

General Overview

California sales tax receipts increased by 1.9% over the same quarter from last year, with Northern California reporting a 2% increase compared to 1.8% for Southern California. Receipts for the City of Turlock changed by 10.2% over the same periods.

Much of the increase was in Tractor Sales, Restaurants, Heavy Industry and Food Processing Equipment. Service Stations continue to decline, although the decline this quarter was less than in previous quarters. The New Auto Sales, Light Industry and Leasing economic segments also experienced significant declines.

According to a preliminary report, California employed over 18.4 million workers in November of 2016. The unemployment rate dipped to 5.3% in November from the 5.5% rate we have had each month since July. (BLS)

The Consumer Price Index (CPI-U) for the Western Region is up 2.3 percent in November. Big price increases in Housing up 4.6%, Household Energy up 4.7% and Medical Care up 3.2% reduce the amount of remaining disposable income available for taxable sales. (BLS)

The number of wage and salary employees in California is shrinking while the number of those whose income is dependent upon the profitability and value of their companies is growing. This could intensify a recession in California. (UCLA Andersen)

Quarterly Business Activity Performance Analysis

2016Q3 Taxable Sales	\$ 323.0 million
2015Q3 Taxable Sales	\$ 308.1 million
Percent Change	4.8%

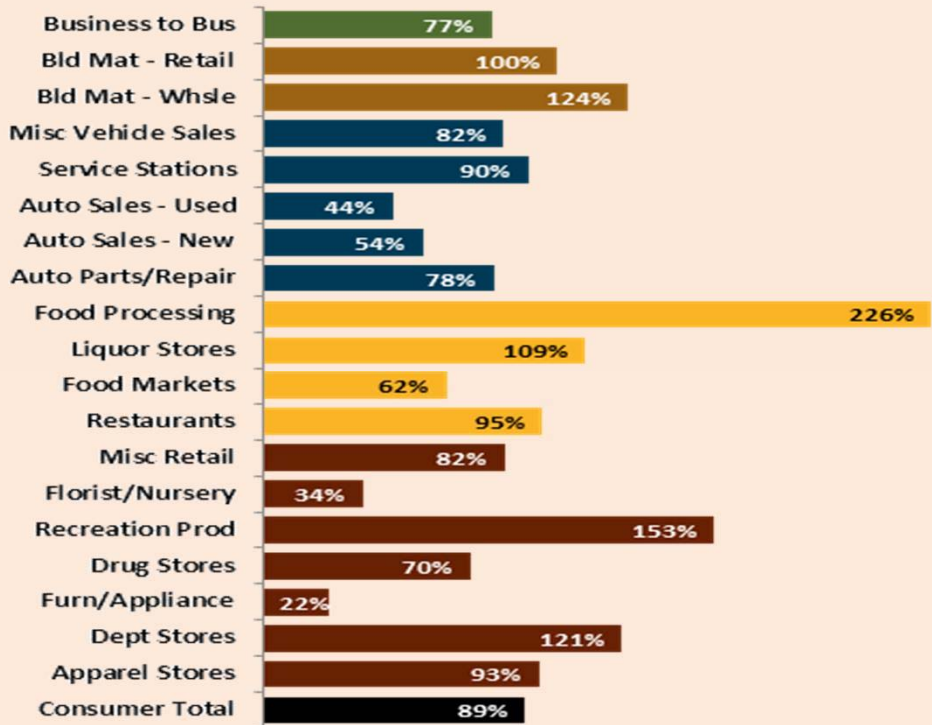


City of Turlock

2016Q3 Sales Tax Update

Turlock: 3rd Quarter 2016 Sales Tax Capture & Gap Analysis Report

Percent of Potential Sales Tax: Less than 100% indicates Leakage and more than 100% indicates capture. It compares Turlock's Sales Tax Revenue to other cities throughout the Central Valley based on purchasing habits and disposable income.

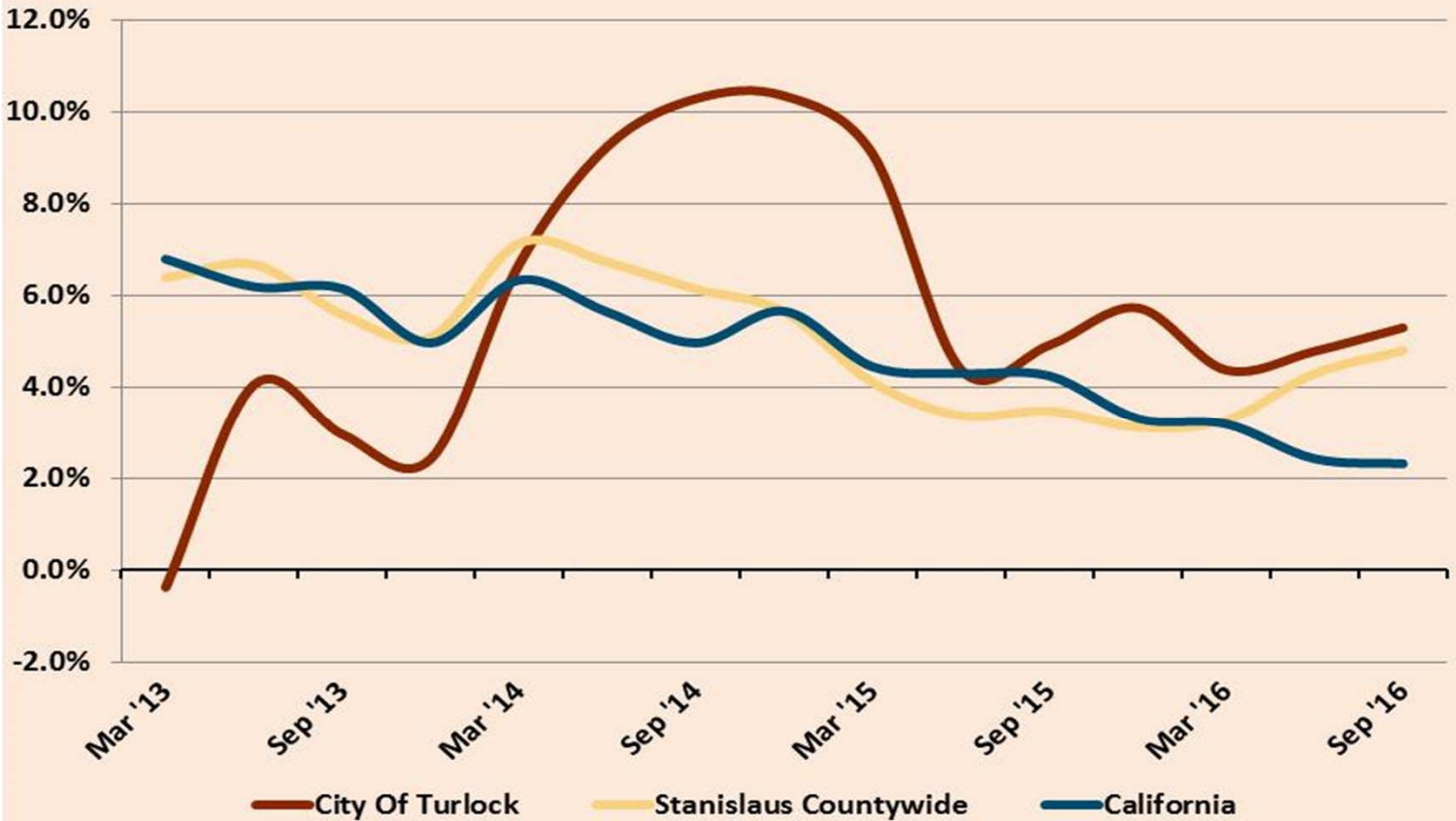


Top 25 Sales & Use Tax Generators

The list is alphabetical and is based on Sales from Oct 2015 through Sep 2016. These twenty five businesses generate 48% of Turlock's Sales and Use Tax Revenue.

ARCO AM/PM	INTL. WOOD IND.	ROSS STORES
AT & T MOBILITY	JKB ENERGY	SAFEWAY
BONANDER GMC	JOE GOMES & SONS	SAVE MART
COSTCO	KOHL'S	SMITH CHEVROLET
DIAMOND TRUCK SALES	LOWE'S	TARGET
DICK'S SPORTING GOODS	MCDONALD'S	TJ MAXX
GARTON FORD TRACTOR	N & S TRACTOR	TURLOCK CHRYS. DODGE JEEP
HOME DEPOT	NELSON-JAMESON	WAL MART
INDEPENDENT ELEC. SPLY.		

Annualized Change in Sales Tax Cash Receipts



Sales Tax Revenue on a Cash Basis

	2016Q3	2015Q3	% Change
General Retail	935,129	906,600	3.1%
Food Products	665,657	606,691	9.7%
Transportation	702,473	724,485	-3.0%
Construction	618,884	476,257	29.9%
Business To Business	346,200	354,134	-2.2%
Miscellaneous	28,477	19,425	46.6%
Gross 1%	3,296,819	3,087,592	6.8%
County Pool	520,930	371,611	40.2%
State Pool	1,156	575	101.0%
County Sharing	(190,945)	(172,989)	-10.4%
Administration	(43,601)	(33,080)	-31.8%
Subtotal	287,540	166,117	-73.1%
Total Sales Tax	3,584,359	3,253,709	10.2%

Sales Tax Cash Basis Performance Stanislaus County

	% Change
Ceres	5.1%
Modesto	7.2%
Newman	6.7%
Oakdale	9.6%
Patterson	43.1%
Riverbank	10.4%
Turlock	10.2%
Waterford	6.3%
Hughson	12.7%
Unincorporated	6.0%
Countywide	4.7%