

Q2 2006



El Dorado County Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2006)

El Dorado County In Brief

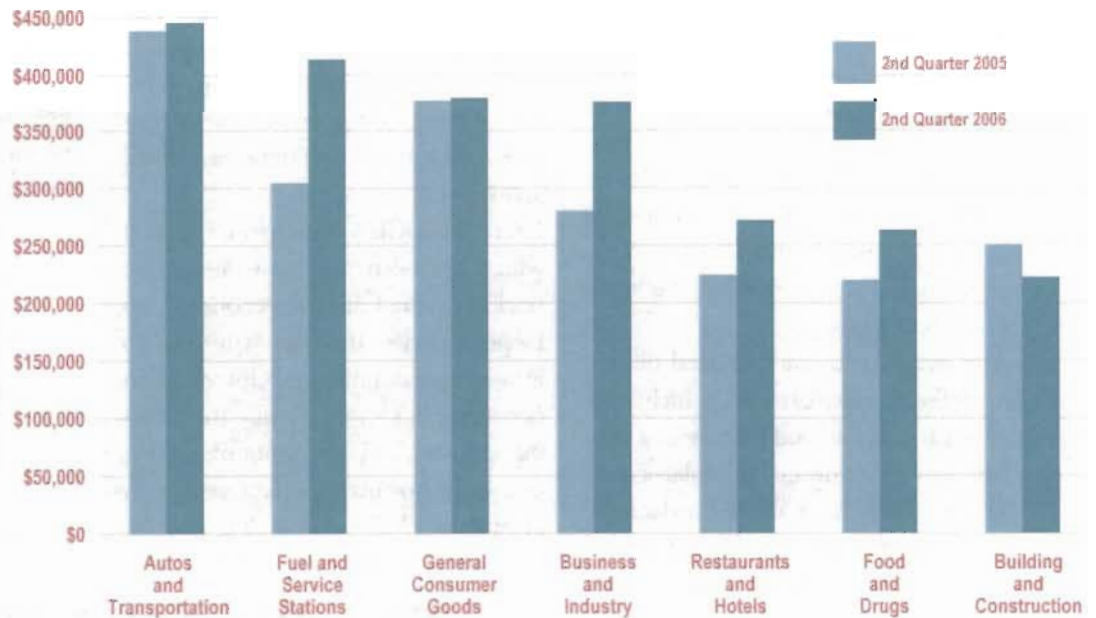
The allocation from the unincorporated area's April through June sales was 9.7% higher than the same quarter one year ago.

Higher fuel prices plus increased sales from grocery stores with liquor, business services, lumber/building materials and specialty stores were partially responsible for the increase. Recent additions helped boost revenues from auto supply stores. Comparisons of restaurants with no alcohol, petroleum products/equipment, grocery stores with beer and wine, garden/agricultural supplies and clubs/amusement places were temporarily inflated by onetime accounting adjustments.

The gains were offset by decreased sales from new auto dealers, some categories of General Consumer Goods and a recent closeout in contractors. A onetime payment that temporarily inflated last year's allocation was responsible for the decrease in restaurants with beer and wine.

Gross receipts for all of El Dorado County including its cities increased 11.8% while the Sacramento region as a whole was up 1.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

Cameron Park Exxon	Longs
Central Concrete Supply	Meeks Building Center
Chevron USA	Mercedes Benz of El Dorado Hills
Dawson Oil	Nu Star Motors
DST Innovis	Raleys
El Dorado Hills Chevron	Robinson Enterprises
El Dorado Hills Dodge	Safeway
El Dorado Hills Exxon	Safeway Gasoline
Family Chevrolet Cad Oldsmobile	Shell/Texaco
Heavenly Ski Resort	Shingle Springs Honda
K Mart	Shingle Springs Nissan Subaru
Lees Feed & Western Store	T J Maxx
	Wal Mart

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2005-06	2006-07
Point-of-Sale	\$2,092,727	\$2,369,884
County Pool	470,320	443,026
State Pool	3,695	3,466
Gross Receipts	\$2,566,743	\$2,816,376
Less Triple Flip*	\$(641,686)	\$(704,094)

*Reimbursed from county compensation fund

California's Spring Sales

Statewide receipts from retail sales and use tax payments were 5.6% higher than the second quarter of 2005. All regions of the state exhibited gains with one-fourth of the increase due to a spike in prices of fuel and petroleum related products.

Consumer spending appeared to be strong in most regions with home furnishings, electronics/appliances and apparel all showing healthy growth over the previous spring quarter. Receipts from business purchases and capital investment were also generally up although the comparisons were skewed by numerous accounting adjustments. Revenues from sales of equipment and supplies to companies in the high-tech, health-related and petroleum industries showed the most consistent gains.

The overall increase occurred despite a decline in new car sales which were down for the second quarter in a row. Mid-priced domestic nameplates continued to bear the bulk of the decrease while receipts from dealers of luxury makes and fuel efficient Asian brands remained relatively stable. Lumber and building material sales were down in Northern California and the San Joaquin Valley due to severe weather conditions.

Revenues from restaurants appeared to hold up generally well despite concerns that higher fuel prices might impact higher priced, full service establishments. Food & Drug receipts took an unexpected jump because of state processing errors that folded some early-arriving third quarter payments into the current allocation.

Good Through 2006?

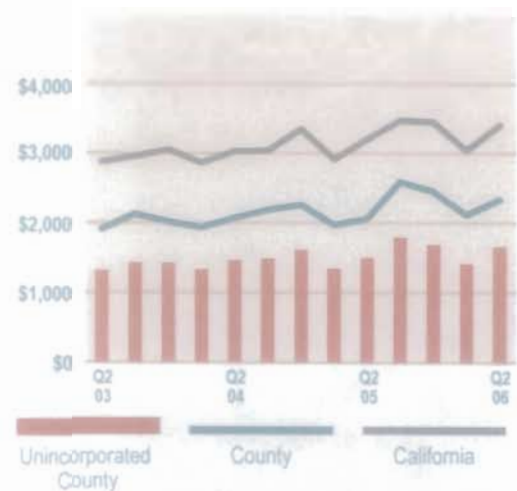
Despite concerns about the impact of the downturn in housing and auto sales, expectations by various forecasters for the remainder of 2006 are relatively optimistic. Easing fuel prices from the spring spike has relieved fed-

eral concerns about growing inflation and should reduce the strain on heavy petroleum product users. Discount retailers are also expected to benefit from a let up in fuel prices because the biggest impact has been on lower income families that are an important part of their customer base.

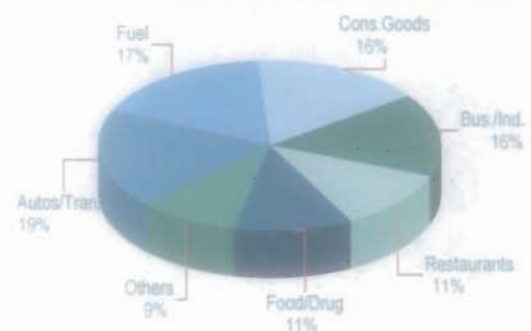
Preliminary reports are that household spending in the third quarter is up and the National Retail Federation (NRF) is predicting holiday sales to rise 5% over 2005. The weakening U.S. dollar is expected to sustain the current foreign demand for machines, computers and other equipment and help partially offset some of the employment concerns related to declining residential investment.

Even the UCLA Anderson Forecast which has been the most pessimistic tracker of the California economy, no longer believes that the state will go into recession unless job losses begin occurring in sectors outside the housing industry. Their September forecast does however, predict very slow growth in 2007 with building permits continuing to decline to 2008.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	Hill State
	Q2 '06	Change	Change	Change
Service Stations	\$330.2	25.0%	20.1%	20.2%
New Motor Vehicle Dealers	275.6	-10.7%	-11.5%	-0.8%
Discount Dept Stores	—	CONFIDENTIAL	-2.7%	7.3%
Grocery Stores/Liquor	130.2	21.9%	9.3%	14.1%
Contractors	102.2	-19.1%	-10.2%	8.1%
Business Services	91.9	27.3%	23.8%	1.7%
Restaurants No Alcohol	83.2	8.7%	9.8%	7.2%
Restaurants Beer And Wine	82.8	-9.9%	7.8%	7.0%
Petroleum Prod/Equipment	72.7	172.3%	92.1%	22.7%
Lumber/Building Materials	64.3	3.7%	111.5%	-0.7%
Grocery Stores Beer/Wine	62.0	25.8%	25.8%	12.1%
Specialty Stores	59.2	10.1%	14.0%	8.0%
Automotive Supply Stores	51.4	25.2%	25.4%	8.3%
Garden/Agricultural Supplies	50.5	38.0%	45.7%	15.1%
Clubs/Amusement Places	49.5	214.6%	82.8%	12.1%
Total All Accounts	\$2,369.9	12.2%	16.3%	7.4%
County & State Pool Allocation	446.5	-3.3%		
Gross Receipts	\$2,816.4	9.7%		

*In thousands