

NOTES

Current Quarter - Statewide

Third quarter sales and use tax receipts declined 4.1% from the same period of 2007 once accounting aberrations were factored out.

Revenues from new car sales dropped 25.7% compared to July through September of 2007. Receipts from building materials declined 12.4%, business purchases 6.3% and general consumer goods 4.2%. Receipts from grocers, drug stores, and some categories of restaurants continued to post modest gains.

The statewide decrease was partially cushioned by one last quarter of record fuel prices. Tax receipts from petroleum related sales gained 25.3% over the third quarter of 2007 and accounted for 14% of California's total sales and use tax collections.

Continuing Declines Projected

This was the fifth consecutive quarter of decreasing statewide sales and use tax revenues. Given that the depth, length, and solution to this recession remain uncertain, local government budgeting will be the most challenging it has been in decades. Adding to the difficulty will be an expected rash of business closures as the existing glut of too much debt and too many stores and auto dealerships is sorted out.

The current consensus is that drastically lower fuel prices and the weakest holiday spending since the 1980's will make the drop in March's sales tax receipts (October through December sales) the most severe of the cycle to date. Lesser declines are likely for at least two quarters thereafter with overall revenues "bottoming out" at the end of 2009 or first quarter of 2010.

Agencies Will Fare Differently

Each jurisdiction's experience will vary with the specific makeup and character of its local tax base. The timing and benefits of an additional federal stimulus package remains unknown but cannot be expected to produce immediate

or complete recovery. As of January 1, prognostications for key segments of the state's sales tax revenues were:

Consumer Goods - With Californians already debt burdened, loosening of credit is not expected to stimulate spending to previous highs until jobs and retirement investments revive. Further declines are projected for the remainder of 2008/2009 with minimal growth in 2009/2010.

Auto Related - Credit will help but real recovery is not anticipated until 2010/2011. Severe declines are expected to continue through at least the remainder of 2008/2009.

Fuel - Even production cutbacks and Middle East unrest will not bring back last summer's peak prices. A 30% decline is expected in the last two quarters of 2008/2009 with continuing revenue reductions through mid 2009/2010.

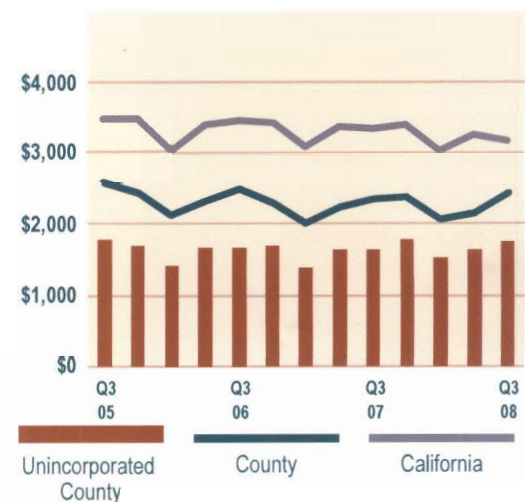
Business Spending - This usually falls and recovers later in the cycle than other segments. Declines of 5% to 10% are expected for some industrial categories during the remainder

of the fiscal year continuing through 2009/2010.

Building/Construction - Public spending is expected to boost specific tax categories by 2009/2010 but fewer housing, industrial and commercial startups make major gains unlikely.

Restaurant/Entertainment - Fast food sales should hold up but cutbacks in revenues from tourism and casual and high end restaurants are expected over the next few quarters.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '08*	Change	Change	Change
Service Stations	\$541.5	37.5%	40.9%	25.6%
New Motor Vehicle Dealers	209.2	-27.1%	-25.6%	-23.9%
Discount Dept Stores	— CONFIDENTIAL —		24.9%	-0.9%
Grocery Stores Liquor	143.9	3.1%	3.6%	0.9%
Contractors	111.4	-26.7%	-15.3%	-11.8%
Restaurants No Alcohol	90.3	8.7%	5.9%	6.7%
Business Services	83.2	10.5%	9.0%	-13.4%
Restaurants Liquor	79.4	6.6%	-2.4%	3.7%
Grocery Stores Beer/Wine	75.9	26.7%	21.9%	0.6%
Light Industrial/Printers	75.5	19.1%	24.9%	-4.0%
Electrical Equipment	73.7	435.9%	430.3%	-14.4%
Restaurants Beer And Wine	61.3	-16.8%	-6.9%	-7.1%
Lumber/Building Materials	54.8	-16.8%	-12.6%	-13.9%
Petroleum Prod/Equipment	53.4	87.3%	92.7%	33.8%
Specialty Stores	50.5	-18.4%	-19.0%	-5.9%
Total All Accounts	\$2,565.3	8.1%	4.5%	-4.4%
County & State Pool Allocation	358.4	-14.8%		
Gross Receipts	\$2,923.7	4.6%		

*In thousands

Q3
2008



El Dorado County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2008)

El Dorado County In Brief

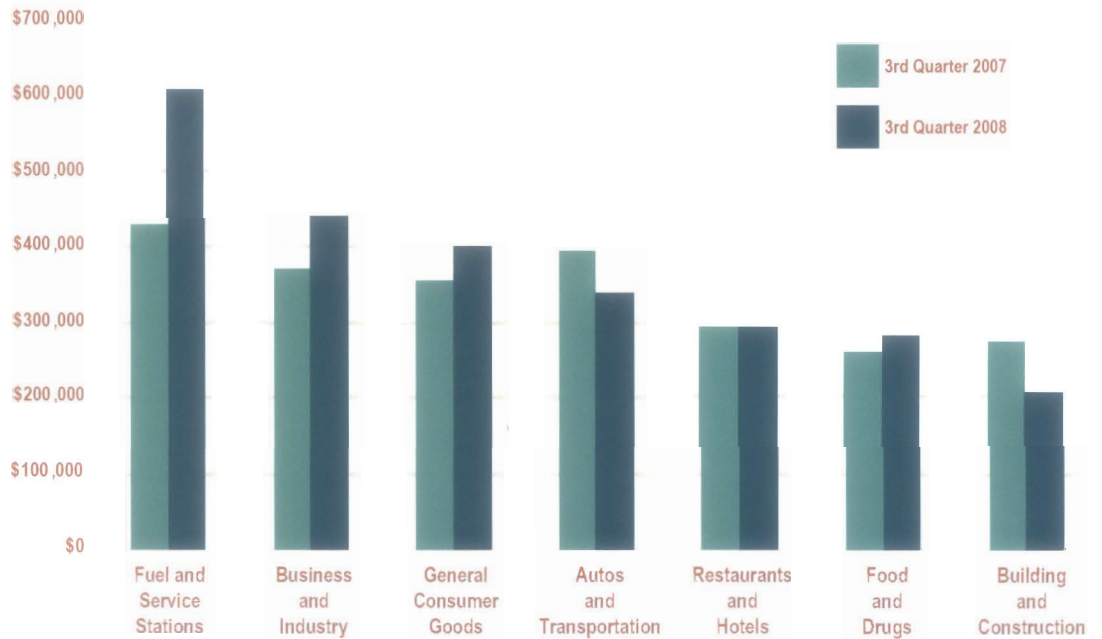
Receipts for the unincorporated area's July through September sales were 4.6% higher than the same period one year ago.

The final quarter of historically high fuel prices was a major factor for the overall increase, but double-up payments exaggerated gains from both service stations and bulk fuel retailers. New outlets contributed to increases from discount department stores and restaurants serving liquor; postings were up from business services and restaurants without alcohol. Electrical equipment totals were spiked by the combination of a onetime use tax allocation and a retroactive accounting adjustment. Accounting deviations inflated results from grocery beer/wine and light industrial/printers.

Business closures contributed to declines from new car dealers and restaurants beer/wine. A shift in where orders are booked pared receipts from contractor supplies, but payment aberrations overstated losses from both the contractor group and specialty retail outlets.

After anomalies were excluded, taxable sales for all of El Dorado County, including its cities, slipped 1.2% over the same time period. The Sacramento Region as a whole was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Bright Future Technologies	Meeks Building Center
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Chevron	Micnan Food Mart
Dawson Oil	NPI
DST Innovis	Safeway
Edward R Marszal Enterprises	Safeway Gasoline
El Dorado Hills Chevron	Shingle Springs Honda
Family Cadillac Chevrolet	Shingle Springs Nissan Subaru
Gold Harvest Market	Stewart & Stevenson Services
Golden State Flow Measurement	Tahoecamp Richardson Resort
Hunt & Sons	Target
Lees Feed & Western Store	Wal Mart
Longs	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$4,755,046	\$4,950,953
County Pool	889,671	826,857
State Pool	412	1,566
Gross Receipts	\$5,645,129	\$5,779,376
Less Triple Flip*	\$(1,411,282)	\$(1,444,844)

*Reimbursed from county compensation fund