

Q2 2013



City of Lemoore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Lemoore In Brief

Receipts for Lemoore's April through June sales were 11.8% higher than the same quarter one year ago. Actual sales activity was up 6.8% when reporting aberrations were factored out.

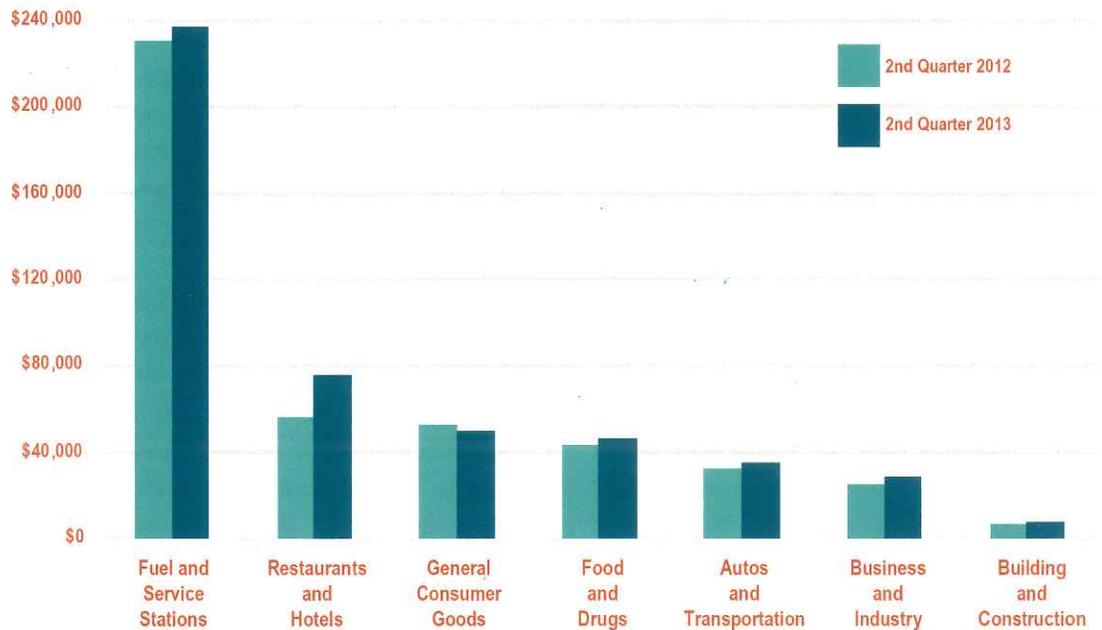
Payment deviations overstated results from restaurants and hotels, while new openings helped boost revenues from service stations, food stores, and some categories of general consumer goods. Recent corrections of previous allocation errors temporarily inflated receipts from the business/industry and autos/transportation groups.

The city's allocation from the county use tax pool increased overall results.

The gains were partially offset by a drop in sales from some categories of business and industry. A recent correction of a coding error negatively impacted general consumer goods results.

Adjusted for aberrations, taxable sales for all of Kings County increased 8.0% over the comparable time period, while the San Joaquin Valley as a whole was up 5.0%.

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 Crossings
Billingsley Tire	Lemoore Mini Mart
Buford Oil	Lemoore Mobil
Burrows & Castadio	Lemoore Valero
Bush Street Chevron	Leprino Foods
Ethel Reds Chop House	Magnetek Electric
Fastrip	McDonalds
Fastrip	Rite Aid
Gary Burrows	Save Mart
Jack in the Box	Taco Bell
	Walgreens

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$445,569	\$480,508
County Pool	60,514	85,596
State Pool	454	352
Gross Receipts	\$506,537	\$566,457
Cty/Cnty Share	(10,131)	(11,329)
Net Receipts	\$496,406	\$555,128
Less Triple Flip*	\$(124,102)	\$(138,782)

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

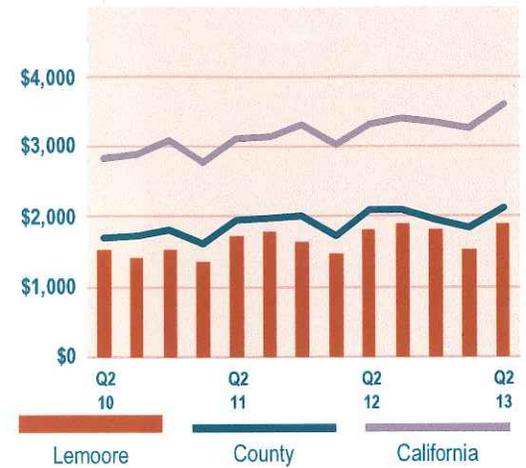
Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

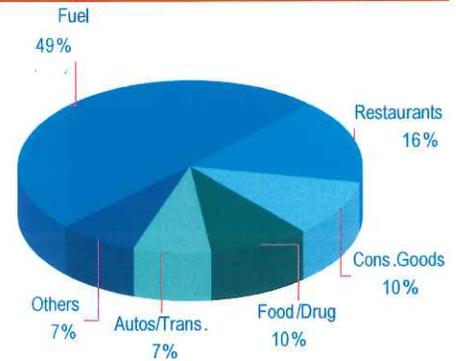
Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q2 '13	Change	Change	Change
Auto Repair Shops	4,528	11.0%	2.6%	5.1%
Automotive Supply Stores	23,692	-0.7%	-2.9%	3.3%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.9%	2.3%
Drug Stores	— CONFIDENTIAL —	—	-0.6%	0.8%
Electrical Equipment	— CONFIDENTIAL —	—	111.9%	10.9%
Food Service Equip./Supplies	11,975	-39.2%	14.8%	8.2%
Grocery Stores Beer/Wine	15,724	23.8%	2.2%	-2.5%
Grocery Stores Liquor	— CONFIDENTIAL —	—	3.2%	2.6%
Package Liquor Stores	— CONFIDENTIAL —	—	-9.7%	5.8%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-6.8%	-3.0%
Restaurants Beer And Wine	11,849	10.4%	1.3%	0.1%
Restaurants Liquor	20,470	254.0%	27.8%	9.3%
Restaurants No Alcohol	41,614	10.7%	7.5%	5.9%
Service Stations	101,695	15.3%	5.0%	-5.7%
Variety Stores	5,872	84.6%	53.4%	7.6%
Total All Accounts	\$480,508	7.8%	0.7%	7.0%
County & State Pool Allocation	85,948	41.0%		
Gross Receipts	\$566,457	11.8%		
City/County Share	(11,329)	-11.8%		
Net Receipts	\$555,128	11.8%		