

Q3
2007



Yuba City Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2007)

Yuba City In Brief

Receipts for sales occurring in the July to September quarter were 3.5% greater than the same period last year but aberrations skewed results. With anomalies removed, actual sales dipped 2.0%.

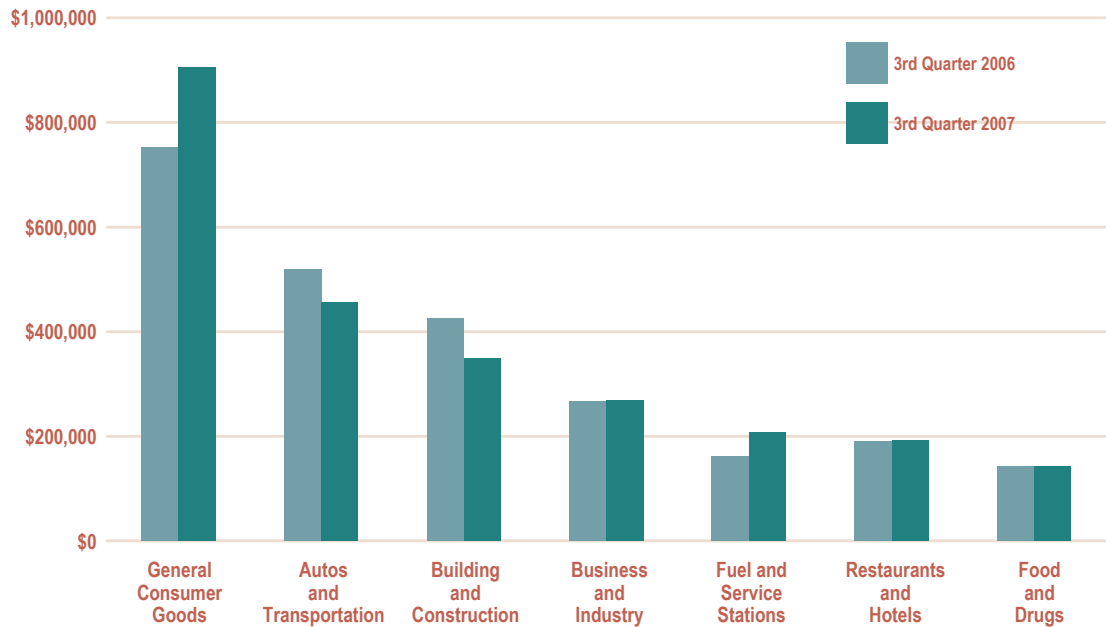
A onetime adjustment inflated positive results in the discount department store category. Once adjusted for this and other deviations, the General Consumer Goods group increased 4.9%. New outlets in home furnishings and electronics/appliance stores added to this gain.

The increase in the service station classification was a result of temporary events that depressed year-ago results.

A late payment added to the drop in the new auto, boat/motorcycle and used auto categories. The gain from a new business in lumber/building materials was offset by retroactive adjustments in the year-ago period. The contractor and hardware store classifications showed losses.

Sales for all of Sutter County slipped 5.6% compared to a year ago while the Sacramento region as a whole declined 5.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

76 Food Mart & Gas	Meeks Building Center
Arco AM PM Mini Mart	Orchard Supply Hardware
Dawson Oil	Quik Stop
Dow Lewis Motors	Sams Club
Food 4 Less	Sears
Gottschalks	Target
Holt of California	Thats No Bull
Home Depot	Wal Mart
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

Two Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$5,049,634	\$5,220,044
County Pool	504,000	596,638
State Pool	6,506	473
Gross Receipts	\$5,560,140	\$5,817,156
Less Triple Flip*	\$(1,390,035)	\$(1,454,289)

*Reimbursed from county compensation fund

STATEWIDE SALES DECLINE

Further Decreases Anticipated

After adjusting for accounting aberrations, taxable sales during July through September declined 2.9% from the same quarter of 2006.

The inland regions of the state tended to trail the coastal regions. Only San Francisco and portions of the Silicon Valley posted significant gains.

Autos, lumber/building materials and fuel were the primary losers. New car receipts were down 13.3% from the same quarter one year ago while revenues from building/construction materials dropped 11.3% and fuel 6.1%.

Back to school shopping helped boost family apparel sales for the quarter but the gains were largely offset by a drop in demand for home furnishings and large appliances. Receipts from general consumer goods as a whole ended at only 0.7% higher than the third quarter of 2006.

Restaurants continued to be a source of growth exhibiting a 3.9% statewide gain over third quarter 2006 with even larger increases in the North Bay and Central Coast regions.

Capital purchases by manufacturers/exporters of high tech equipment and supplies also helped offset other declines with gains in business-to-business sales second only to the restaurant group.

The Remaining Fiscal Year ...

Fourth quarter sales results will not be available until the end of March. Preliminary reports indicate that holiday spending on general consumer goods increased only 2.2% over 2006 but that redemption of gift cards could boost January-February sales more than had been anticipated. Further declines are expected in receipts from auto sales. Prognostications for 2008 are blurred by wide differences among economists on how much further the economy will drop and on when a recovery might begin. However, most agree that the

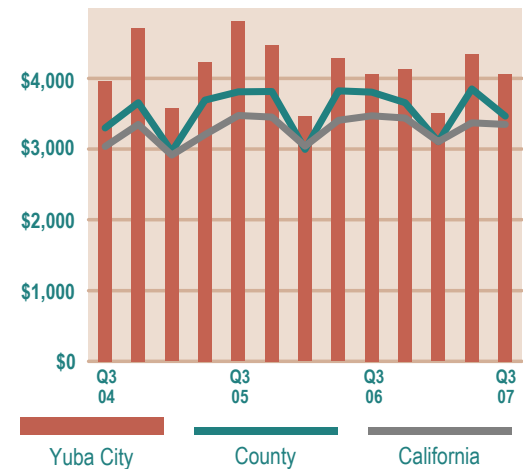
decline will continue through at least the first half of 2008 and possibly longer.

Analysts predict a further decrease of 6.0% to 6.5% in auto sales in 2008 with a recovery in that sector not expected until mid 2009. Sales of general consumer goods are expected to grow only 2.0% to 2.5% overall with solid gains in electronics but weakening performance for apparel, mid-tier department stores and mall shops.

Building and construction material sales could bottom out in mid 2008 with commercial, utility and public construction projects helping offset further losses from housing construction setbacks. However, a recovery in housing construction will be more gradual and is not expected until late 2010 or 2011.

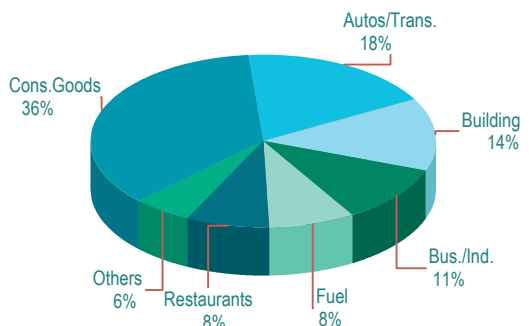
Business-to-business sales may level off in the first half of 2008 but, as long as export demand stays strong, analysts do not expect actual declines. As always, the trends for an individual jurisdiction will vary with the specific make-up of its tax base.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Yuba City This Quarter



YUBA CITY TOP 15 BUSINESS TYPES

Business Type	Yuba City		County	HdL State
	Q3 '07*	Change	Change	Change
Discount Dept Stores	\$474.4	43.4%	43.4%	3.5%
New Motor Vehicle Dealers	280.0	-10.7%	-9.4%	-12.5%
Lumber/Building Materials	211.8	-11.6%	-20.9%	-27.4%
Service Stations	157.3	45.3%	-23.5%	-4.4%
Restaurants No Alcohol	102.7	5.9%	12.2%	3.4%
Farm/Construction Equip.	87.5	5.7%	-24.6%	-12.0%
Grocery Stores Liquor	82.7	1.7%	4.7%	0.0%
Contractors	78.9	-34.6%	-22.6%	-11.2%
Department Stores	78.6	-10.3%	-10.3%	-1.2%
Family Apparel	73.0	6.8%	6.7%	8.2%
Specialty Stores	68.5	-3.6%	-4.1%	5.6%
Home Furnishings	64.5	9.1%	-2.6%	-2.9%
Restaurants Liquor	53.8	-2.1%	-2.3%	12.9%
Petroleum Prod/Equipment	49.2	0.5%	1.0%	5.2%
Automotive Supply Stores	38.2	-4.9%	-4.1%	-2.3%
Total All Accounts	\$2,521.6	2.5%	-6.5%	-2.2%
County & State Pool Allocation	326.4	11.4%		
Gross Receipts	\$2,848.0	3.5%		<i>*In thousands</i>