

Q4 2007



Yuba City Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)

Yuba City In Brief

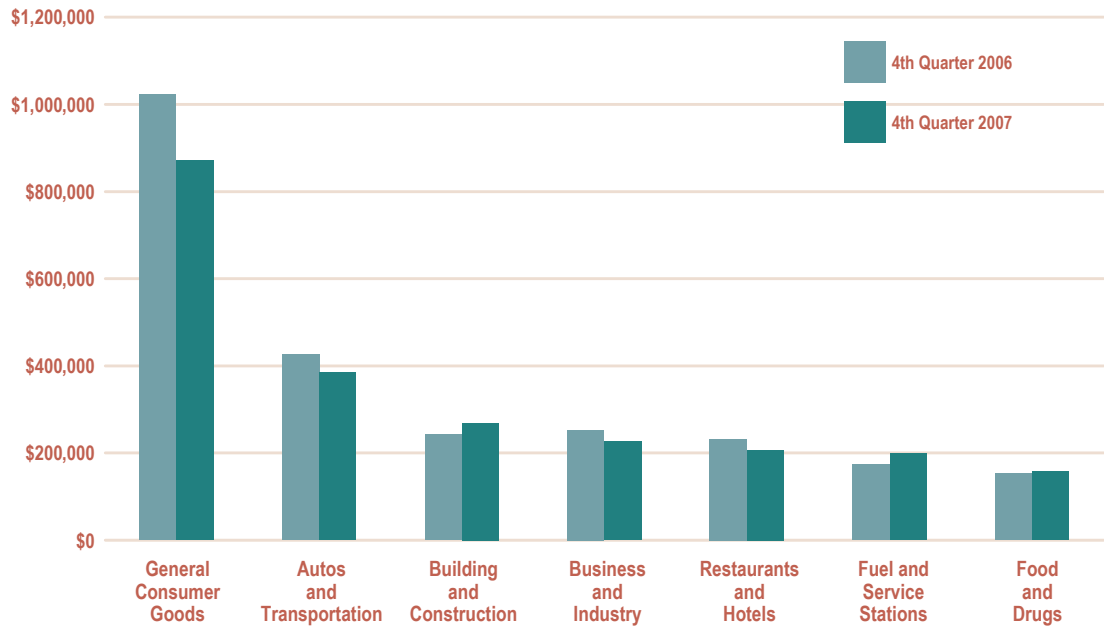
Fourth quarter receipts dropped 5.4% from the same period one year ago, but onetime payment aberrations skewed the data. With anomalies factored out, actual results were down 3.3%.

Holiday sales of general consumer goods were softer than expected with discount department store, department store and home furnishings categories all reporting declines. A temporary payment adjustment exaggerated the discount department store decrease. New motor vehicle dealer, restaurants with no alcohol, restaurants with beer/wine, farm/construction equipment and contractor groups were also down.

Oil price hikes boosted results from service stations and sellers of petroleum products. The new Lowes added to lumber/building materials proceeds. The city's countywide use tax pool allocation was much higher than last year when a negative accounting adjustment pared pool totals.

After excluding onetime payment adjustments, the greater Sacramento region declined 5.4%; the state slipped 2.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

76 Foodmart	Quik Stop
Arco AM PM Mini Mart	Ross
Bel Air Supermarket	Sears
Dawson Oil	Target
Dow Lewis Motors	Tower Mart
Gottschalks	Toys R Us
Holt of California	Wal Mart
Home Depot	Walgreens
JC Penney	Wheeler Chevrolet
K Mart	Cadillac Mazda
Kohls	Jeep
Larry Geweke Ford	Winco Foods
Lowes	Yuba City Toyota
Matthews Readymix	Lincoln Mercury

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$7,552,863	\$7,535,700
County Pool	733,937	867,403
State Pool	11,085	3,248
Gross Receipts	\$8,297,885	\$8,406,351
Less Triple Flip*	\$(2,074,471)	\$(2,101,588)

*Reimbursed from county compensation fund

DECLINES IN SALES TAX REVENUES CONTINUE

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior year sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

WILL 2008-2009 BE BETTER?

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

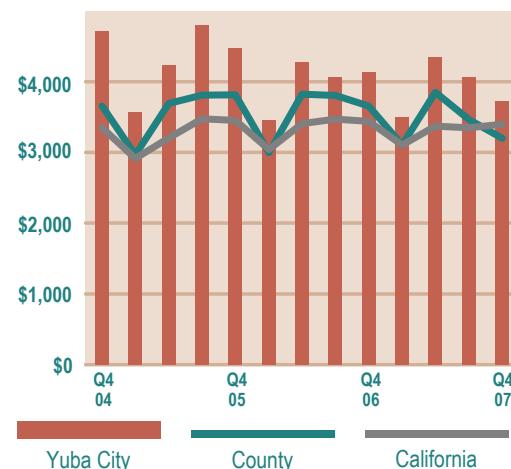
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

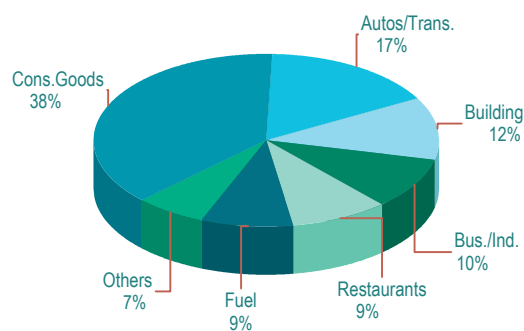
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q4 '07*	Change	Change	Change
Discount Dept Stores	\$329.4	-27.3%	-27.3%	0.9%
New Motor Vehicle Dealers	238.0	-12.4%	-8.4%	-9.9%
Service Stations	156.1	12.3%	222.2%	25.5%
Lumber/Building Materials	142.9	61.7%	35.9%	14.6%
Department Stores	122.8	-10.9%	-10.9%	-3.5%
Restaurants No Alcohol	108.6	-8.3%	-5.4%	2.2%
Specialty Stores	93.2	6.9%	7.0%	-1.7%
Family Apparel	92.4	-2.2%	-2.4%	0.6%
Grocery Stores Liquor	88.3	1.0%	-1.1%	6.7%
Contractors	76.7	-17.0%	-20.8%	-14.8%
Farm/Construction Equip.	73.5	-17.2%	-41.8%	-19.7%
Home Furnishings	62.6	-13.3%	-11.0%	-7.8%
Restaurants Liquor	57.3	-6.2%	-8.3%	8.6%
Petroleum Prod/Equipment	42.0	19.2%	18.9%	19.0%
Restaurants Beer And Wine	39.7	-22.3%	-20.5%	-3.5%
Total All Accounts	\$2,315.7	-7.5%	-10.2%	0.2%
County & State Pool Allocation	273.5	16.6%		
Gross Receipts	\$2,589.2	-5.4%		<i>*In thousands</i>