

Q4 2005



El Dorado County Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2005)

El Dorado County In Brief

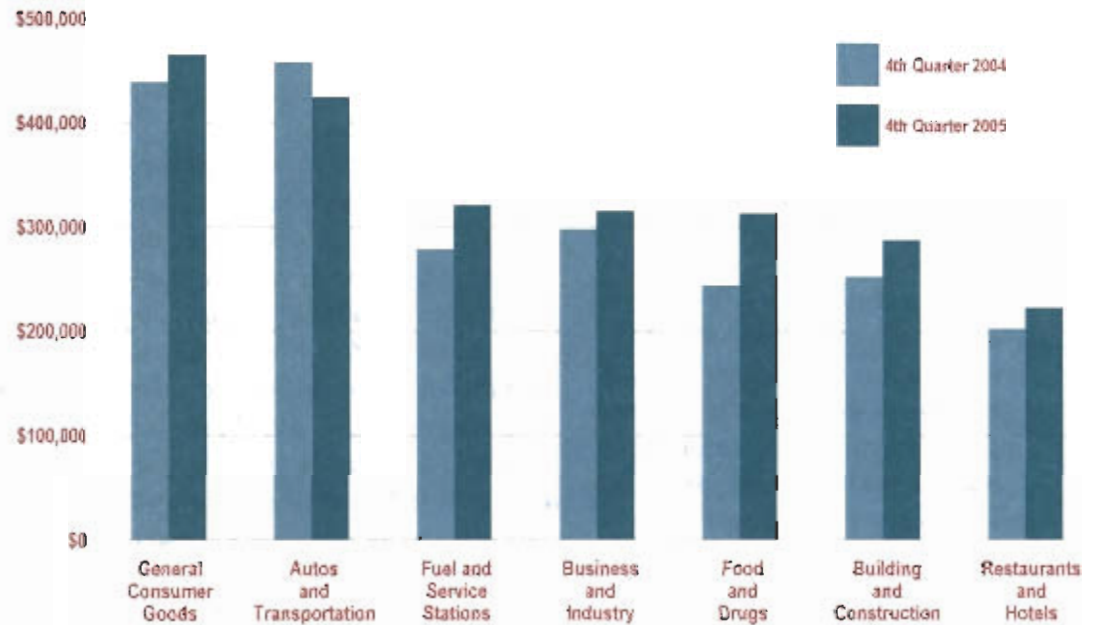
The unincorporated county's holiday sales receipts were 10.4% higher than one year ago but payment aberrations skewed the data. With anomalies removed, actual sales grew 5.2%.

Reporting aberrations boosted grocery with liquor, grocery with beer/wine and home furnishings comparisons. New business openings added to service station, garden/agricultural supplies, and family apparel gains.

New motor vehicle dealer sales, consistent with regional and statewide trends, fell. Used auto sales also slipped. An unusually high payment last year caused the relative drop in the specialty store group.

Adjusted for onetime accounting events point of sale proceeds in the greater Sacramento region grew 1.7%; the state was up 1.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

Bel Air Mart	Longs
Cameron Park Exxon	Meeks Building Center
Central Concrete Supply	Mercedes Benz of El Dorado Hills
Crystal View Station	Nor Cal Readymix
Dawson Oil	Nu Star Motors
DST Innovis	Raleys
El Dorado Hills Chevron	Safeway
El Dorado Hills Exxon	Safeway Gasoline
Family Chevrolet	Shell/Texaco
Cad Oldsmobile	Shingle Springs Honda
Frontier Dental Labs	Shingle Springs Nissan Subaru
K Mart	T J Maxx
Lees Feed & Western Store	Wal Mart

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$6,148,507	\$6,941,589
County Pool	1,300,514	1,480,080
State Pool	7,849	11,164
Gross Receipts	\$7,456,869	\$8,432,833
Less Triple Flip*	\$(1,264,440)	\$(2,108,208)

*Reimbursed from county compensation fund

NOTES

Christmas Sales Run Out of Steam

Statewide receipts for the Christmas quarter increased 5.1% over 2004's holiday spending. However, with reporting aberrations factored out, sales were just 1.9% higher than 2004.

Lumber/ building materials, contractor supplies, and fuel accounted for most of the quarterly increase. The gains were offset by a statewide drop in new and used auto sales.

Sales of general consumer goods exhibited solid gains in the discount department store and family apparel categories but were offset by declines in traditional department stores and specialty retail. Growth in consumer electronics was modest and home furnishings, food, drugs, and restaurants were relatively flat.

Several categories of Business/Industrial sales exhibited significant investment, but this group's statewide gains overall were offset by one time payments from new power plant construction that temporarily inflated last year's comparable quarter.

The Economy – Slowing But How Much and When?

Officials seeking data to back up their sales tax projections will find a wide range of economic opinions.

Much of the divergence evolves around the timing and severity of the cooling housing market. Construction and related activities have made up nearly 1/4 of all new jobs in the last two years while borrowing against rising home values has been a major factor in consumer spending.

The UCLA Anderson Forecast Group predicts that economic growth will flatten in 2007. Other economic groups such as the Business Forecasting Center at the University of Pacific see job growth in other sectors offsetting the loss of construction jobs, a milder slowing of the economy through 2008, and average gains in real disposable income of 3.6%.

Revenue from sales tax on fuel should continue to rise because of more expensive additives and fluctuating crude oil prices. Car sales are expected to be down nationally although California's dealers are confident that the size of the California market and new products will maintain sales at previous year's levels.

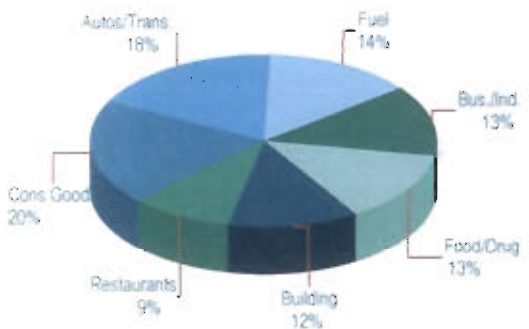
Bright spots include travel spending with the Travel Industry Association of America anticipating a 4.4% increase in expenditures for recreation, food and accommodations. Sales tax from business investment in new technology and equipment is also expected to exhibit solid gains.

As of March, economist predictions on gains in statewide retail sales in the coming year varied widely with the Western Blue Chip Economic Forecast Project calculating the mean for all forecasts at 5.6%. Nationally, a recent Bloomberg survey concludes that retail sales will slow to 2.9% by the end of 2006. As always, sales tax performance for individual jurisdictions will vary with specific economic and population characteristics

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q4 '05*	Change	Change	Change
Service Stations	\$275.5	15.3%	14.5%	14.3%
New Motor Vehicle Dealers	275.0	-12.0%	-13.4%	-8.1%
Discount Dept Stores	— CONFIDENTIAL —	—	-3.7%	7.4%
Grocery Stores Liquor	181.6	43.3%	9.8%	3.2%
Contractors	156.2	27.7%	23.3%	16.8%
Business Services	95.1	20.3%	23.3%	-11.7%
Restaurants Beer And Wine	87.9	22.1%	1.2%	5.3%
Lumber/Building Materials	77.3	2.0%	124.6%	10.5%
Specialty Stores	72.1	-16.6%	-7.5%	7.0%
Restaurants No Alcohol	68.2	0.4%	6.5%	6.8%
Grocery Stores Beer/Wine	62.7	29.8%	21.0%	14.3%
Drug Stores	47.6	2.8%	9.6%	-3.4%
Restaurants Liquor	47.1	2.0%	1.4%	4.7%
Automotive Supply Stores	46.8	14.6%	13.0%	5.3%
Hardware Stores	44.9	-3.6%	-2.8%	6.5%
Total All Accounts	\$2,348.6	8.2%	11.9%	5.1%
County & State Pool Allocation	548.5	21.2%		
Gross Receipts	\$2,897.2	10.4%		

**In thousands*