

Q2 2009



City of Lemoore Sales Tax Update

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

Lemoore In Brief

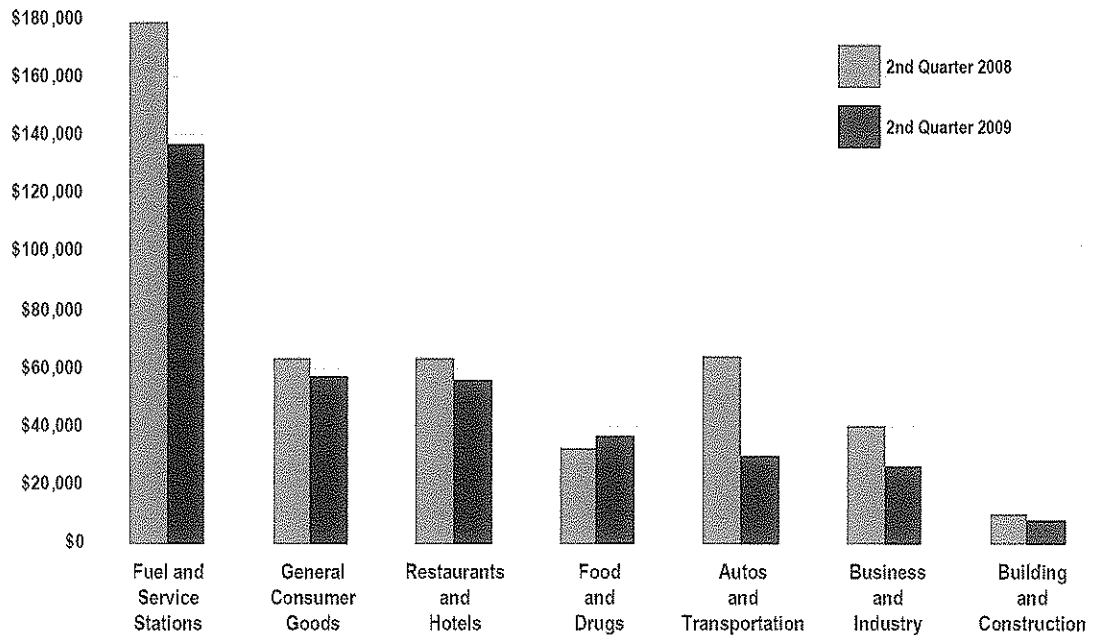
Receipts for Lemoore's second quarter sales were 18.6% lower than the same quarter one year ago. Actual sales were down 20.3% when reporting aberrations were factored out.

Lower fuel prices reduced revenues from the fuel & services stations sector. A business closeout and a decline in sales caused the drop in autos & transportation.

A onetime payment that inflated year-ago returns exaggerated the drop in business & industry. A recent addition helped boost revenues from food & drugs.

Adjusted for reporting aberrations, taxable sales for all of Kings County declined 17.3% over the comparable time period while the San Joaquin Valley, as a whole, was down 20.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	KFC
Auto Zone	Lemoore Mini Mart
B & C Enterprises	Lemoore Mobil
Best Buy Market	Lemoore Shell
Billingsley Tire	Leprino Foods
Burger King	McDonalds
Bush Street Chevron	Rite Aid
Chevron	Royer Cycle And Marine
Crossings Valero	Save Mart
Fastrip	Scherping Systems
Fastrip	Taco Bell
Gary Burrows	
Jack in the Box	
K Mart	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$454,919	\$353,730
County Pool	72,477	75,315
State Pool	(125)	388
Gross Receipts	\$527,271	\$429,432
Cty/Cnty Share	(10,545)	(8,589)
Net Receipts	\$516,725	\$420,844
Less Triple Flip*	\$(129,181)	\$(105,211)

*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.

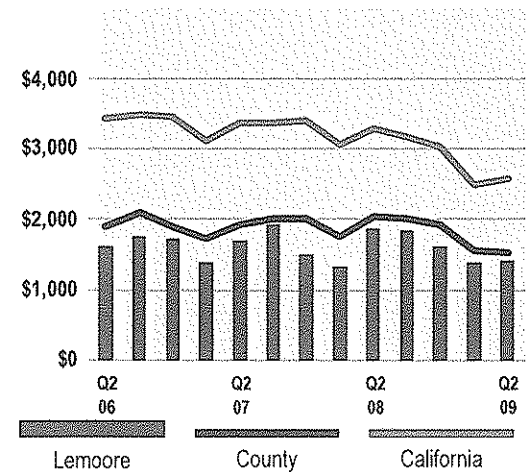
Building & Construction – Benefits from the stimulus package will be offset by state cutbacks. Projections are for weak office and commercial construction. Modest recovery in overall spending is not expected until after next summer.

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



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q2 '09	Change	Change	Change
Service Stations	\$79,018	-10.9%	-33.4%	-36.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-45.5%	-47.2%
Restaurants No Alcohol	37,347	-12.8%	3.9%	2.9%
Discount Dept Stores	— CONFIDENTIAL —	—	0.0%	-4.7%
Automotive Supply Stores	17,707	-12.3%	-10.2%	-5.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-9.2%	-2.6%
Light Industrial/Printers	12,836	na	106.5%	-27.0%
Farm Products/Equipment	11,795	-42.4%	79.6%	5.7%
Restaurants Beer And Wine	9,841	-14.1%	-16.7%	-12.7%
Drug Stores	— CONFIDENTIAL —	—	7.7%	0.2%
Grocery Stores Beer/Wine	8,089	10.4%	-44.3%	-18.4%
Boats/Motorcycles	— CONFIDENTIAL —	—	-56.1%	-42.2%
Specialty Stores	6,711	-48.5%	-3.4%	-12.3%
Restaurants Liquor	5,480	-15.9%	6.7%	-5.1%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-37.9%	-18.9%
Total All Accounts	\$353,730	-22.2%	-24.5%	-21.2%
County & State Pool Allocation	75,702	4.6%		
Gross Receipts	\$429,432	-18.6%		
City/County Share	(8,589)	18.6%		
Net Receipts	\$420,844	-18.6%		