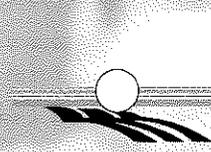


Q3 2010



City of Lemoore Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Lemoore In Brief

Receipts for Lemoore's third quarter sales were 14.4% lower than the same quarter one year ago. Actual sales were down 14.2% when reporting aberrations were factored out.

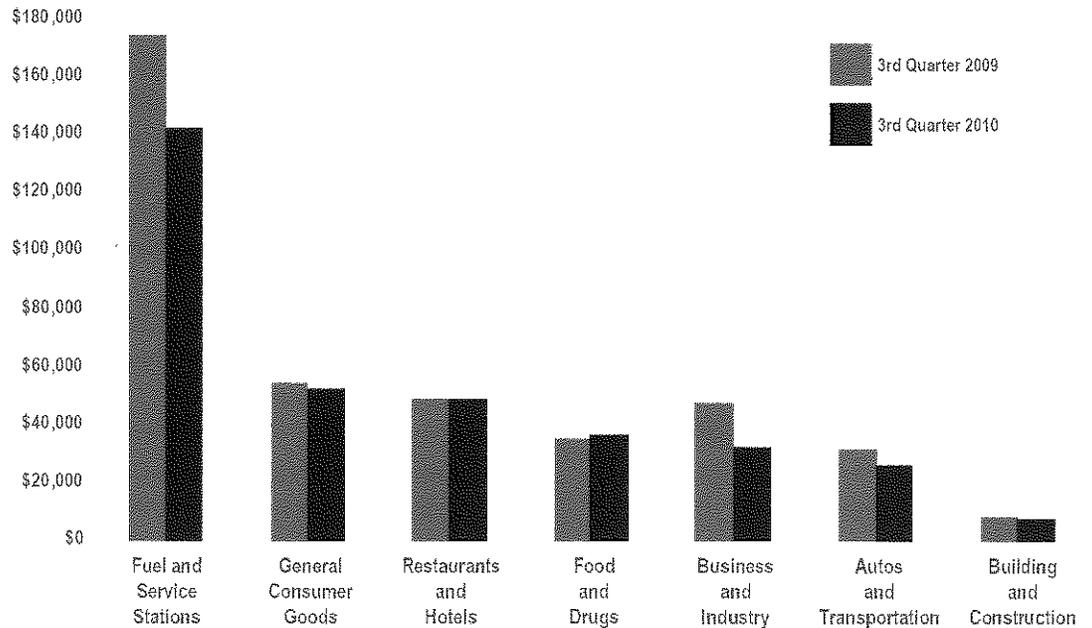
The city experienced a decline in sales from fuel & service stations and some categories of the business & industry sector.

Business closeouts reduced revenues from autos & transportation. Reporting problems temporarily depressed returns from restaurants with liquor.

The losses were partially offset by moderate sales and double-up payments that increased receipts from restaurants with beer/wine and restaurants with no alcohol.

Adjusted for reporting aberrations, taxable sales for all of Kings County increased 1.0% over the comparable time period while the San Joaquin Valley, as a whole, was up 6.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Jack in the Box
Auto Zone	K Mart
Best Buy Market	Lemoore Crossings
Billingsley Tire	Lemoore Mini Mart
Burger King	Lemoore Mobil
Burrows & Castadio	Lemoore Shell
Bush Street Chevron	Leprino Foods
Chevron	McDonalds
Custom Fabricating & Repair	Niro Atomizer
Fastrip	Rite Aid
Fastrip	Save Mart
Follett Higher Educ Group	Taco Bell
Gary Burrows	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$754,128	\$718,176
County Pool	136,720	102,708
State Pool	795	520
Gross Receipts	\$891,643	\$821,404
Cty/Cnty Share	(17,833)	(16,428)
Net Receipts	\$873,810	\$804,976
Less Triple Flip*	\$(218,453)	\$(201,244)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

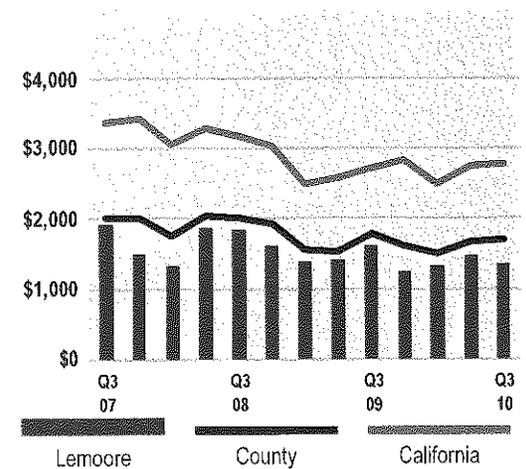
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '10	Change	Change	Change
Service Stations	\$82,876	18.7%	13.2%	12.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	7.9%	12.0%
Restaurants No Alcohol	32,962	5.0%	8.8%	5.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-1.0%	5.6%
Automotive Supply Stores	21,580	9.9%	-2.8%	3.7%
Heavy Industrial	— CONFIDENTIAL —	—	17.4%	13.4%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-7.8%	1.2%
Restaurants Beer And Wine	10,576	14.5%	15.3%	-0.9%
Grocery Stores Beer/Wine	10,475	6.9%	-1.8%	1.5%
Light Industrial/Printers	— CONFIDENTIAL —	—	-32.9%	5.7%
Drug Stores	— CONFIDENTIAL —	—	-5.2%	-1.7%
Food Mfg.	6,640	-63.3%	-23.7%	-3.7%
Specialty Stores	4,947	-18.9%	8.1%	-2.2%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	-29.5%	-0.2%
Auto Repair Shops	3,642	-3.1%	1.9%	3.5%
Total All Accounts	\$345,984	-13.6%	-3.4%	2.7%
County & State Pool Allocation	49,770	-19.5%		
Gross Receipts	\$395,753	-14.4%		
City/County Share	(7,915)	14.4%		
Net Receipts	\$387,838	-14.4%		