

Q2



Mammoth Lakes Sales Tax Update

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

Mammoth Lakes In Brief

Second quarter receipts were 24.3% lower than the same period one year ago but reporting aberrations skewed the data. With anomalies excluded, "real" sales were down 20.9%.

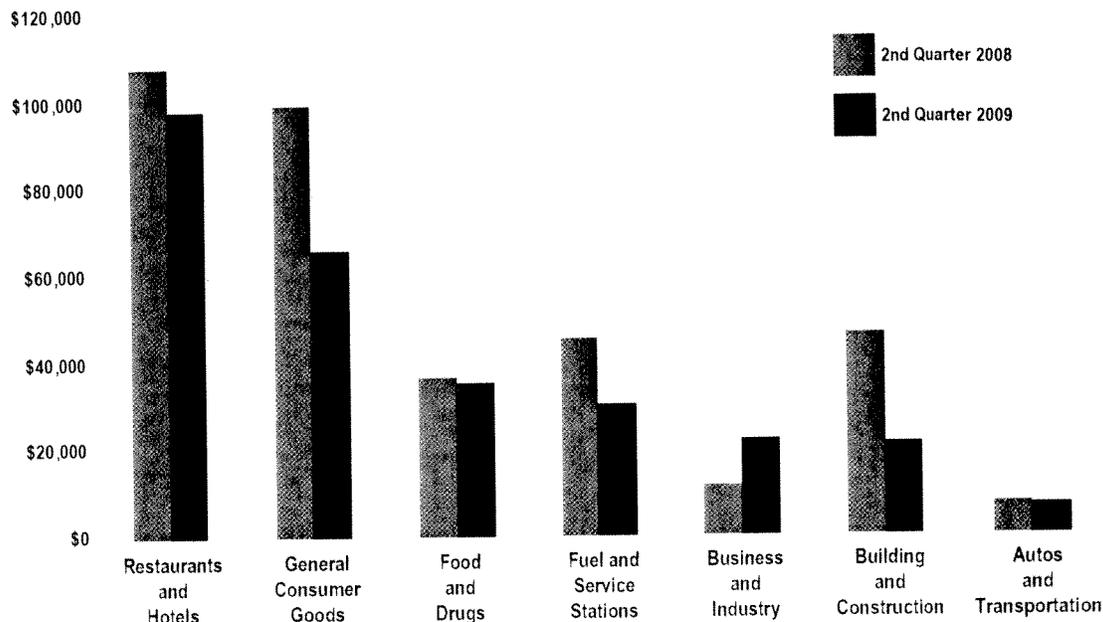
Retroactive payment adjustments exaggerated sporting goods/bike stores, restaurants with liquor and family apparel declines, whereas retreating diesel and gasoline prices led to service station and fuel/ice dealer drops.

The Town's allocation from the countywide use tax pool fell 42.4%. A negative fund transfer that cut the quarterly pool total contributed to the decline.

The hotel with liquor group was up, but a temporary accounting adjustment reduced the gain. Late-arriving receipts from sales in a prior quarter caused the jump in the textiles/furnishings category.

With payment aberrations factored out, the Southern California region was down 20%; statewide sales dropped 18.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Alpine Paint	Mammoth Shell Mart
Amerigas Propane	Mammoth Sporting Goods
Beyer Brown & Associates	McDonalds
Chart House	Nevados
Coach	Norco Service Center
Footloose Sports	Polo Ralph Lauren
Giovannis Restaurant	Rite Aid
High Country Lumber & Building Supply	Robertos Mexican Cafe
Lumber City	Van Heusen
Main Lodge	Vons
Mammoth Chevron	Wave Rave Snowboard Shop
Mammoth Mountaineering Supply	Whiskey Creek
	Whitebark Restaurant & Bar

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$353,970	\$280,846
County Pool	72,846	41,935
State Pool	(101)	292
Gross Receipts	\$426,715	\$323,073
Less Triple Flip*	\$ (106,679)	\$ (80,768)
Gross Trans. Tax	\$0	\$202,069

*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.

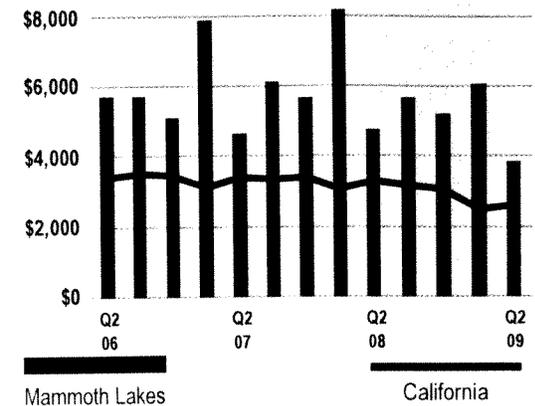
Building & Construction - Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

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



MAMMOTH LAKES TOP 15 BUSINESS TYPES

Business Type	Mammoth Lakes		HdL State
	Q2 '09	Change	Change
Hotels-Liquor	\$35,731	19.8%	-29.4%
Restaurants Beer And Wine	29,647	-2.3%	-12.5%
Sporting Goods/Bike Stores	26,430	-40.1%	-4.7%
Service Stations	25,880	-26.2%	-36.7%
Grocery Stores Liquor	— CONFIDENTIAL —		-2.6%
Restaurants Liquor	19,446	-40.4%	-5.2%
Family Apparel	19,119	-33.6%	-5.5%
Lumber/Building Materials	15,025	-49.2%	-21.1%
Textiles/Furnishings	14,509	na	-21.6%
Restaurants No Alcohol	12,787	-10.9%	2.8%
Drug Stores	— CONFIDENTIAL —		0.2%
Paint/Glass/Wallpaper	5,164	-47.7%	-18.9%
Home Furnishings	4,935	-29.9%	-20.5%
Specialty Stores	4,496	11.5%	-12.5%
Fuel/Ice Dealers	4,353	-57.0%	-43.3%
Total All Accounts	\$280,846	-20.7%	-21.2%
County & State Pool Allocation	42,226	-42.0%	
Gross Receipts	\$323,073	-24.3%	