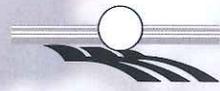


Q1 2014



City of Lemoore Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Lemoore In Brief

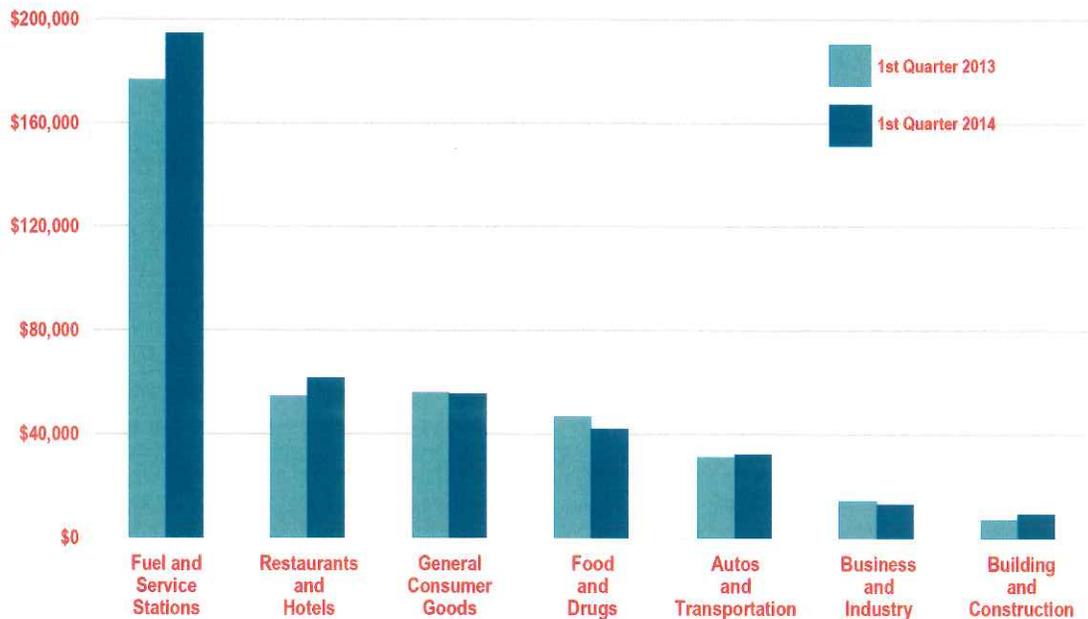
Receipts for Lemoore's January through March sales were 7.5% higher than the same quarter one year ago. Actual sales activity was up 8.6% when reporting aberrations were factored out.

A service station addition and improved sales boosted fuel and service stations group results while new eatery openings and net higher sales lifted restaurants. A larger allocation from the countywide use tax pool further contributed to the increase.

The gains were partially offset by a business closure and negative accounting adjustments that depressed food and drug returns. General consumer goods experienced mixed results with a slight net loss in receipts.

Adjusted for aberrations, taxable sales for all of Kings County increased 3.3% over the comparable time period, while the San Joaquin Valley as a whole was up 3.7%.

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 Auto Mall
Billingsley Tire	Db a Bronco Trailer
Buford Oil	Lemoore Mobil
Burrows & Castadio	Lemoore Valero
Bush Street Chevron	Leprino Foods
Chevron	McDonalds
Dassels Petroleum	Me N Eds Pizza Parlors
Fastrip	Rite Aid
Fastrip	Save Mart
Follett Higher Educ Group	Taco Bell
Jack in the Box	Walgreens

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,751,776	\$1,894,703
County Pool	288,284	305,046
State Pool	908	1,296
Gross Receipts	\$2,040,967	\$2,201,045
Cty/Cnty Share	(40,819)	(44,021)
Net Receipts	\$2,000,148	\$2,157,024
Less Triple Flip*	\$(500,037)	\$(539,256)

*Reimbursed from county compensation fund

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

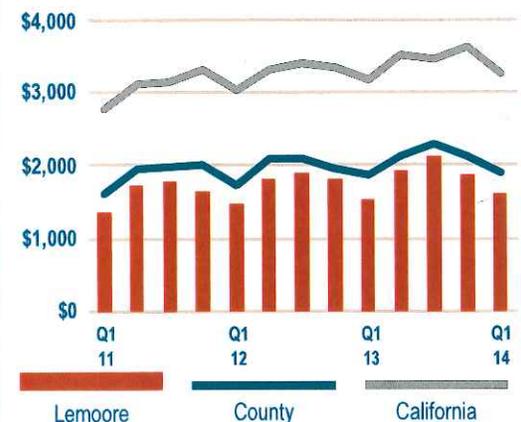
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER CAPITA



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q1 '14	Change	Change	Change
Automotive Supply Stores	22,659	-0.3%	-3.4%	0.1%
Casual Dining	14,308	11.5%	-0.1%	6.9%
Discount Dept Stores	— CONFIDENTIAL —	—	-8.9%	-2.6%
Drug Stores	— CONFIDENTIAL —	—	-16.4%	-9.8%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	32.1%	10.5%
Food Service Equip./Supplies	9,872	-13.0%	28.6%	11.7%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	9.6%	27.4%
Grocery Stores Beer/Wine	15,269	-1.5%	5.6%	-2.2%
Grocery Stores Liquor	11,420	-11.0%	-19.2%	-14.7%
Package Liquor Stores	— CONFIDENTIAL —	—	-17.3%	6.3%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	1.5%	1.9%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-4.2%	-5.2%
Quick-Service Restaurants	39,485	-1.1%	8.4%	4.7%
Service Stations	97,571	23.7%	-4.4%	-1.0%
Variety Stores	6,248	8.3%	-0.1%	2.6%
Total All Accounts	\$408,292	5.5%	2.2%	3.2%
County & State Pool Allocation	\$79,382	19.5%	15.8%	7.7%
Gross Receipts	\$487,674	7.5%	4.2%	3.7%
City/County Share	(9,753)	-7.5%		
Net Receipts	\$477,921	7.5%		