

Q2 2009



City of Lynwood Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2009)

Lynwood In Brief

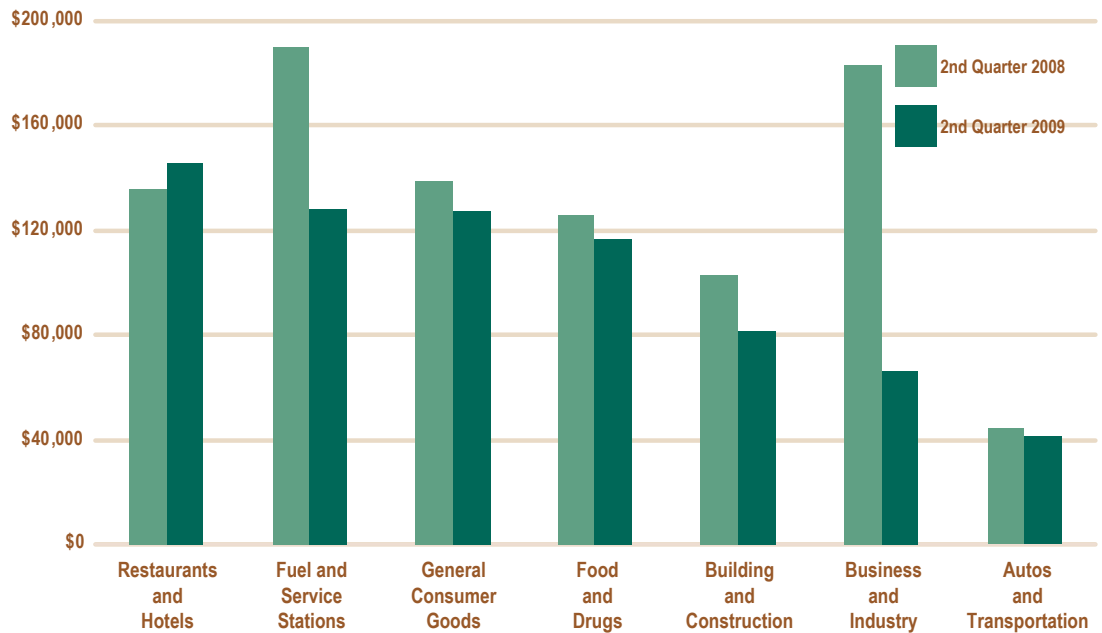
Receipts for Lynwood's April through June sales were 22.7% lower than the same quarter one year ago. Actual sales activity was down 18.1% when reporting aberrations were factored out.

The city experienced a decline in sales from lumber/building materials and family apparel. The double-up of previously late payments in the year ago period exaggerated the current decreases from heavy industrial supplies and home furnishings. The decrease from contractor supplies was inflated by a onetime accounting adjustment. The drop in fuel prices and consumption reduced service station receipts.

The losses were partially offset by a recent addition from specialty stores. A onetime payment temporarily increased revenues from electrical equipment. Payment deviations overstated the results from restaurants without alcohol.

Adjusted by aberrations, taxable sales for all of Los Angeles County declined 20.1% over the comparable time period, while the Southern California region as a whole was down 20.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Ahmed Union Service	McDonalds
Airgas West	Philips Medical Systems
Arco	Rapid Gas
Auto Zone	Shell
Chevron	Smart & Final
Chevron	Superior Super Warehouse
CVS Pharmacy	TJs Metal
Del Steel	Union 76
Fish Land	Valu Plus
Food 4 Less	Verizon Wireless
J & S Union 76	Walgreens
Jones Lumber	
King Taco	
La Curacao	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$921,012	\$706,389
County Pool	96,173	79,199
State Pool	(241)	710
Gross Receipts	\$1,016,943	\$786,297
Less Triple Flip*	\$(254,236)	\$(196,574)

*Reimbursed from county compensation fund

Statewide Trends

Adjusted for accounting aberrations, the local portion of California's sales and use tax for transactions occurring April through June were 18.4% lower than last year's comparable quarter.

All categories and regions were down with receipts from fuel, automobiles, business supplies, and construction materials exhibiting the largest reductions. This is the eighth consecutive quarter of statewide declines but subsequent reductions should become increasingly moderate as the economy bottoms out and future quarters are compared to previous record lows.

The Climb Back Up

Statistically most economists agree that the national recession bottomed out somewhere around the end of July. Minor recovery is expected in the last half of the year as companies restock depleted inventories, federal stimulus programs filter through the system, and investor confidence returns.

However, restoration of California's previous sales tax levels will lag. Unemployment is projected to increase through the first quarter of 2010 and remain weak for several quarters after. Incomes are flat, household wealth has been exhausted, inflation is in decline, and the drops in property values are not over. Lenders are less risk tolerant and previously excessive borrowers have become disciplined savers.

The California Budget Project recently concluded that it took six years for the average household to fully rebound from the jobless recovery following the recession of 2001. New consumer frugality, tight credit, and moderate job growth may result in an equally slow recovery from this recession.

Prognostications for key segments:

General Consumer Goods – Sales of personal electronics remain solid but consumers are focusing on price and necessities when it comes to apparel and other merchandise. Weak back-to-school sales and limited credit

for new stock have retailers planning lean inventories for the holiday season which is projected to be flat with only modest gains through 2010.

Transportation - Cash-for-clunkers stimulated new car sales but largely borrowed from the next two quarters. Significant recovery is not expected until the 2011 models arrive. RV, boat, and motorcycle sales may languish until the return of full employment.

Business & Industry – Sales to health providers and manufacturers of food products, energy, and information technology remain stable. Investment in equipment and supplies as a whole however, generally drops in and out of a recession four to six quarters after consumer goods. Continued declines are expected through 2010.

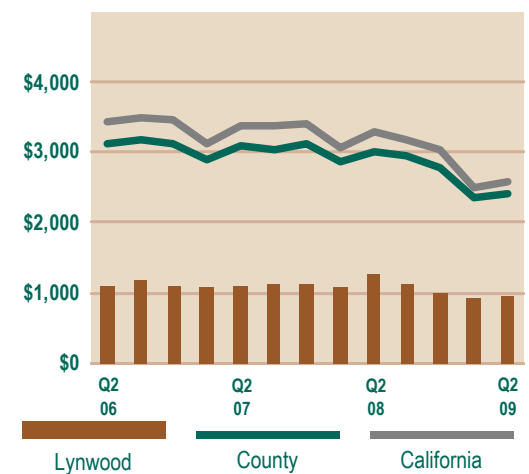
Building & Construction - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

Fuel & Service Stations- Lack of competition allows refiners to manip-

ulate costs of the state's environmentally friendly summer blend, but overall receipts are expected to stabilize after next quarter's comparison with the previous year's record price spike.

Grocers & Restaurants – Intense price competition has kept receipts from grocers' taxable goods down while higher-end restaurants continue to experience reduced patronage. Revenues are expected to remain flat for the next five to six quarters.

SALES PER CAPITA



LYNWOOD TOP 15 BUSINESS TYPES

Business Type	Lynwood		County	HdL State
	Q2 '09	Change	Change	Change
Service Stations	\$128,201	-32.5%	-39.3%	-36.7%
Restaurants No Alcohol	123,942	9.1%	0.3%	2.8%
Grocery Stores Liquor	66,555	0.2%	-4.8%	-2.6%
Lumber/Building Materials	50,430	-25.8%	-17.5%	-21.1%
Heavy Industrial	44,435	-72.3%	-31.0%	-30.5%
Contractors	27,722	-19.0%	-31.8%	-31.0%
Drug Stores	25,492	-4.8%	5.9%	0.2%
Home Furnishings	25,146	-23.9%	-21.7%	-20.5%
Specialty Stores	22,685	26.9%	-16.0%	-12.5%
Automotive Supply Stores	22,493	-4.7%	-7.4%	-5.5%
Electronics/Appliance Stores	20,806	-3.0%	-16.6%	-14.2%
Grocery Stores Beer/Wine	13,780	-13.0%	-8.5%	-18.4%
Family Apparel	13,096	-17.5%	-9.4%	-5.5%
Restaurants Beer And Wine	11,947	0.1%	-11.3%	-12.5%
Shoe Stores	10,645	-6.4%	-8.2%	-2.8%
Total All Accounts	\$706,389	-23.3%	-20.2%	-21.2%
County & State Pool Allocation	79,909	-16.7%		
Gross Receipts	\$786,297	-22.7%		