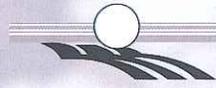


Q2 2014



City of Lemoore Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

Lemoore In Brief

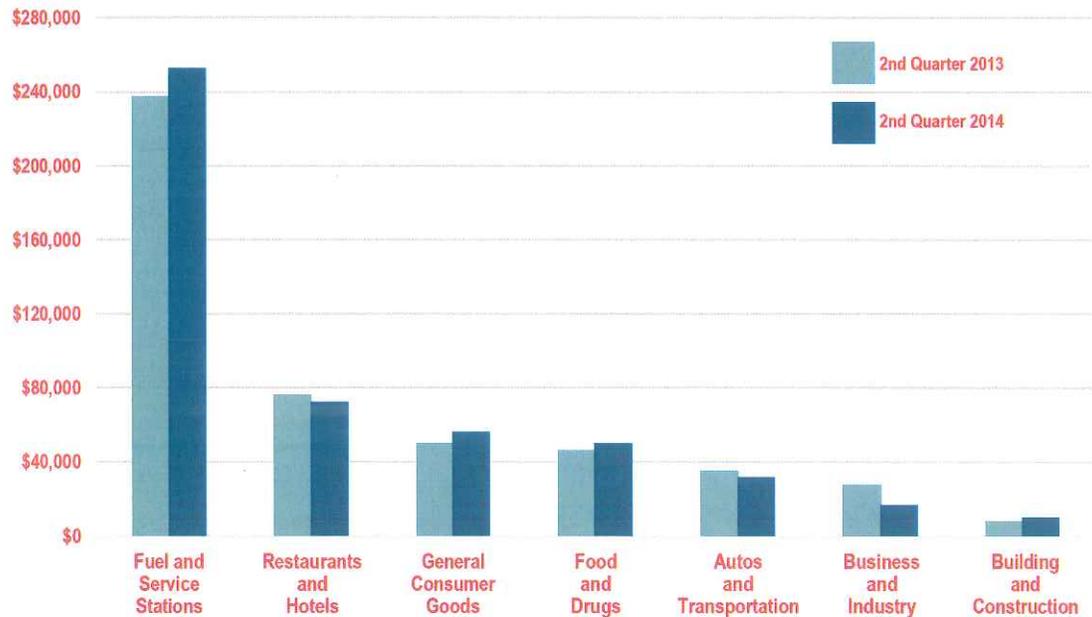
Receipts for Lemoore's April through June sales were 0.4% higher than the same quarter one year ago. Actual sales activity was up 3.8% when reporting aberrations were factored out.

Higher fuel prices and consumption boosted fuel and service station group returns. Payment adjustments and improved sales lifted food and drug and general consumer goods results.

The gains were partially offset by payment anomalies that depressed some business and industry sectors. Despite new eatery openings, overall restaurant sales declined due to a negative accounting adjustment. A smaller allocation from the countywide use tax pool was also a factor.

Adjusted for aberrations, taxable sales for all of Kings County increased 3.5% over the comparable time period, while the San Joaquin Valley as a whole was up 6.2%.

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 Hardware
Buford Oil	Lemoore Mobil
Burrows & Castadio	Lemoore Valero
Bush Street Chevron	Leprino Foods
Chevron	McDonalds
Dassels Petroleum	Rite Aid
Dollar Tree	Save Mart
Ethel Reds Chop House	Taco Bell
Fastrip	Walgreens
Fastrip	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$480,508	\$489,658
County Pool	85,596	78,738
State Pool	352	386
Gross Receipts	\$566,457	\$568,782
Cty/Cnty Share	(11,329)	(11,376)
Net Receipts	\$555,128	\$557,406
Less Triple Flip*	\$(138,782)	\$(139,352)

*Reimbursed from county compensation fund

California as a Whole

Excluding onetime payment aberrations the local one cent share of statewide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific “point of sale” in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

Triple Flip - The End is in Sight

California’s 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year’s state budget deficit.

To guarantee the bonds, the state redirected 1/4 of local government’s one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the “triple flip” and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

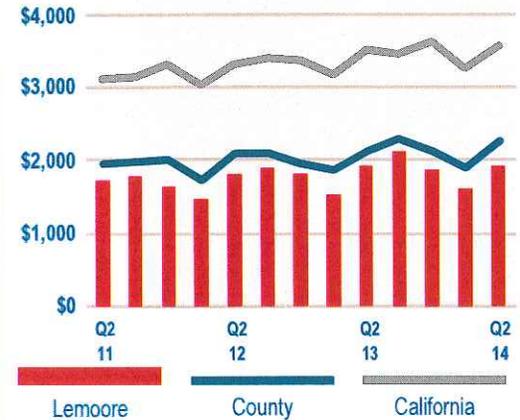
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

Allocation Formulas Corrected

In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state’s use of property tax revenues to finance Proposition 198’s minimum educational funding requirements (ERAF). Counties also receive 1.5635 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

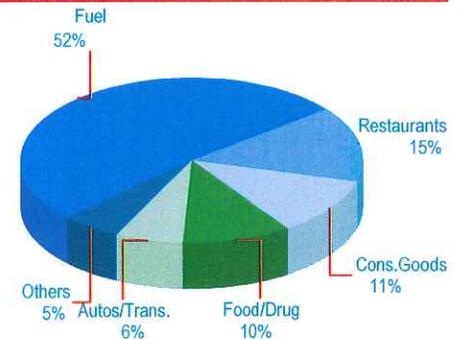
Inconsistencies in the public safety remittances brought to the state’s attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lemoore This Quarter



LEMOORE TOP 15 BUSINESS TYPES

Business Type	Lemoore		County	HdL State
	Q2 '14	Change	Change	Change
Automotive Supply Stores	24,324	2.7%	3.6%	2.4%
Casual Dining	15,025	10.8%	-2.6%	3.7%
Discount Dept Stores	— CONFIDENTIAL —	—	0.0%	2.9%
Drug Stores	— CONFIDENTIAL —	—	10.7%	10.0%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	39.7%	9.9%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	-5.5%	19.0%
Fuel/Ice Dealers	— CONFIDENTIAL —	—	96.1%	-18.7%
Grocery Stores Beer/Wine	16,949	1.8%	-9.6%	1.9%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-2.5%	5.7%
Hardware Stores	— CONFIDENTIAL —	—	8.5%	1.0%
Package Liquor Stores	— CONFIDENTIAL —	—	-5.2%	6.9%
Petroleum Prod/Equipment	— CONFIDENTIAL —	—	2.5%	-0.7%
Quick-Service Restaurants	45,743	10.3%	8.2%	6.7%
Service Stations	111,243	9.4%	0.0%	6.7%
Variety Stores	— CONFIDENTIAL —	—	2.4%	8.6%
Total All Accounts	\$489,658	1.9%	6.5%	2.8%
County & State Pool Allocation	\$79,124	-7.9%	-3.8%	12.7%
Gross Receipts	\$568,782	0.4%	4.9%	3.9%
City/County Share	(11,376)	-0.4%		
Net Receipts	\$557,406	0.4%		