

Q3 2007



City of Lynwood Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2007)

Lynwood In Brief

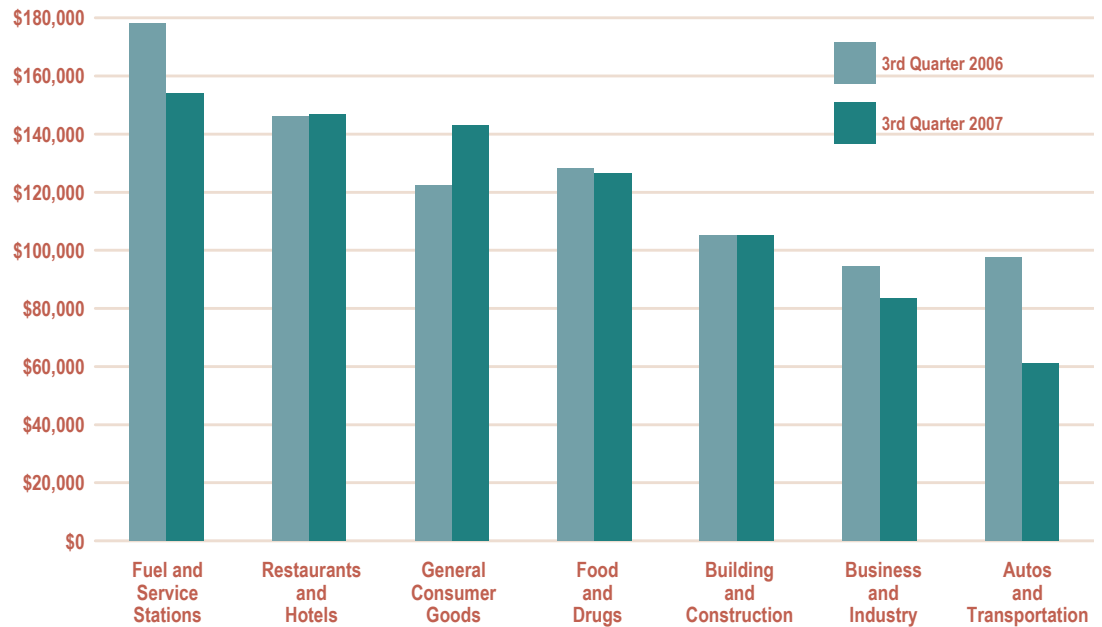
The allocation from Lynwood's July through September sales tax was 5.7% less than the same quarter one year ago. When reporting aberrations are factored out, sales activity was down 1.1%.

Temporarily lower fuel prices and declining consumption reduced revenues from service stations and partially responsible for the decrease. Decreased sales from lumber/building materials, auto supply stores and shoe stores were also contributing factors. Onetime payments that temporarily inflated last year's allocation were responsible for the decrease in heavy industrial, specialty stores, used auto dealers and grocery stores with beer and wine.

The losses were offset by increased sales from grocery stores with liquor, home furnishings, drug stores and contractors. Recent additions helped boost revenues from restaurants with no alcohol and family apparel. Comparison of restaurants with liquor was temporarily inflated by onetime accounting adjustments.

Gross receipts for all of Los Angeles County decreased 2.8% over the comparable time period while Southern California as a whole was down 3.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Ahmed Union Service	La Curacao
Airgas West	Lees Union 76
Andys Shell	Lynwood Arco
Auto Zone	Lynwood Petroleum Inc
Bestway Supermarket	McDonalds
CVS Pharmacy	Oles Enterprises
Del Steel	Rapid Gas
Factory 2U	Rite Aid
Food 4 Less	Smart & Final
G&M Oil	Superior Super Warehouse
J & S Union 76	Valu Plus
Jones Lumber	Walgreens
King Taco	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$1,684,502	\$1,619,058
County Pool	170,450	176,135
State Pool	2,168	105
Gross Receipts	\$1,857,121	\$1,795,298
Less Triple Flip*	\$(464,280)	\$(448,825)

*Reimbursed from county compensation fund

STATEWIDE SALES DECLINE

Further Decreases Anticipated

After adjusting for accounting aberrations, taxable sales during July through September declined 2.9% from the same quarter of 2006.

The inland regions of the state tended to trail the coastal regions. Only San Francisco and portions of the Silicon Valley posted significant gains.

Autos, lumber/building materials and fuel were the primary losers. New car receipts were down 13.3% from the same quarter one year ago while revenues from building/construction materials dropped 11.3% and fuel 6.1%.

Back to school shopping helped boost family apparel sales for the quarter but the gains were largely offset by a drop in demand for home furnishings and large appliances. Receipts from general consumer goods as a whole ended at only 0.7% higher than the third quarter of 2006.

Restaurants continued to be a source of growth exhibiting a 3.9% statewide gain over third quarter 2006 with even larger increases in the North Bay and Central Coast regions.

Capital purchases by manufacturers/exporters of high tech equipment and supplies also helped offset other declines with gains in business-to-business sales second only to the restaurant group.

The Remaining Fiscal Year ...

Fourth quarter sales results will not be available until the end of March. Preliminary reports indicate that holiday spending on general consumer goods increased only 2.2% over 2006 but that redemption of gift cards could boost January-February sales more than had been anticipated. Further declines are expected in receipts from auto sales.

Prognostications for 2008 are blurred by wide differences among economists on how much further the economy will drop and on when a recovery might begin. However, most agree that the

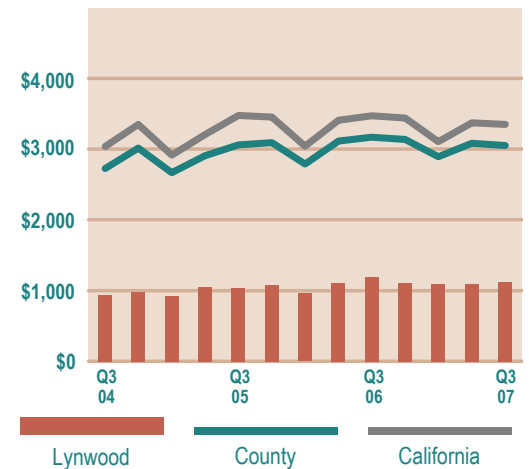
decline will continue through at least the first half of 2008 and possibly longer.

Analysts predict a further decrease of 6.0% to 6.5% in auto sales in 2008 with a recovery in that sector not expected until mid 2009. Sales of general consumer goods are expected to grow only 2.0% to 2.5% overall with solid gains in electronics but weakening performance for apparel, mid-tier department stores and mall shops.

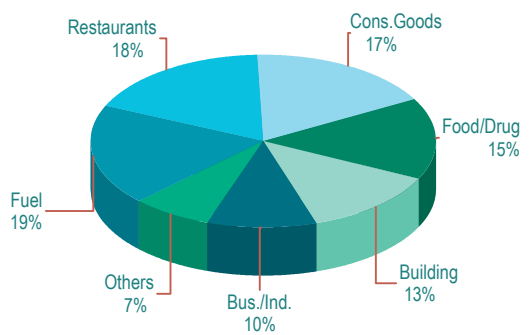
Building and construction material sales could bottom out in mid 2008 with commercial, utility and public construction projects helping offset further losses from housing construction setbacks. However, a recovery in housing construction will be more gradual and is not expected until late 2010 or 2011.

Business-to-business sales may level off in the first half of 2008 but, as long as export demand stays strong, analysts do not expect actual declines. As always, the trends for an individual jurisdiction will vary with the specific make-up of its tax base.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Lynwood This Quarter



LYNWOOD TOP 15 BUSINESS TYPES

Business Type	Lynwood		County	HdL State
	Q3 '07	Change	Change	Change
Service Stations	\$154,043	-13.4%	-6.6%	-4.4%
Restaurants No Alcohol	130,745	4.8%	2.3%	3.4%
Lumber/Building Materials	82,015	-1.3%	-28.0%	-27.4%
Grocery Stores Liquor	72,453	6.1%	1.3%	0.0%
Heavy Industrial	59,703	-5.9%	26.8%	24.1%
Specialty Stores	29,006	-0.7%	4.8%	5.6%
Home Furnishings	28,079	76.6%	-1.9%	-2.8%
Used Automotive Dealers	27,907	-53.4%	-11.0%	-8.4%
Drug Stores	25,921	1.2%	1.6%	3.7%
Automotive Supply Stores	22,997	-11.6%	1.6%	-2.3%
Contractors	19,783	8.9%	-6.4%	-11.1%
Family Apparel	18,458	37.2%	8.9%	8.2%
Grocery Stores Beer/Wine	16,684	-10.8%	1.2%	-5.9%
Restaurants Liquor	12,571	36.2%	9.7%	12.9%
Shoe Stores	11,714	-12.1%	4.6%	10.3%
Total All Accounts	\$820,667	-5.9%	-3.0%	-2.2%
County & State Pool Allocation	84,314	-4.1%		
Gross Receipts	\$904,980	-5.7%		