

Q1 2012



City of Lemoore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2012)

Lemoore In Brief

Receipts for Lemoore's January through March sales were 5.1% higher than the same quarter one year ago. Actual sales activity was up 3.8% when reporting aberrations were factored out.

The increase in the fuel and service station group from higher fuel prices was inflated by a onetime deviation that understated year-ago returns. New outlets boosted results in autos and transportation and restaurants as a whole.

Sales activity increased in building-related sectors and food and drugs while the gain from a new store was offset by declines in other categories in the general consumer goods group.

A temporary use tax allocation that inflated the year-ago period was the primary reason for the loss in business and industry.

Adjusted for aberrations, taxable sales for all of Kings County increased 7.6% over the comparable time period, while the San Joaquin Valley as a whole was up 10.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	K & H Liquor Food & Gas
Auto Zone	K Mart
Best Buy Market	Lemoore Mini Mart
Billingsley Tire	Lemoore Mobil
Burger King	Leprino Foods
Burrows & Castadio	McDonalds
Bush Street Chevron	Me N Eds Pizza Parlors
Dassels Petroleum	Rite Aid
Ethel Reds Chop House	Save Mart
Fastrip	Taco Bell
Fastrip	Vineyard Inn Restaurant
Gary Burrows	Walgreens
Jack in the Box	

REVENUE COMPARISON

Four Quarters - Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$1,427,581	\$1,634,629
County Pool	238,386	253,529
State Pool	663	588
Gross Receipts	\$1,666,631	\$1,888,745
Cty/Cnty Share	(33,333)	(37,775)
Net Receipts	\$1,633,298	\$1,850,970
Less Triple Flip*	\$(408,325)	\$(462,743)

*Reimbursed from county compensation fund

NOTES

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

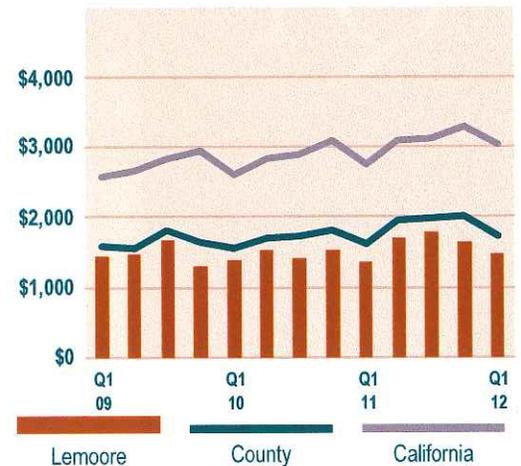
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

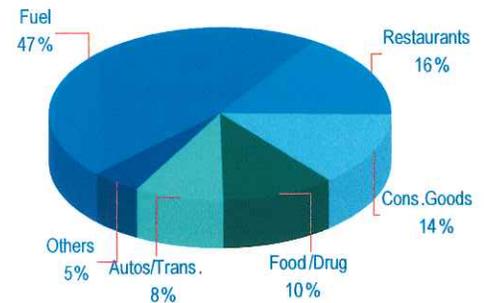
There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q1 '12	Change	Change	Change
Auto Repair Shops	3,756	25.7%	15.7%	8.2%
Automotive Supply Stores	23,143	16.3%	11.6%	9.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.5%	5.6%
Drug Stores	— CONFIDENTIAL —	—	4.7%	2.9%
Food Mfg.	6,631	52.6%	-143.9%	20.8%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	2.2%	8.7%
Grocery Stores Beer/Wine	10,696	6.5%	7.0%	9.2%
Grocery Stores Liquor	— CONFIDENTIAL —	—	8.5%	5.6%
Grocery-No Alcohol	— CONFIDENTIAL —	—	209.1%	24.0%
Package Liquor Stores	— CONFIDENTIAL —	—	12.8%	10.1%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-5.9%	18.9%
Restaurants Beer And Wine	13,212	32.7%	2.8%	3.8%
Restaurants Liquor	7,424	144.5%	23.8%	13.1%
Restaurants No Alcohol	35,533	10.1%	10.0%	9.5%
Service Stations	86,289	8.4%	8.7%	13.3%
Total All Accounts	\$365,529	7.9%	7.3%	9.9%
County & State Pool Allocation	53,395	-10.6%		
Gross Receipts	\$418,923	5.1%		
City/County Share	(8,378)	-5.1%		
Net Receipts	\$410,545	5.1%		