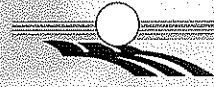


Q3
2009



City of Lemoore Sales Tax Update

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

Lemoore In Brief

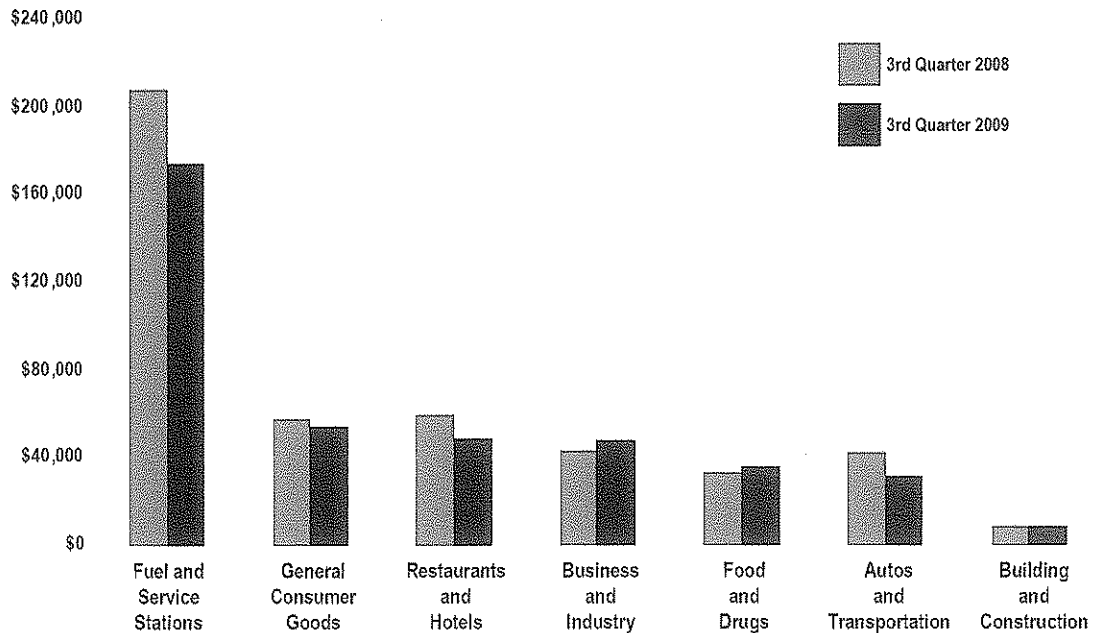
Receipts for sales occurring in the July to September quarter were 13.5% lower than the same period last year.

Almost half of the overall loss was a result of the year over year decrease in fuel prices. Recessionary conditions negatively impacted sales activity in general retail while a closed dealership exacerbated the loss in auto-related sectors. Payment deviations overstated the decline in restaurants as a whole.

Onetime use tax allocations from the purchase of large equipment accounted for the deviations in business to business returns including farm products/equipment. A new outlet boosted returns in the Food & Drug group.

Adjusted for reporting aberrations, taxable sales for all of Kings County, including its cities, declined 19.6% while the San Joaquin Valley as a whole was down 19.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	KFC
Auto Zone	Lemoore Mobil
B & C Enterprises	Lemoore Shell
Best Buy Market	Lepirino Foods
Billingsley Tire	McDonalds
Burger King	Niro Atomizer
Bush Street Chevron	Nu Con Equipment
Chevron	Rite Aid
Fastrip	Royer Cycle and Marine
Fastrip	
Follett Higher Educ Group	Save Mart
Gary Burrows	Taco Bell
Jack in the Box	
K Mart	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$907,296	\$754,128
County Pool	154,262	136,720
State Pool	285	795
Gross Receipts	\$1,061,843	\$891,643
Cty/Cnty Share	(21,237)	(17,833)
Net Receipts	\$1,040,606	\$873,810
Less Triple Flip*	\$(260,151)	\$(218,453)

*Reimbursed from county compensation fund

SECTION NOTES

Slower 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.

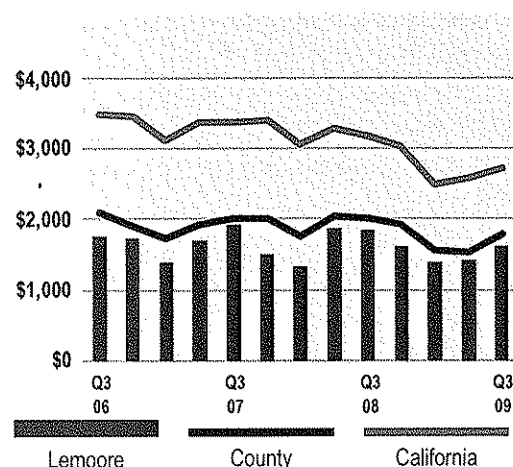
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

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



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '09	Change	Change	Change
Service Stations	\$86,490	-22.1%	-22.9%	-28.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-38.0%	-39.3%
Restaurants No Alcohol	31,403	-14.0%	-2.9%	-10.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.7%	-4.4%
Automotive Supply Stores	19,631	0.1%	-3.1%	-3.6%
Farm Products/Equipment	18,089	233.8%	262.6%	6.1%
Light Industrial/Printers	— CONFIDENTIAL —	—	-45.2%	-19.5%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-1.2%	-1.3%
Heavy Industrial	— CONFIDENTIAL —	—	-44.1%	-32.0%
Restaurants Beer And Wine	9,233	-33.6%	-29.3%	-14.6%
Grocery Stores Beer/Wine	8,000	6.1%	-31.8%	-13.4%
Drug Stores	— CONFIDENTIAL —	—	4.4%	-1.1%
Restaurants Liquor	6,919	20.3%	15.5%	-3.9%
Specialty Stores	6,103	-3.6%	-6.5%	-10.1%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-22.9%	-17.7%
Total All Accounts	\$400,398	-11.5%	-11.4%	-13.9%
County & State Pool Allocation	61,813	-24.8%		
Gross Receipts	\$462,211	-13.5%		
City/County Share	(9,244)	13.5%		
Net Receipts	\$452,967	-13.5%		