

Q4 2013



Yuba City Sales Tax Update

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

Yuba City In Brief

Receipts for Yuba City's October through December sales were 8.4% above the comparable quarter one year ago. Excluding onetime payment anomalies actual sales activity was up 0.3%.

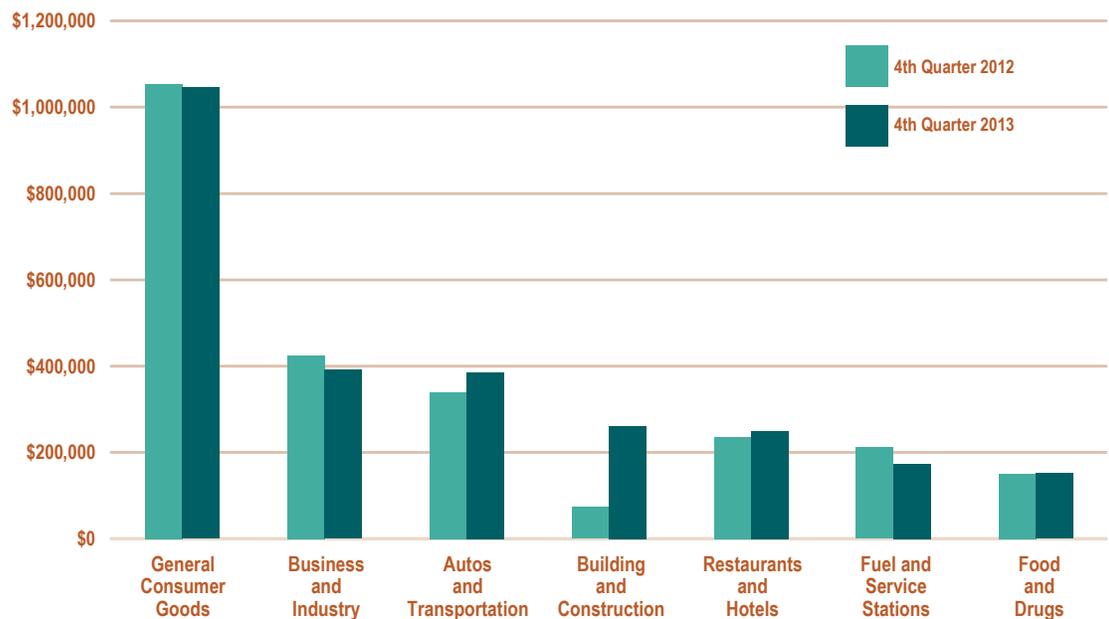
The sharp disparity between cash receipts and gains net of payment aberrations was mainly due to reporting aberrations that temporarily reduced year ago receipts in the building and construction group.

Among the other business segments, autos and transportation and restaurants and hotels generated most of the gain over the year-ago sales period. New motor vehicle sales continued their run of double digit quarterly gains; restaurant sales benefited from the quick service classification.

Late arriving receipts for sales in prior quarters exaggerated the business and industry drop by inflating year-ago totals while late or missing payments caused the fuel and service decline. General consumer results reflected slack sales in several business groups.

Adjusted for aberrations, taxable sales for all of Sutter County increased 3.6% over the comparable time period, while the Sacramento region as a whole was up 5.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco	Orchard Machinery
Bianchi Ag Services	Ross
Dawson Oil	Sams Club
Dow Lewis Motors	Sears
Holt of California	Target
Home Depot	Tractor Supply
HR Beeler Tractor Equipment	Valley Truck & Tractor
JC Penney	Walgreens
K Mart	Walmart
Kohls	Wheeler Chevrolet
Larry Geweke Ford	Cadillac Mazda
Lowe's	Winco Foods
Marshalls	Yuba City Toyota
	Scion

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$7,712,965	\$7,733,737
County Pool	707,061	808,337
State Pool	3,376	4,520
Gross Receipts	\$8,423,402	\$8,546,593
Less Triple Flip*	\$(2,105,851)	\$(2,136,648)

*Reimbursed from county compensation fund

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

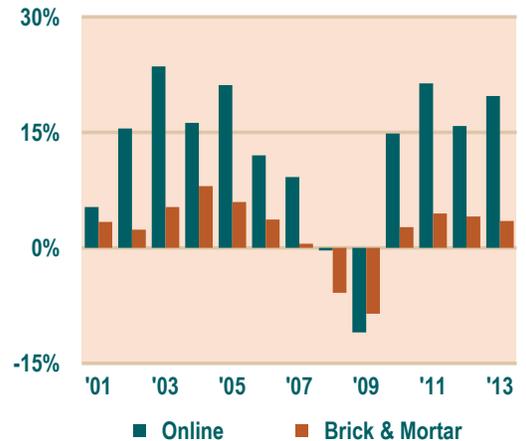
of online ordering by consolidating sales offices and inventories into just a few locations.

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.

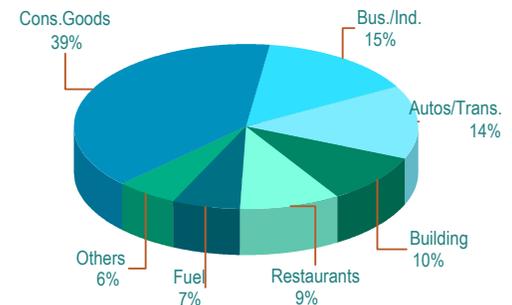
ONLINE VS. BRICK & MORTAR

Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Yuba City Q4 '13*	Yuba City Change	County Change	HdL State Change
Casual Dining	80.0	7.1%	5.2%	6.4%
Department Stores	121.6	-0.2%	-0.2%	1.4%
Discount Dept Stores	494.7	-0.1%	-0.1%	0.2%
Electronics/Appliance Stores	63.3	-4.9%	-5.4%	-0.6%
Family Apparel	81.2	3.3%	3.2%	6.3%
Grocery Stores Liquor	82.7	-2.0%	4.6%	38.8%
Heavy Industrial	61.7	-17.4%	-18.5%	12.0%
Home Furnishings	51.1	-0.4%	-12.6%	7.9%
Lumber/Building Materials	208.4	na	929.6%	263.1%
New Motor Vehicle Dealers	243.9	16.5%	15.3%	9.4%
Petroleum Prod/Equipment	46.0	4.8%	-8.2%	-3.1%
Quick-Service Restaurants	142.0	5.0%	5.6%	7.8%
Service Stations	126.0	-24.5%	-18.2%	-2.8%
Specialty Stores	79.1	-3.2%	-4.3%	7.0%
Warehse/Farm/Const. Equip.	191.0	-10.9%	25.3%	14.3%
Total All Accounts	\$2,657.0	6.8%	9.7%	8.7%
County & State Pool Allocation	\$295.8	24.2%	27.5%	9.4%
Gross Receipts	\$2,952.8	8.4%	11.2%	8.8%