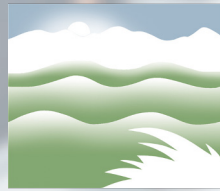


Q1 2019



City of San Jacinto Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2019)

San Jacinto In Brief

San Jacinto's receipts from January through March were 29.4% above the first sales period in 2018. Excluding reporting aberrations, actual sales were up 2.8%.

The persistent impact from the CDTFA software conversion overstated returns in multiple categories including service stations, restaurants, drug stores and auto-related sectors.

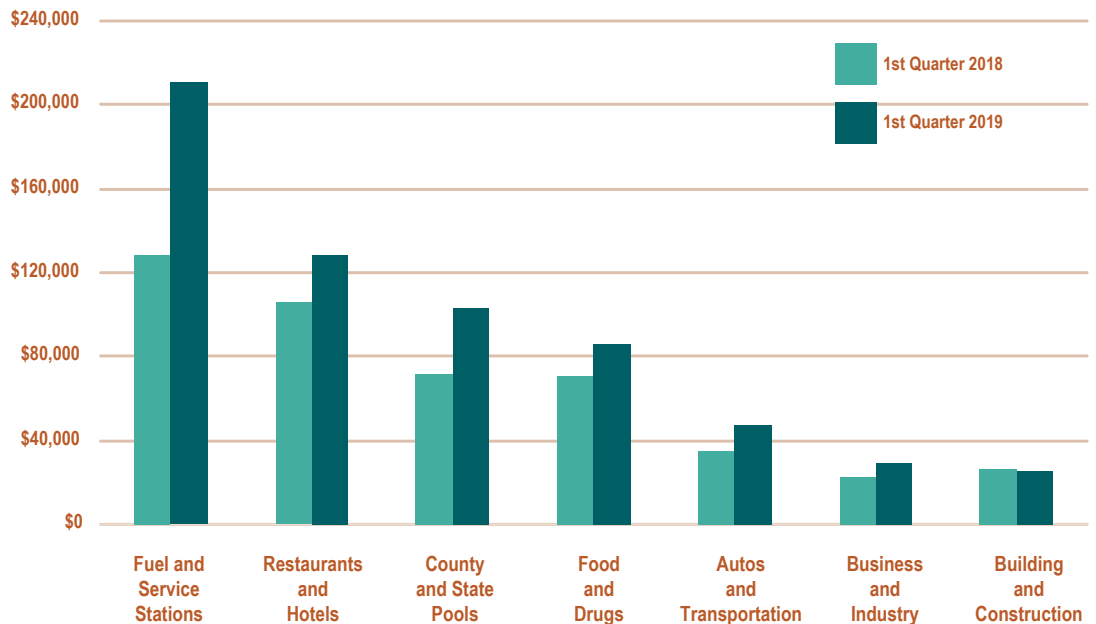
In addition, higher results combined with a year-ago reporting error contributed to the spike in the City's share of the countywide use tax allocation pool.

Post-holiday retail performance posted a gain of 3.3% once payment anomalies were removed. This gain outpaced regional trends.

Temporary auto sales in the comparison quarter pulled down actual results in autos and transportation. Gains in other groups offset the decline.

Net of aberrations, taxable sales for all of Riverside County grew 1.4% over the comparable time period; the Southern California region was up 0.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Jack in the Box
Arco AM PM	Little Caesar's
AutoZone	McDonalds
Cardenas	Mobil Shop N Go Food Store
Chevron	O'Reilly Auto Parts
Circle K	Peps Equipment
Crop Production Services	Rite Aid
Del Taco	San Jacinto Fastrip
Emilios Mexican Restaurant & Cantina	San Jacinto Shell
Farmer Boys	Stater Bros
Hemet Valley Pipe & Supply	Walgreens
Interstate Steel Structures	Walmart Supercenter
	Wendy's

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2017-18	2018-19
Point-of-Sale	\$1,896,926	\$2,346,836
County Pool	241,250	365,980
State Pool	1,172	1,234
Gross Receipts	\$2,139,348	\$2,714,050

Statewide Results

Local sales and use tax receipts from January through March sales were 1.0% higher than the first quarter of 2018 after factoring out accounting anomalies and back payments from previous state reporting shortfalls. This was the lowest percentage increase since first quarter, 2010.

The growth came primarily from a solid quarter for purchases related to expanding logistics, medical and technology facilities and modest gains in building-construction supplies and restaurants. Cannabis sales produced a slight uptick in the food-drug group.

Lower fuel prices and declining general consumer good purchases offset the gains. The shift to internet purchases continued with online shopping accounting for 22.3% of the total general consumer goods segment versus 20.2% one year ago. Tax receipts from new car sales exhibited significant reductions although the drop was partially offset by an upswing in used autos and auto leases.

Regional changes ranged from a decline of 2.1% to gains as high as 4.4%. However, the differences were primarily attributable to onetime projects or capital purchases and not reflective of overall economic trends.

Slower Growth Ahead?

July marks ten years of continuous economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off.

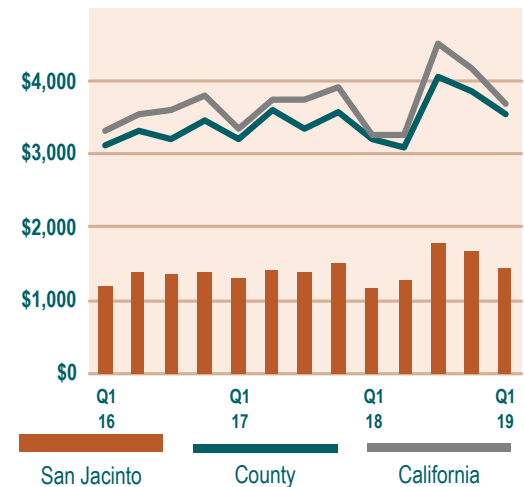
This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. They also note that on-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether.

Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. There will be an uptick in the second quarter's fuel-related tax receipts because of that period's refinery shutdowns; lower crude oil costs are expected to produce subsequent declines.

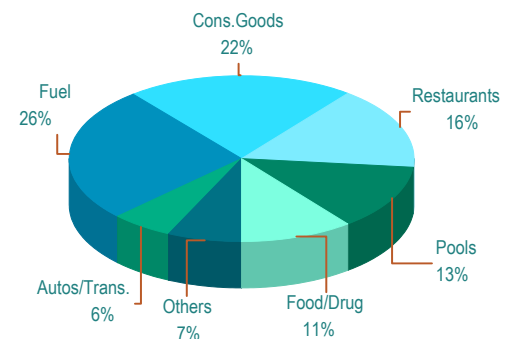
Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. Investment in technological advances should continue and remain strong.

Economic shifts are not the only factor leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. Each year therefore, the portion of the economy that is taxed, shrinks.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP San Jacinto This Quarter



SAN JACINTO TOP 15 BUSINESS TYPES

Business Type	San Jacinto		County	HdL State
	Q1 '19	Change	Change	Change
Auto Repair Shops	16,071	52.9%	13.1%	12.5%
Automotive Supply Stores	20,697	35.2%	9.7%	8.8%
Casual Dining	26,339	38.6%	13.9%	13.3%
Cigarette/Cigar Stores	8,765	42.9%	5.4%	13.1%
Contractors	11,847	1.4%	-7.0%	4.8%
Convenience Stores/Liquor	14,778	12.1%	22.7%	16.6%
Discount Dept Stores	— CONFIDENTIAL —		6.4%	2.8%
Drug Stores	22,289	81.6%	57.5%	37.8%
Fast-Casual Restaurants	— CONFIDENTIAL —		12.5%	8.4%
Garden/Agricultural Supplies	— CONFIDENTIAL —		13.0%	3.7%
Grocery Stores	— CONFIDENTIAL —		34.7%	25.7%
Plumbing/Electrical Supplies	— CONFIDENTIAL —		14.7%	4.6%
Quick-Service Restaurants	89,482	17.3%	11.8%	10.1%
Service Stations	211,178	64.2%	20.6%	15.7%
Warehouse/Farm/Const. Equip.	— CONFIDENTIAL —		80.7%	19.1%
Total All Accounts	701,616	27.6%	11.7%	13.5%
County & State Pool Allocation	102,719	43.4%	25.6%	23.8%
Gross Receipts	804,335	29.4%	13.3%	14.9%