations.

However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

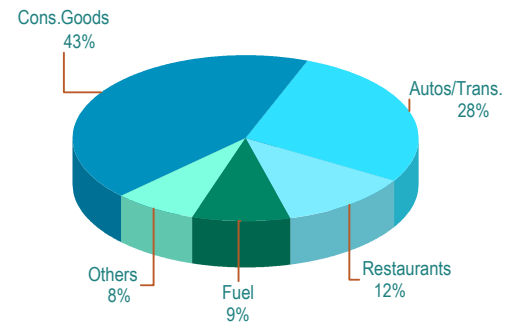
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

West Covina This Quarter



WEST COVINA TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	West Covina Q4 '13*	West Covina Change	County Change	HdL State Change
Auto Lease	99.4	-11.2%	25.3%	28.3%
Casual Dining	195.6	13.1%	6.2%	6.4%
Department Stores	344.4	4.0%	2.1%	1.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.2%	0.2%
Electronics/Appliance Stores	241.1	2.7%	1.2%	-0.6%
Family Apparel	192.9	1.8%	6.8%	6.3%
Grocery Stores Liquor	102.8	47.5%	99.5%	38.8%
Home Furnishings	55.9	72.8%	6.0%	7.9%
Lumber/Building Materials	— CONFIDENTIAL —	—	341.6%	263.1%
New Motor Vehicle Dealers	855.8	14.3%	6.4%	9.4%
Quick-Service Restaurants	180.6	5.8%	6.4%	7.8%
Service Stations	336.1	4.4%	-4.9%	-2.8%
Shoe Stores	70.5	-1.4%	8.4%	6.0%
Specialty Stores	118.6	-2.2%	4.3%	7.0%
Women's Apparel	100.7	2.8%	5.5%	2.5%
Total All Accounts	\$3,670.6	8.1%	8.0%	8.7%
County & State Pool Allocation	\$469.6	3.5%	3.4%	9.4%
Gross Receipts	\$4,140.2	7.6%	7.4%	8.8%