

Q4 2007



El Dorado County Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2007)

El Dorado County In Brief

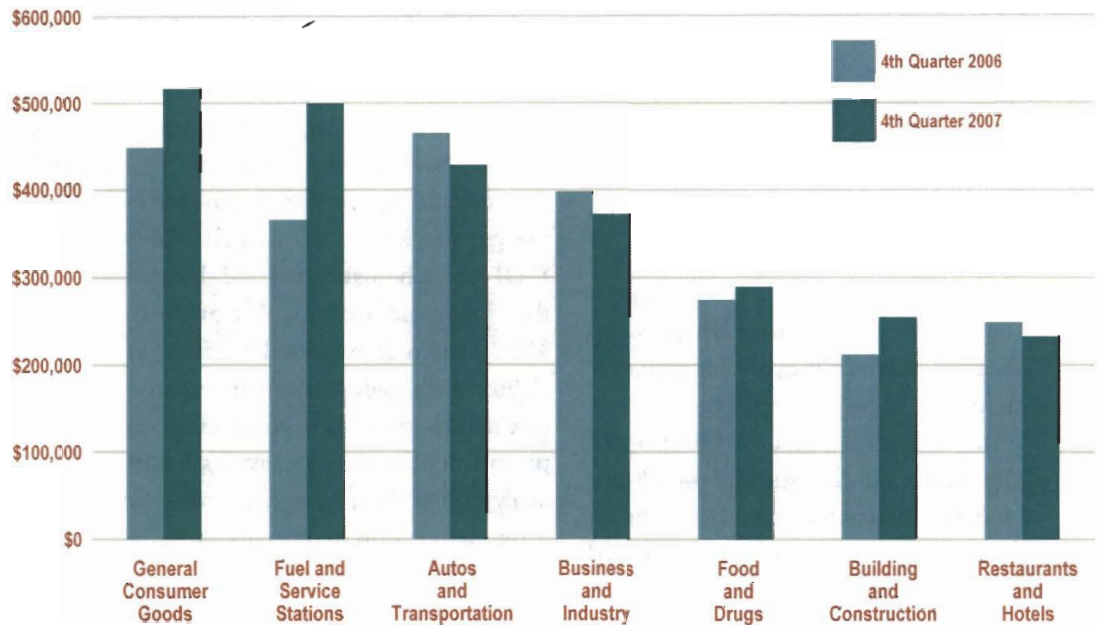
Receipts for the unincorporated area's October through December sales were 5.0% higher than the same quarter one year ago. Actual sales were up 4.0% when reporting aberrations are factored out.

Recent additions that helped boost revenues from service stations, restaurants with liquor and the general consumer goods sector were primarily responsible for the current increase. Payment deviations exaggerated results from contractor supplies.

The gains were partially offset by a business closeout that reduced receipts from light industrial/printers.

Adjusted for reporting aberrations, taxable sales for all of El Dorado County declined 0.5% over the comparable time period while the Sacramento region, as a whole, was down 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Petroleum	Lees Feed & Western Store
Carmean Dodge	Longs
Cemex Construction Materials	Meeks Building Center
Central Concrete Supply	Mercedes Benz of El Dorado Hills
Chevron	Raleys
Dawson Oil	Safeway
DST Innovis	Safeway Gasoline
El Dorado Hills Chevron	Shell/Texaco
Family Cadillac Chevrolet	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
Heavenly Sports Main Lodge	TJ Maxx
K Mart	Target
	Wal Mart

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$7,166,822	\$7,347,164
County Pool	1,396,430	1,341,740
State Pool	11,485	3,677
Gross Receipts	\$8,574,737	\$8,692,581
Less Triple Flip*	\$(2,143,684)	\$(2,173,145)

*Reimbursed from county compensation fund

NOTES

DECLINES IN SALES TAX REVENUES CONTINUE

Statewide tax receipts suggest lumps of coal were found in some Christmas stockings during 2007's fourth quarter. The 2.6% decline from the same period last year was the third straight quarter that receipts were either flat or down from prior year sales activity.

The 11.2% drop in auto sales and 14.5% decline in building/construction materials were somewhat more severe than anticipated. The surprise was a 3% drop in holiday spending on general consumer goods with traditional department stores, furniture and specialty stores exhibiting the greatest decreases.

The losses were partially offset by gains from rising prices of food, drugs and fuel. Restaurants managed to eek out a 1.1% increase over the previous holiday quarter although that gain may have also been price related.

Only Imperial, San Luis Obispo and Ventura Counties showed significant fourth quarter increases. But all benefited from onetime payments related to various energy projects or other anomalies, not gains in on-going sales activities.

Initial reports indicate that June receipts for sales occurring January through March of 2008 will be equally dismal. Auto dealers are expected to report another quarter of double digit declines and revenues from apparel, general consumer goods and restaurants are projected to be flat or down. The recent spike in fuel prices should produce another positive quarter for fuel and service stations and partially offset losses in other categories.

WILL 2008-2009 BE BETTER?

Economists expect sales declines to bottom out during the next fiscal year but are uncertain on when in that year the bottom will hit.

Auto manufacturers are hoping for a slight rebound in sales in the second

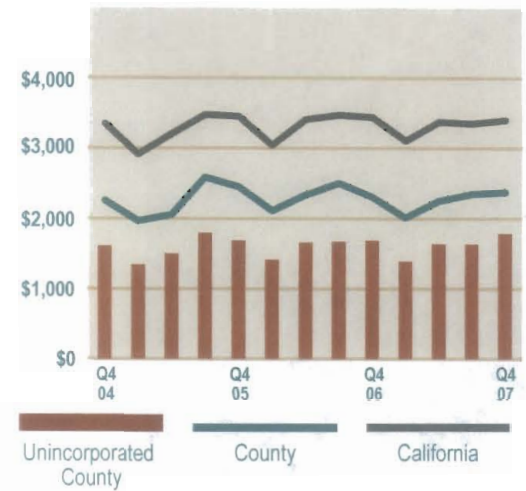
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

The instability of world crude oil prices, reduced refinery production and the coming seasonal driving peak are expected to maintain high fuel prices through late summer and compete with other consumer spending.

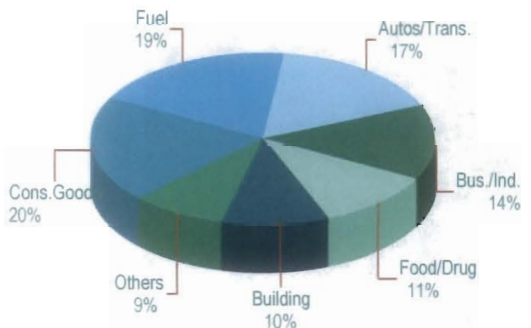
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

In late May, taxpayers will begin receiving payments of \$300 to \$1200 plus \$300 for each qualifying child through the Economic Stimulus Act of 2008. \$12.4 billion is expected to flow to California though various surveys indicate that much of the rebates will go to pay off debt or increase savings. Most analysts see the package as inducing a minor but only temporary spike in third quarter sales tax receipts.

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 '07*	Change	Change	Change
Service Stations	\$447.2	39.1%	28.9%	25.5%
New Motor Vehicle Dealers	301.9	-0.2%	-9.3%	-9.9%
Discount Dept Stores	— CONFIDENTIAL		36.4%	0.9%
Grocery Stores Liquor	170.4	7.8%	3.4%	6.7%
Contractors	151.2	49.2%	50.8%	-14.8%
Light Industrial/Printers	90.3	-16.1%	-15.0%	-2.2%
Restaurants No Alcohol	84.8	-6.2%	-4.2%	2.2%
Restaurants Liquor	70.8	43.9%	21.0%	8.8%
Restaurants Beer And Wine	67.1	0.2%	-3.0%	-3.6%
Business Services	67.0	14.0%	15.1%	4.8%
Specialty Stores	57.4	-13.9%	-14.7%	-1.7%
Grocery Stores Beer/Wine	55.0	7.5%	7.8%	5.9%
Lumber/Building Materials	53.9	-10.6%	33.2%	14.6%
Drug Stores	49.7	0.7%	-0.3%	-1.5%
Automotive Supply Stores	44.5	1.9%	2.7%	-5.8%
Total All Accounts	\$2,592.1	7.5%	4.3%	0.2%
County & State Pool Allocation	455.3	-7.1%		
Gross Receipts	\$3,047.5	5.0%		<i>*In thousands</i>