

Q3 2009



Temple City Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Temple City In Brief

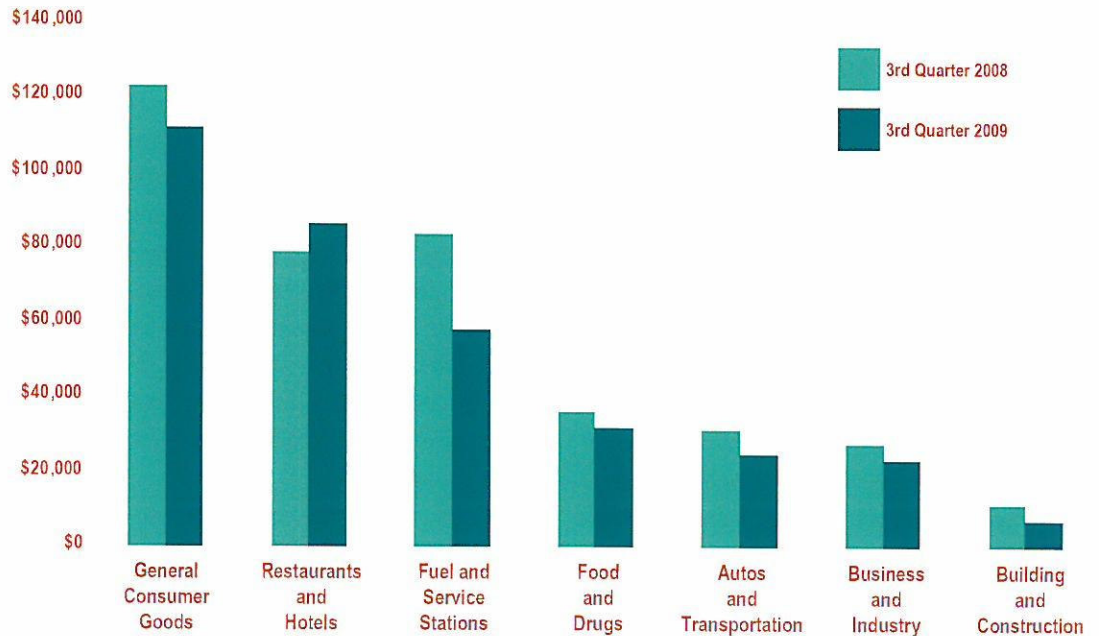
Receipts for Temple City's July through September sales were 13.1% lower than the same quarter one year ago. Actual sales activity was down 12.2% when reporting aberrations were factored out.

The city experienced a decline in sales from office supplies/furniture and family apparel. Previous business closures compounded the drop in receipts from contractor supplies and grocery stores with liquor. Double payments in the comparison period exaggerated the decreases from specialty stores and auto repair shops. The drop in fuel prices and consumption reduced receipts from service stations.

The losses were partially offset by a strong sales quarter from electronics/appliance stores and home furnishings. The increase from restaurants with liquor was exaggerated by onetime accounting adjustments. A previous business addition helped boost revenues from restaurants with beer/wine.

Adjusted for aberrations, taxable sales for all of Los Angeles County declined 16.8% over the comparable time period, while the Southern California region as a whole was down 15.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

99 Cents Only	Peters Mobile Service
Applebees	Ralphs
AT&T Mobility	Rite Aid
Bartolo School Photography	Seafood Village
Chevron	Star Maintenance Supply
CVS Pharmacy	Super Pets
Hat	Temple City Powersports
Hometown Buffet	Temple City Shell
In N Out Burgers	TJ Maxx
K Mart	Valu Mart
McDonalds	Zen Buffet
Office Depot	
Ono Hawaiian BBQ	
Pep Boys	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$794,312	\$686,744
County Pool	87,787	75,191
State Pool	228	680
Gross Receipts	\$882,327	\$762,615
Less Triple Flip*	\$(220,582)	\$(190,654)

*Reimbursed from county compensation fund

Statewide Sales Declines

With aberrations factored out, statewide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

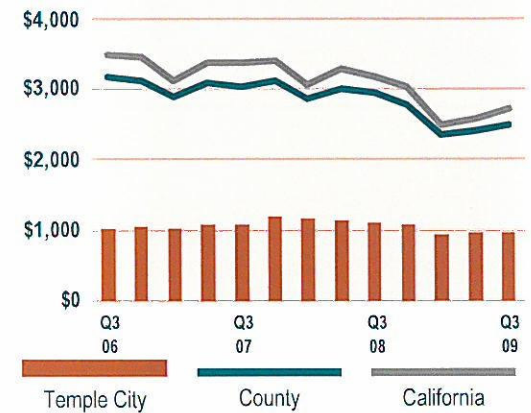
Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses. The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



TEMPLE CITY TOP 15 BUSINESS TYPES

Business Type	Temple City		County	HdL State
	Q3 '09	Change	Change	Change
Restaurants No Alcohol	\$62,833	0.2%	-10.5%	-10.1%
Service Stations	57,912	-30.6%	-31.1%	-28.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-2.8%	-4.4%
Family Apparel	23,313	-4.0%	-2.6%	2.2%
Specially Stores	21,661	-22.6%	-14.4%	-10.1%
Grocery Stores Liquor	14,860	-15.8%	-1.8%	-1.4%
Office Supplies/Furniture	12,068	-18.6%	-26.1%	-19.7%
Restaurants Liquor	11,859	90.0%	-7.7%	-4.0%
Restaurants Beer And Wine	11,290	16.6%	-15.8%	-14.4%
Automotive Supply Stores	11,170	15.6%	-7.9%	-3.6%
Drug Stores	10,321	-5.0%	5.3%	-1.0%
Electronics/Appliance Stores	10,136	19.4%	-15.4%	-13.7%
Boats/Motorcycles	— CONFIDENTIAL —	—	-33.3%	-31.1%
Home Furnishings	6,782	6.1%	-20.7%	-17.9%
Auto Repair Shops	5,799	-23.8%	-12.5%	-10.1%
Total All Accounts	\$341,571	-12.3%	-15.1%	-13.9%
County & State Pool Allocation	36,824	-19.7%		
Gross Receipts	\$378,395	-13.1%		