

Q1 2010



El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

El Dorado County In Brief

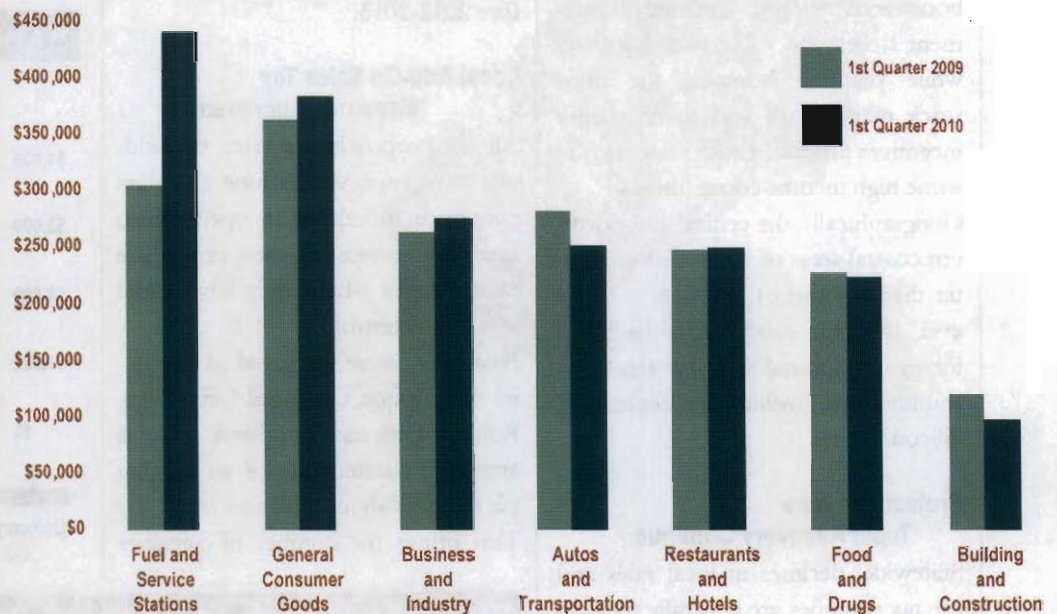
Receipts for the unincorporated area's first quarter sales were 4.1% higher than the same quarter one year ago. Actual sales were up 3.0% when reporting aberrations were factored out.

Higher fuel prices and a recent addition helped boost revenues from service stations. A late payment in the comparison period exaggerated results from light industrial/printers.

The gains were offset by a decline in sales from new motor vehicle dealers, contractor supplies and specialty stores.

Adjusted for reporting aberrations, taxable sales for all of El Dorado County including its cities increased 0.9% over the comparable time period.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park	K Mart
Circle K 76	Lees Feed & Western Store
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Chevron	Quick Stop Market
Convenience Retail	Raleys
CVS Pharmacy	Safeway
DST Innovis	Safeway Gasoline
El Dorado Hills Chevron	Shingle Springs Nissan Subaru
Family Cadillac Chevrolet	Sierra at Tahoe
Frontier Dental Labs	T J Maxx
Golden State Flow Measurement	Target
Heavenly Ski Resort	Tooley Oil Company
Heavenly Sports Main Lodge	Wal Mart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$8,947,468	\$7,960,594
County Pool	1,531,490	1,329,834
State Pool	4,601	7,346
Gross Receipts	\$10,483,558	\$9,297,774
Less Triple Flip*	\$(2,620,890)	\$(2,324,444)

*Reimbursed from county compensation fund

NOTES

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1.1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefiting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax additions were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

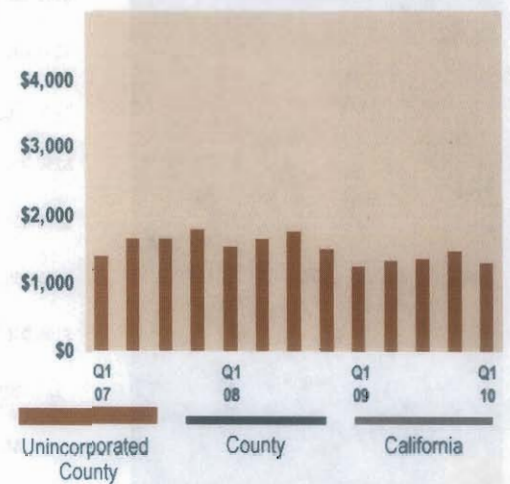
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q1 '10*	Change	Change	Change
Service Stations	\$403.3	46.7%	43.1%	28.0%
Discount Dept Stores	— CONFIDENTIAL —		2.0%	4.9%
New Motor Vehicle Dealers	139.8	-20.9%	-12.3%	0.0%
Grocery Stores Liquor	122.7	-2.5%	-2.3%	-3.5%
Restaurants Liquor	73.2	15.2%	15.6%	5.0%
Business Services	70.5	-13.0%	-12.2%	-12.4%
Restaurants No Alcohol	64.1	-3.6%	0.3%	-3.3%
Restaurants Beer And Wine	59.3	-2.1%	-2.5%	-6.0%
Sporting Goods/Bike Stores	52.4	42.4%	48.4%	-1.9%
Contractors	43.8	-36.0%	-30.6%	-15.0%
Grocery Stores Beer/Wine	43.5	-0.4%	4.3%	1.7%
Drug Stores	40.5	-3.4%	-2.0%	-1.8%
Automotive Supply Stores	39.0	0.1%	-4.9%	3.2%
Auto Repair Shops	36.5	8.8%	1.7%	-4.6%
Specialty Stores	35.1	-34.4%	-34.5%	-3.7%
Total All Accounts	\$1,929.0	6.3%	4.6%	0.8%
County & State Pool Allocation	298.4	-8.5%		
Gross Receipts	\$2,227.3	4.1%		<i>*In thousands</i>