

Q2 2014



American Canyon Sales Tax *Update*

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

American Canyon In Brief

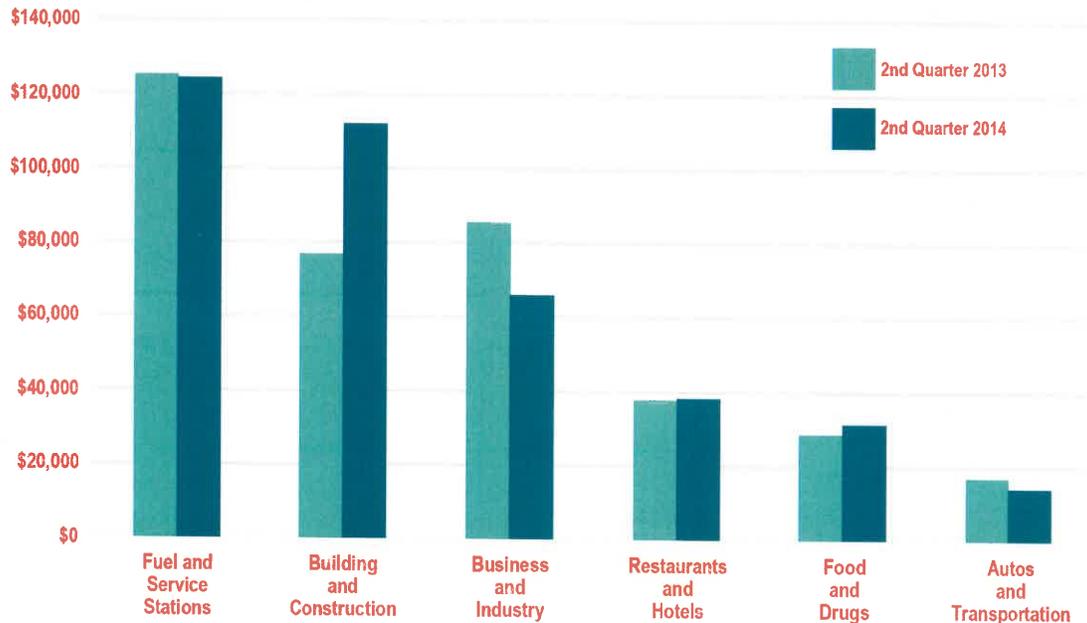
Receipts for American Canyon's April through June sales were 0.3% higher than the same quarter one year ago. Actual sales activity was up 3.4% when reporting aberrations were factored out.

A business change was largely responsible for the gain in building and construction, which also benefited from higher sales among contractors. Increased sales in multiple categories lifted food and drugs. A payment aberration in quick-service eateries and increased sales from fast casual restaurants offset a decline in casual dining due to multiple outlet closures to produce a modest net gain in restaurants.

The gains were mostly offset by losses in business and industry and service stations caused by multiple negative payment anomalies. Receipts from autos and transportation were dragged down by overall lower sales.

Adjusted for aberrations, taxable sales for all of Napa County increased 6.9% over the comparable time period, while the Bay Area as a whole was up 6.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	Jack in the Box
All Bay Mill & Lumber	Jack in the Box
Amcor Sunclipse	McDonalds
Atlas Toyota Material Handling	Mid City Nursery
Blueline Rental	Mikes Arco Mini Mart
Buhler Inc	Naked Wines
Central Valley Builders Supply	NV Cast Stone
Chevron	Quinlans Tire Service
Clarks Rock	Safeway
Gaia Napa Valley	Safeway Gasoline
General Plumbing Supply	Sonic Drive In
Industrial Wholesale Lumber	Walgreens
	Walmart

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$523,432	\$525,539
County Pool	66,944	66,329
State Pool	367	402
Gross Receipts	\$590,744	\$592,270
Less Triple Flip*	\$(147,686)	\$(148,068)

*Reimbursed from county compensation fund

California as a Whole

Excluding onetime payment aberrations the local one cent share of state-wide 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.

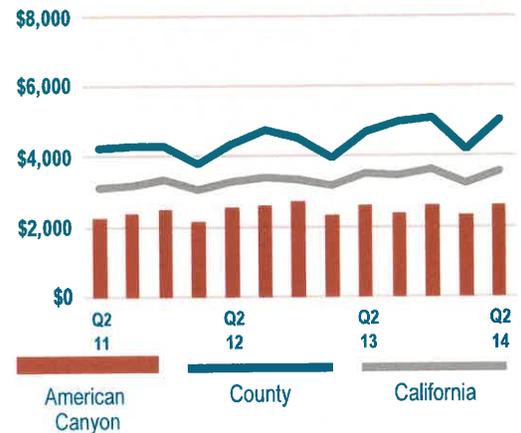
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

Allocation Formulas Corrected

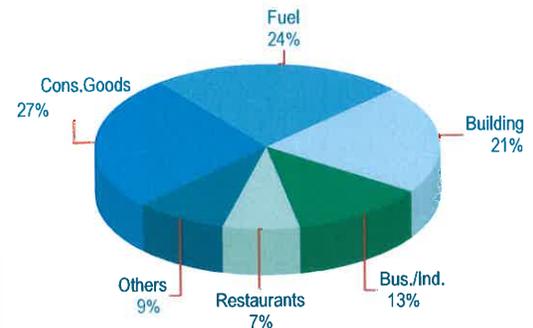
In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state’s use of property tax revenues to finance Proposition 198’s minimum educational funding requirements (ERAF). Counties also receive 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
American Canyon This Quarter



AMERICAN CANYON TOP 15 BUSINESS TYPES

Business Type	American Canyon		County	HdL State
	Q2 '14	Change	Change	Change
Automotive Supply Stores	8,912	2.9%	10.8%	2.4%
Casual Dining	8,163	-23.2%	9.2%	3.7%
Contractors	14,509	44.9%	6.6%	14.4%
Discount Dept Stores	— CONFIDENTIAL —	—	-3.5%	2.9%
Fast-Casual Restaurants	8,604	25.4%	16.4%	9.9%
Food Service Equip./Supplies	8,772	-32.1%	37.9%	19.0%
Fulfillment Centers	— CONFIDENTIAL —	—	6.4%	13.4%
Garden/Agricultural Supplies	8,083	-15.2%	0.8%	5.7%
Grocery Stores Liquor	— CONFIDENTIAL —	—	11.9%	5.7%
Light Industrial/Printers	16,431	42.9%	34.7%	3.6%
Lumber/Building Materials	— CONFIDENTIAL —	—	15.2%	9.0%
Plumbing/Electrical Supplies	— CONFIDENTIAL —	—	-7.3%	11.3%
Quick-Service Restaurants	17,748	6.6%	6.5%	6.7%
Repair Shop/Equip. Rentals	— CONFIDENTIAL —	—	-100.2%	-9.3%
Service Stations	124,292	-0.6%	4.9%	6.7%
Total All Accounts	\$525,539	0.4%	7.0%	2.8%
County & State Pool Allocation	\$66,731	-0.9%	5.6%	12.7%
Gross Receipts	\$592,270	0.3%	6.8%	3.9%