

Q3



City of Lemoore Sales Tax Update

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

Lemoore In Brief

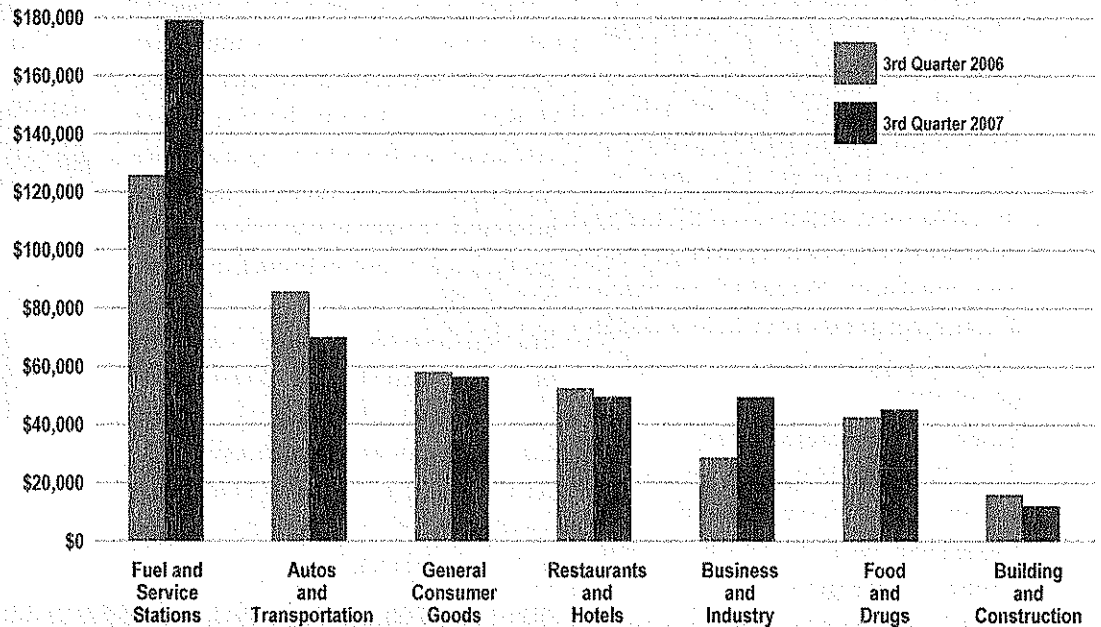
The allocation from Lemoore's July through September sales tax was 13.1% higher than the same quarter one year ago. When reporting aberrations are factored out, sales activity was 4.2% more than a year ago.

Higher fuel prices plus increased sales from grocery stores with no alcohol were partially responsible for the increase. Comparisons of restaurants with beer and wine and some categories of Business & Industry, Fuel & Service Stations and Food & Drugs were temporarily inflated by onetime accounting adjustments.

The gains were offset by decreased sales from restaurants with liquor, and some categories of Autos & Transportation, Building & Construction and General Consumer Goods. Onetime payments that inflated last year's allocation were responsible for the decrease in some categories of Business & Industry. The comparison of restaurants with no alcohol was skewed by onetime reporting aberrations.

Gross receipts for all of Kings County decreased 2.4% over the comparable time period while the San Joaquin Valley as a whole was down 5.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Jack in the Box
AMF Bakery Systems	K Mart
B & C Enterprises	KFC
Best Buy Market	Lemoore Hardware
Billingsley Tire	Lemoore Mini Mart
Bob Williams Chevrolet	Leprino Foods
Chevron	McDonalds
Custom Fabvricating & Repair	Quick & Ez
Fastrip	Rite Aid
Fastrip	Save Mart
Gary Burrows	Taco Bell
Golden Gate Shell	Valley Cycle & Marine
	West Hills College Student Body

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$788,202	\$869,927
County Pool	126,787	134,156
State Pool	1,070	22
Gross Receipts	\$916,059	\$1,004,106
Cty/Cnty Share	(18,321)	(20,082)
Net Receipts	\$897,738	\$984,023
Less Triple Flip*	\$(224,434)	\$(246,000)

*Reimbursed from county compensation fund

NOTES

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

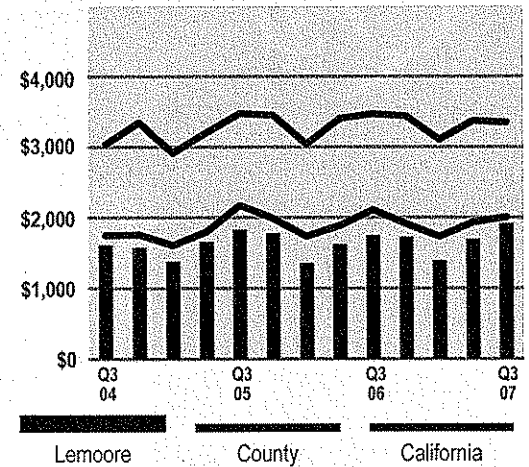
decline will continue through at least the first half of 2008 and possibly longer.

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.

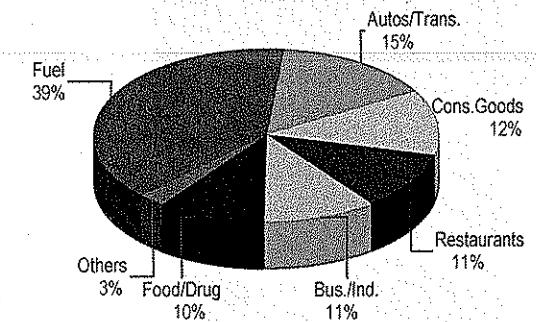
Building and construction material sales could bottom out in mid 2008 with commercial, utility and public construction projects helping offset further losses from housing construction setbacks. However, a recovery in housing construction will be more gradual and is not expected until late 2010 or 2011.

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
Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '07	Change	Change	Change
Service Stations	\$99,647	2.1%	-3.5%	-5.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	23.3%	4.8%
Office Equipment	— CONFIDENTIAL —	—	na	-10.6%
Discount Dept Stores	— CONFIDENTIAL —	—	3.8%	3.5%
Restaurants No Alcohol	29,483	-4.7%	2.5%	3.4%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-12.5%	-12.6%
Boats/Motorcycles	— CONFIDENTIAL —	—	-13.9%	-10.4%
Automotive Supply Stores	18,629	-4.7%	-9.7%	-2.3%
Grocery Stores Beer/Wine	16,951	33.8%	-15.0%	-6.1%
Grocery Stores Liquor	— CONFIDENTIAL —	—	12.2%	0.0%
Restaurants Beer And Wine	11,554	32.4%	5.8%	-0.8%
Restaurants Liquor	7,052	-6.8%	16.6%	13.1%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-37.7%	-10.0%
Grocery-No Alcohol	6,058	18.0%	349.4%	71.9%
Farm Products/Equipment	— CONFIDENTIAL —	—	-58.0%	2.9%
Total All Accounts	\$461,835	13.0%	-2.5%	-2.2%
County & State Pool Allocation	67,703	13.7%		
Gross Receipts	\$529,537	13.1%		
City/County Share	(10,591)	-13.1%		
Net Receipts	\$518,947	13.1%		