Q4 2010

City of Whittier Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2010)

Whittier In Brief

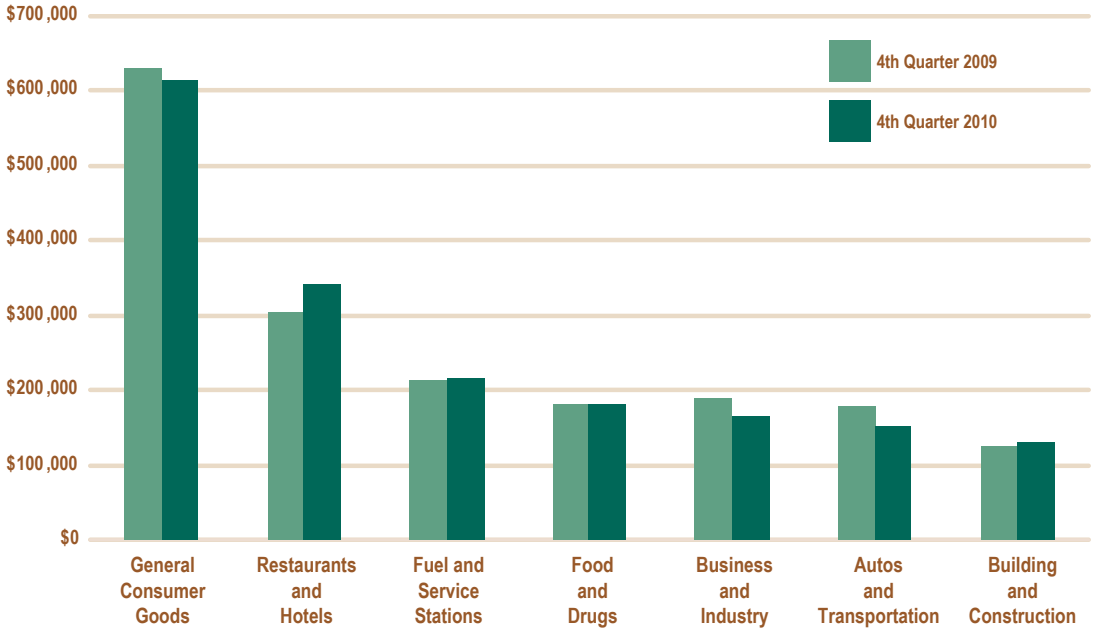
Receipts for Whittier's October through December sales were 0.3% lower than the same quarter one year ago. Actual sales activity was down 1.1% when reporting aberrations were factored out.

General consumer goods posted a strong sales quarter from multiple categories including, home furnishing, electronics/appliance stores, and stationery/book stores; however, the results were temporarily depressed by a missing payment from family apparel. Previous business closures were significant factors in the losses from some categories of autos & transportation. Decreases from some categories of business & industry were exaggerated by double payments from last year.

Higher prices at the pump helped boost service station receipts, but the increase was muted by a reporting error that resulted in a partial payment from one of the businesses. A double payment from restaurants with liquor was a significant factor in the inflated results from the restaurants & hotels group.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 7.1% over the comparable time period, while the Southern California region as a whole was up 6.8%.

Sales Tax by Major Business Group



Top 25 Producers

In Alphabetical Order

- AM PM Mini Mart
- Arco Mini Mart
- Associated Reproduction Service
- Chevron
- Collard Rose Optical Lab
- Community Honda
- CVS Pharmacy
- Eastman Kodak
- Friendly Hills Chevron
- Gastribution
- Home Depot
- JC Penney
- Johnny Carinos
- Kohls
- Old Navy
- Ralphs
- Ralphs
- Ross
- Sears
- Target
- TJ Maxx
- Toyota of Whittier
- Vallejo AM PM
- Vons
- Whittier Arco AM PM

Revenue Comparison

Three Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	$5,428,738	$4,909,013
County Pool	566,809	546,912
State Pool	5,239	2,509
Gross Receipts	**$6,000,786**	**$5,458,434**
Less Triple Flip*	$(1,500,196)	$(1,364,608)

**Reimbursed from county compensation fund*

Published by The HdL Companies in Spring 2011
www.hdlcompanies.com | 888.861.0220
The HdL Companies

NOTES

Statewide Sales Increase!

Adjusted for accounting aberrations, California's local sales and use tax revenues for the fourth quarter of 2010 were 7.3% higher than the same quarter one year ago. This represents the fourth straight quarter of growth and the largest percentage increase since the third quarter of 2005.

Higher fuel prices and usage, robust sales of new autos and rebounds in restaurants and general consumer goods helped boost overall receipts. Capital purchases of business equipment and labor-saving technology were especially strong in the Bay Area and Southern California. A onetime use tax payment for alternative energy equipment added to San Joaquin Valley's pooled use tax totals. Excluding accounting aberrations the state's strongest regions were the San Joaquin Valley +12.5%, the Bay Area +7.7% and the Central Coast +7.1%.

Some Problems Remain

Although recent better than expected improvements in the state's labor markets suggest the rebound is gaining momentum, most economists believe the unemployment rate will remain in double-digits through 2012.

The large volume of unsold residential, commercial and office properties will continue to suppress new construction spending and be a drag on the economy through 2012-13. Soaring oil prices and budget cutbacks by state and local governments will have a short-term negative impact on economic growth.

Post tsunami problems in Japan are likely to cause supply shortages of autos, auto parts and various electronic components. However, the depth and duration of the impact remains unclear at this time.

Green Energy Exemptions

SB 71, which was pushed through the Legislature as one of last year's budget deals, authorizes the previously obscure California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to grant sales and use tax exemptions of state and local sales, use and transactions taxes for "green manufacturing" projects. There is no cap on the value of exemptions CAEATFA may approve but the Legislature must be notified if they exceed $100 million annually.

Through March, CAEATFA has approved 28 projects exempting almost $961 million in qualified property that would have generated about $87.5 million statewide using an average tax rate of 9.1%. Local government losses are expected to exceed $19 million.

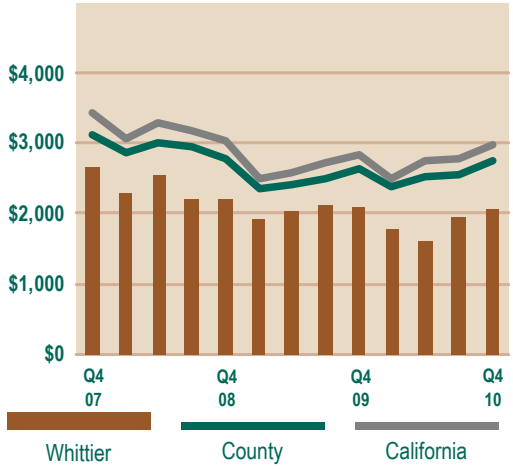
Although approved projects are located in various areas of the state, Santa Clara and Alameda Counties have been the most impacted thus far.

Renewable Energy Exemptions

In late February the CAEATFA Board of Directors postponed expansion of the exemption program with a proposed $50 million sales and use tax exemption program for renewable energy generation projects until early 2012 pending a better understanding of the state's fiscal condition. Industry lobbyists are pushing for a much larger program than CAEATFA originally planned.

Local governments will not be notified of applications that could affect their revenues. However, agenda notices can be obtained by visiting http://www.treasurer.ca.gov/caeatfa/agenda.asp.

Sales Per Capita



Whittier Top 15 Business Types

Business Type	Whittier Q4 '10*	Whittier Change	County Change	HdL State Change
Auto Repair Shops	33.9	-11.0%	-8.2%	0.3%
Department Stores	104.1	3.3%	3.7%	2.6%
Discount Dept Stores	— CONFIDENTIAL —		2.3%	2.2%
Drug Stores	46.8	-3.3%	-0.5%	0.2%
Electronics/Appliance Stores	38.3	25.3%	6.4%	8.8%
Family Apparel	101.4	-21.3%	7.2%	5.8%
Grocery Stores Liquor	103.7	4.4%	6.5%	4.6%
Lumber/Building Materials	95.4	3.6%	-13.5%	-14.7%
Medical/Biotech	35.5	49.0%	6.6%	4.1%
New Motor Vehicle Dealers	— CONFIDENTIAL —		12.3%	14.4%
Restaurants Beer And Wine	64.4	-4.5%	-2.4%	-2.2%
Restaurants Liquor	93.5	43.1%	6.4%	7.8%
Restaurants No Alcohol	169.2	6.0%	6.6%	5.5%
Service Stations	216.2	1.3%	10.9%	13.1%
Specialty Stores	76.1	-3.5%	7.0%	7.5%
Total All Accounts	**$1,803.5**	**-1.2%**	**4.9%**	**5.8%**
County & State Pool Allocation	**191.9**	**10.1%**		
Gross Receipts	**$1,995.4**	**-0.3%**		**In thousands*