

Q2 2010



City of Lemoore Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Lemoore In Brief

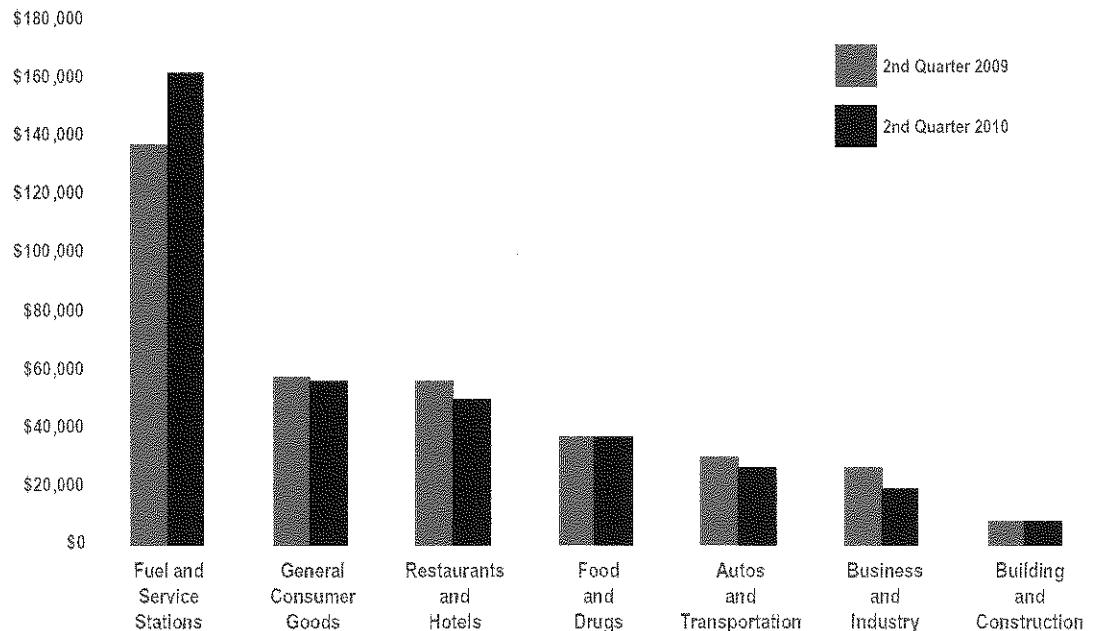
Revenues from sales occurring in the April to June quarter were 0.9% lower than the same period a year ago.

A drop in the city's share of the countywide use tax allocation pool accounted for the overall decline in gross receipts. Lower sales activity in general retail and auto-related sectors and late payments in Restaurants & Hotels were contributing factors. The decline in Business & Industry was due to a onetime use tax allocation that expanded year-ago receipts.

Higher fuel prices boosted returns in the Fuel & Service Station group while a new outlet pushed Food & Drugs into positive territory.

Adjusted for reporting aberrations, taxable sales for all of Kings County including its cities dipped 4.5% over the comparable time period while the San Joaquin Valley as a whole was up 2.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

7 Eleven	Lemoore Crossings
Auto Zone	Lemoore Mini Mart
Best Buy Market	Lemoore Mobil
Billingsley Tire	Lemoore Shell
Burger King	McDonalds
Burrows & Castadio	Me 'n Eds Pizza Parlors
Bush Street Chevron	Olam Tomato Processors
Chevron	Rite Aid
Fastrip	Save Mart
Fastrip	Taco Bell
Gary Burrows	Walgreens
Jack In The Box	
K Mart	
Lemoore Auto Supply	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$353,730	\$372,192
County Pool	75,315	53,253
State Pool	388	205
Gross Receipts	\$429,432	\$425,651
Cty/Cnty Share	(8,589)	(8,513)
Net Receipts	\$420,844	\$417,138
Less Triple Flip*	\$(105,211)	\$(104,284)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

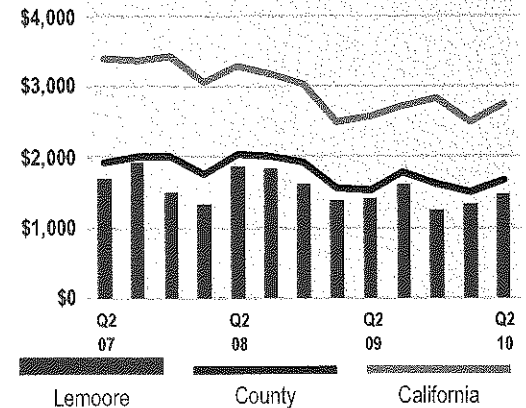
Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

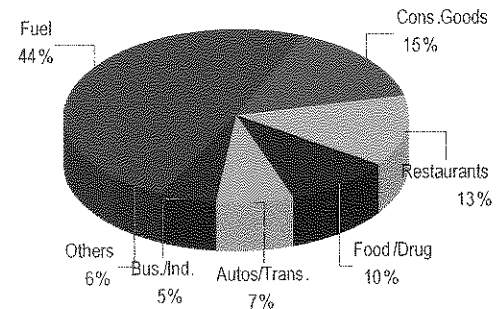
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q2 '10	Change	Change	Change
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	9.0%	24.8%
Service Stations	79,564	12.5%	17.0%	18.2%
Restaurants No Alcohol	34,637	-7.3%	0.6%	4.6%
Discount Dept Stores	— CONFIDENTIAL —	—	-4.4%	0.1%
Automotive Supply Stores	21,014	18.7%	22.2%	4.8%
Food Mfg.	17,411	-29.3%	-37.9%	-1.1%
Grocery Stores Liquor	— CONFIDENTIAL —	—	5.5%	1.0%
Receivables/Master Outlets	— CONFIDENTIAL —	—	na	131.8%
Grocery Stores Beer/Wine	9,471	-2.1%	12.5%	2.4%
Drug Stores	— CONFIDENTIAL —	—	-4.9%	-1.3%
Restaurants Beer And Wine	8,532	-13.3%	-12.5%	-3.2%
Specialty Stores	5,961	-11.2%	2.6%	1.1%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-7.2%	-2.6%
Restaurants Liquor	4,434	-19.1%	6.7%	6.9%
Auto Repair Shops	4,092	11.5%	-7.8%	1.7%
Total All Accounts	\$372,192	5.2%	9.0%	7.4%
County & State Pool Allocation	53,459	-29.4%		
Gross Receipts	\$425,651	-0.9%		
City/County Share	(8,513)	0.9%		
Net Receipts	\$417,138	-0.9%		