

Q4 2013



City of Lemoore Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

Lemoore In Brief

Receipts for Lemoore's October through December sales were 3.1% higher than the same quarter one year ago. Actual sales activity was down 2.1% when reporting aberrations were factored out.

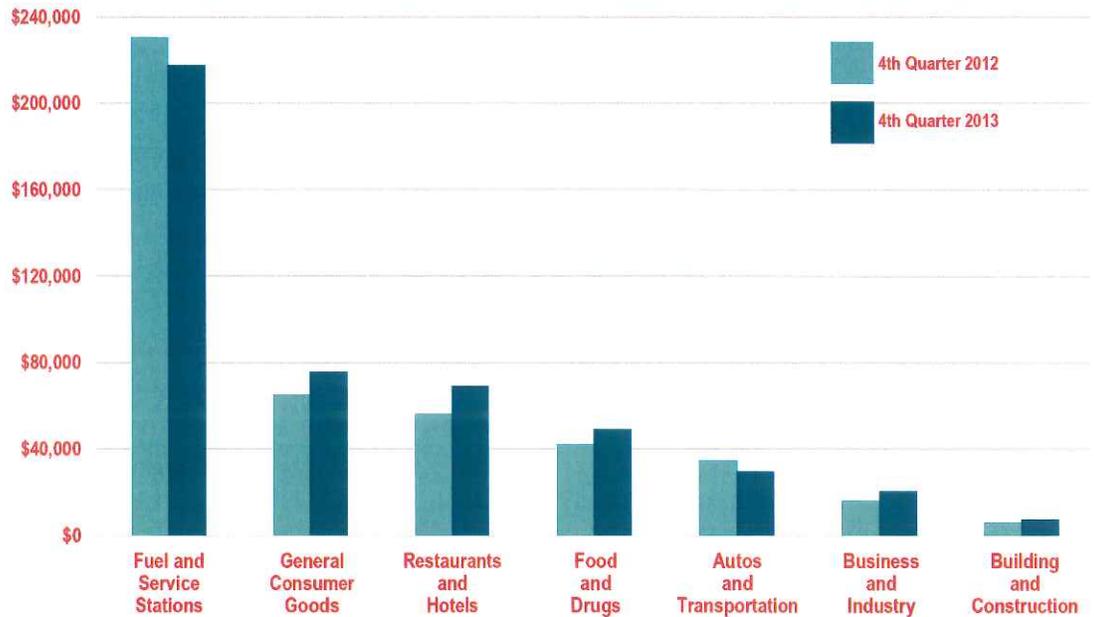
Retroactive adjustments accounted for the spike in the business and industry group. Holiday sales were up 3.0% in general consumer goods once payment deviations were removed.

Recent openings contributed to the increase in the restaurant and hotel group while a late payment that depressed year ago returns added to the rise in food and drugs.

Lower fuel prices and consumption depressed returns in fuel and service stations.

Adjusted for aberrations, taxable sales for all of Kings County were flat over the comparable time period, while the San Joaquin Valley as a whole was up 4.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Jack in the Box
Auto Zone	K & H Liquor Food & Gas
Best Buy Market	K Mart
Billingsley Tire	Lemoore Mobil
Buford Oil	Lemoore Valero
Burrows & Castadio	Leprino Foods
Bush Street Chevron	McDonalds
Dassels Petroleum	Olam Tomato Processors
Dollar Tree	Rite Aid
Ethel Reds Chop House	Save Mart
Fastrip	Taco Bell
Fastrip	Walgreens
Gary Burrows	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$1,364,685	\$1,486,411
County Pool	222,125	226,069
State Pool	614	891
Gross Receipts	\$1,587,425	\$1,713,371
Cty/Cnty Share	(31,749)	(34,267)
Net Receipts	\$1,555,676	\$1,679,103
Less Triple Flip*	\$(388,919)	\$(419,776)

*Reimbursed from county compensation fund

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Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

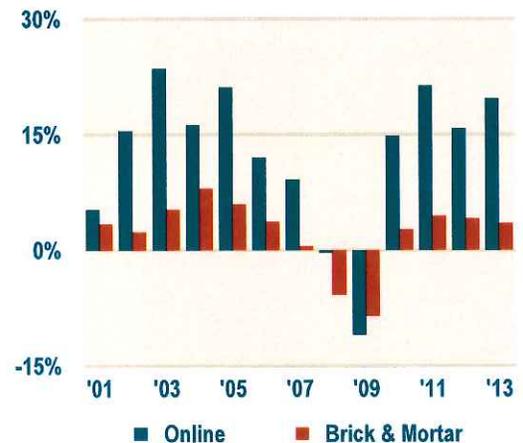
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

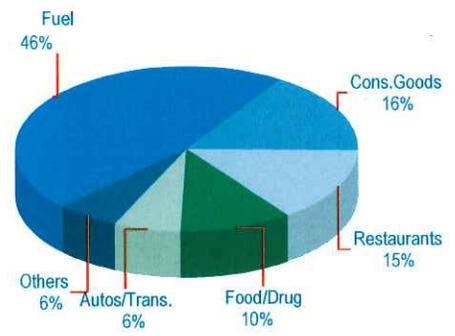
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR
Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q4 '13	Change	Change	Change
Auto Repair Shops	4,909	33.9%	17.2%	8.3%
Automotive Supply Stores	21,493	-11.1%	-2.0%	3.2%
Casual Dining	13,972	-0.4%	2.4%	6.3%
Discount Dept Stores	— CONFIDENTIAL —	—	2.1%	0.2%
Drug Stores	— CONFIDENTIAL —	—	4.1%	2.5%
Fine Dining	— CONFIDENTIAL —	—	45.6%	14.8%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	26.7%	19.9%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	36.0%	14.3%
Grocery Stores Beer/Wine	17,148	13.2%	-1.0%	2.3%
Grocery Stores Liquor	— CONFIDENTIAL —	—	33.1%	38.8%
Package Liquor Stores	— CONFIDENTIAL —	—	14.8%	6.7%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	-13.1%	-3.3%
Quick-Service Restaurants	47,146	18.0%	4.8%	7.9%
Service Stations	95,391	22.5%	-1.1%	-2.8%
Variety Stores	— CONFIDENTIAL —	—	12.9%	8.3%
Total All Accounts	\$468,768	4.1%	8.1%	8.7%
County & State Pool Allocation	\$76,852	-2.7%	1.1%	9.4%
Gross Receipts	\$545,620	3.1%	7.1%	8.8%
City/County Share	(10,912)	-3.1%		
Net Receipts	\$534,708	3.1%		