

Q2 2011



City of Lemoore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2011)

Lemoore In Brief

Receipts for Lemoore's April through June sales were 18.2% higher than the same quarter one year ago. Actual sales activity was up 22.1% when reporting aberrations were factored out.

Higher fuel boosted returns in the fuel and service station group. Almost 70% of the increase in gross receipts was fuel-related revenue.

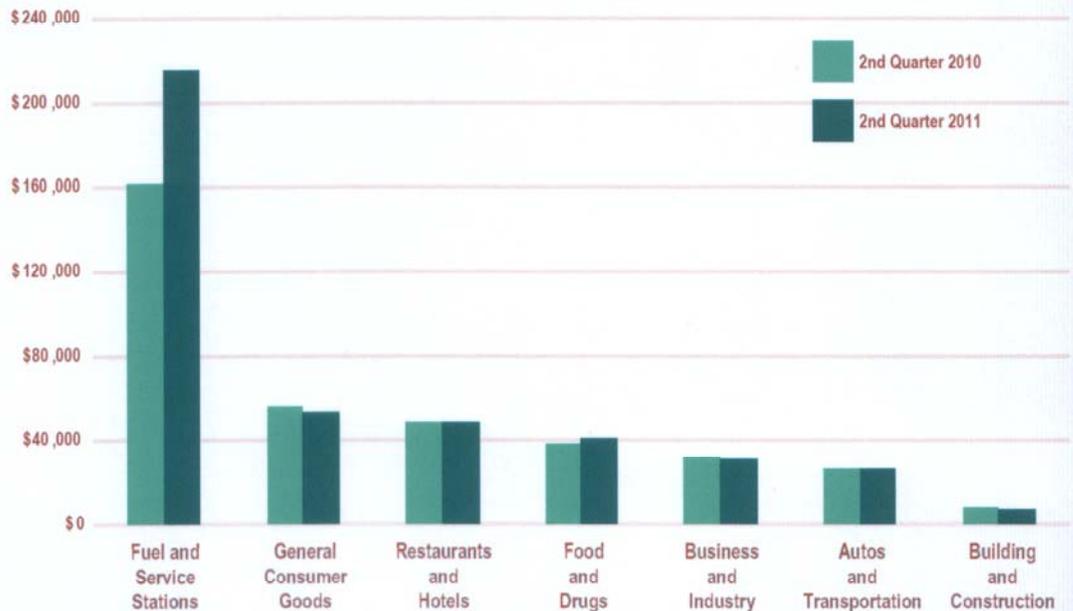
Sales activity rose in food and drugs while the rise in the city's share of the countywide use tax allocation pool added to overall returns.

Onetime use tax that inflated the year-ago period accounted for the loss in business and industry. Once adjusted for this allocation, this sector rose 9.5% bolstered by a new business and an increase in agricultural-related industries.

Store closures contributed to the loss in general consumer goods.

Adjusted for aberrations, taxable sales for all of Kings County increased 18.3% over the comparable time period, while the San Joaquin Valley as a whole was up 16.0%.

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	Leprino Foods
Burrows & Castadio	McDonalds
Bush Street Chevron	Olam Tomato Processors
Chevron	Rite Aid
Fastrip	Save Mart
Fastrip	Taco Bell
Gary Burrows	Walgreens
Jack in the Box	
K & H Liquor Food & Gas	
K Mart	

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$372,192	\$423,591
County Pool	53,253	79,972
State Pool	205	(267)
Gross Receipts	\$425,651	\$503,296
Cty/Cnty Share	(8,513)	(10,066)
Net Receipts	\$417,138	\$493,230
Less Triple Flip*	\$(104,284)	\$(123,308)

*Reimbursed from county compensation fund

Statewide Results

California's local sales and use tax revenues for sales occurring April through June 2011 were 9.4% higher than the same quarter of 2010 after payment aberrations were removed. This marks the sixth consecutive quarter of growth since the recovery began.

Higher fuel prices accounted for much of the statewide increase. Easing consumer credit, sales incentives and pent up demand led to gains in new auto sales while consumers also showed signs of spending more freely in specialty stores, home furnishings, apparel categories, jewelry and restaurants.

Electronics sales in the Bay Area sharply outpaced statewide results and highlighted the continued strength of tech-oriented business in that region. Stimulus funded infrastructure projects produced temporary gains in sales tax on concrete, asphalt and aggregates but are expected to wane later in the year as funding is depleted.

Increased airport traffic and auto rentals suggest that travel and leisure sales are in a recovery mode.

Fuel Prices Boosting Receipts

Second quarter fuel sales represented 38% of the total statewide sales tax increase. California consumers paid an average of \$3.94 per gallon the week of September 12th, 94 cents higher than the same period of 2010, but below the all-time high of \$4.59 in 2008. Crude oil prices, which account for about 85% of gasoline price variability, were \$90.21 a barrel in September 2011 versus \$141.06 in the summer of 2008.

Although future gas prices are expected to decline from this year's highs, increased exports of U.S. refinery output to other countries are expected to keep prices here at elevated levels.

Growth in the Hourglass Economy

The good news is that the economy is in recovery, the bad news is this may be as good as it gets according to a recent International Monetary Fund report

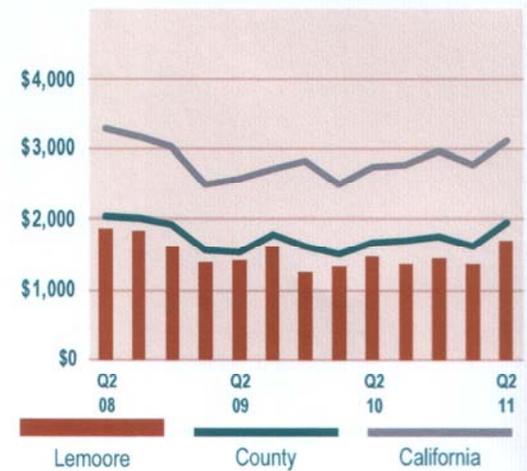
which highlights problems caused by a shift to an hourglass economy.

This type of economy is characterized by a large and expanding group at the top with high skills and high incomes offset by an expanding group at the bottom with low skills and low pay. The middle levels traditionally composed of skilled or semi-manual workers in good paying jobs continue to decline, giving the occupational income profile of the economy its distinctive shape. The 2010 Census revealed that most Americans' inflation-adjusted incomes were either stagnate or in decline with the proportion of people living in poverty now at 15.3% while 24% of the nation's wealth is concentrated in the top 1/10th of one percent.

Consumer spending has historically accounted for 70% of economic output and with the wealthiest 5% of Americans now accounting for 37% of all consumer spending, retailers are bifurcating their marketing strategies into sales of high end and low end goods while reducing offerings for the disappearing middle class. Economists say

the dependency on just a small portion of the population for increased spending limits future growth potential and fosters more boom and bust cycles. This is because the wealthy splurge and speculate when their savings are doing well and quickly cut back when the value of their assets tumble. Analysts further argue that this lack of growth potential is why major corporations are sitting on record profits and not investing in more employees.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q2 '11	Change	Change	Change
Auto Repair Shops	4,074	-0.4%	-9.7%	4.9%
Automotive Supply Stores	21,562	2.6%	8.6%	6.5%
Discount Dept Stores	— CONFIDENTIAL —		-1.5%	6.4%
Drug Stores	— CONFIDENTIAL —		-0.7%	2.6%
Food Mfg.	22,120	27.0%	54.4%	6.6%
Grocery Stores Beer/Wine	9,859	4.1%	6.3%	2.2%
Grocery Stores Liquor	— CONFIDENTIAL —		-7.6%	1.5%
Grocery-No Alcohol	— CONFIDENTIAL —		53.7%	26.7%
Hardware Stores	3,745	34.3%	14.7%	2.6%
Package Liquor Stores	— CONFIDENTIAL —		13.3%	7.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —		36.4%	43.2%
Restaurants Beer And Wine	9,221	8.1%	1.4%	-1.3%
Restaurants No Alcohol	33,571	-3.1%	4.0%	3.5%
Service Stations	95,502	20.0%	31.7%	30.9%
Specialty Stores	3,752	-37.1%	-8.1%	5.4%
Total All Accounts	\$423,591	13.8%	15.1%	10.1%
County & State Pool Allocation	79,705	49.1%		
Gross Receipts	\$503,296	18.2%		
City/County Share	(10,066)	-18.2%		
Net Receipts	\$493,230	18.2%		