

Q3 2012



City of Lemoore Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2012)

Lemoore In Brief

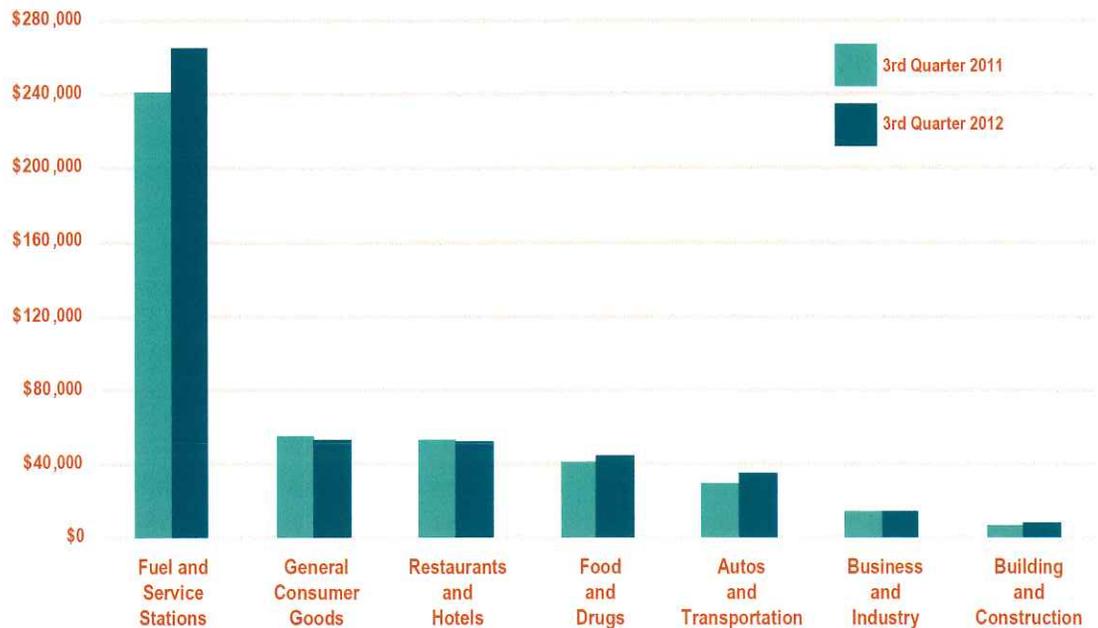
Receipts from Lemoore's July through September sales were 9.8% higher than the same quarter one year ago. Actual sales activity increased 12.1% after accounting aberrations were factored out.

Higher fuel prices positively impacted returns from the fuel and service stations group. New business additions boosted receipts from both the food and drugs and autos and transportation groups while brisk sales buoyed building and construction group results. A larger allocation from the countywide use tax pool further contributed to the gain.

Despite new store openings, general consumer goods experienced mixed results, with a slight decrease in sales.

Adjusted for aberrations, taxable sales for all of Kings County increased 7.3% 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	K Mart
Auto Zone	Lemoore Auto Mall
Best Buy Market	Lemoore Crossings
Billingsley Tire	Lemoore Mini Mart
Buford Oil	Lemoore Mobil
Burrows & Castadio	Leprino Foods
Bush Street Chevron	McDonalds
Dassels Petroleum	Me N Eds Pizza Parlors
Fastrip	Rite Aid
Fastrip	Save Mart
Gary Burrows	Taco Bell
Jack in the Box	Walgreens
K & H Liquor Food & Gas	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$863,372	\$914,386
County Pool	142,128	143,508
State Pool	107	275
Gross Receipts	\$1,005,606	\$1,058,169
Cty/Cnty Share	(20,112)	(21,163)
Net Receipts	\$985,494	\$1,037,005
Less Triple Flip*	\$(246,373)	\$(259,251)

*Reimbursed from county compensation fund

Statewide Results

Gains in all seven of HdL's key economic groupings confirm that California's economy continues to mend. Statewide local sales and use tax revenues from transactions occurring July through September 2012 were 6.0% higher than the same quarter in 2011 after onetime accounting and reporting aberrations are factored out.

The continued strong demand for new autos exceeded analysts' expectations and generated about one-fourth of the adjusted statewide increase. Restaurant sales posted another strong quarter with receipts 6.6% higher than the same period one year ago. Use tax from the development of solar energy projects and a modest recovery in some categories of building and construction materials also contributed to the rise.

Overall sales growth was tempered by a leveling in fuel prices compared to the previous year's quarter and by a slowdown in business spending in the Silicon Valley.

The Year Ahead

Gains in sales and use tax receipts from the first half of 2013 are expected to be lower than previous quarters. Recovery from "fiscal cliff" uncertainties and its final outcome may take several months while Europe's financial woes and China's sluggish growth will temper California export activity. Fuel prices should stabilize and not generate the huge bubbles in tax revenues experienced in previous quarters.

The last half of the year is predicted to resume steady, moderate growth. In November, the state's unemployment rate had already dipped to 9.8 percent, the lowest since the recession began. The recent gains are becoming more widespread among job categories and

even include an increase in construction-related employment.

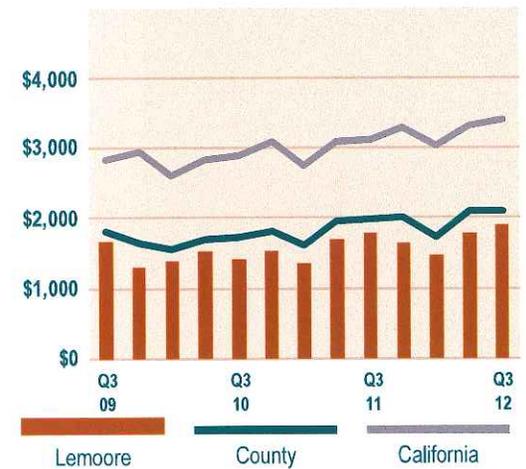
The state's housing market is strengthening with fewer distressed transactions and record low inventories. The median sales price of homes has increased for the last eight consecutive months of the year and building activity, particularly in the coastal areas, is expected to pick up steam in 2013. Elevated foreclosure rates in some inland regions may delay building recovery for another year or two.

Pent-up demand, record low interest rates and easing credit availability have led to robust sales of new automobiles. That demand is expected to continue for another few quarters as consumers replace older, less fuel efficient models and take advantage of lease and financing incentives being offered by manufacturers.

Wage gains from new hiring, combined with lower fuel prices and an improv-

ing housing market are incrementally boosting consumer confidence but much depends on government stewardship of the recovery. Tax increases and reduced benefits could shrink spending at the lower income levels while overly deep cutbacks in government contracts and infrastructure improvements could discourage new business investment.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q3 '12	Change	Change	Change
Auto Repair Shops	3,570	-7.7%	-5.0%	1.3%
Automotive Supply Stores	26,748	10.4%	2.2%	1.6%
Discount Dept Stores	— CONFIDENTIAL —	—	15.5%	15.5%
Drug Stores	— CONFIDENTIAL —	—	7.6%	0.4%
Food Mfg.	12,478	67.5%	-30.6%	11.4%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	3.0%	16.6%
Grocery Stores Beer/Wine	15,429	22.0%	8.0%	4.6%
Grocery Stores Liquor	— CONFIDENTIAL —	—	9.6%	9.5%
Package Liquor Stores	— CONFIDENTIAL —	—	2.6%	4.8%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	26.5%	3.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	6.6%	6.7%
Restaurants Beer And Wine	10,454	-4.2%	-14.3%	2.4%
Restaurants No Alcohol	36,524	-4.5%	4.5%	8.1%
Service Stations	95,507	5.0%	4.7%	1.5%
Variety Stores	5,342	80.6%	19.1%	4.5%
Total All Accounts	\$468,817	6.6%	5.3%	8.8%
County & State Pool Allocation	82,815	32.4%		
Gross Receipts	\$551,632	9.8%		
City/County Share	(11,033)	-9.8%		
Net Receipts	\$540,599	9.8%		