

Q1
2013



El Dorado County Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2013)

El Dorado County In Brief

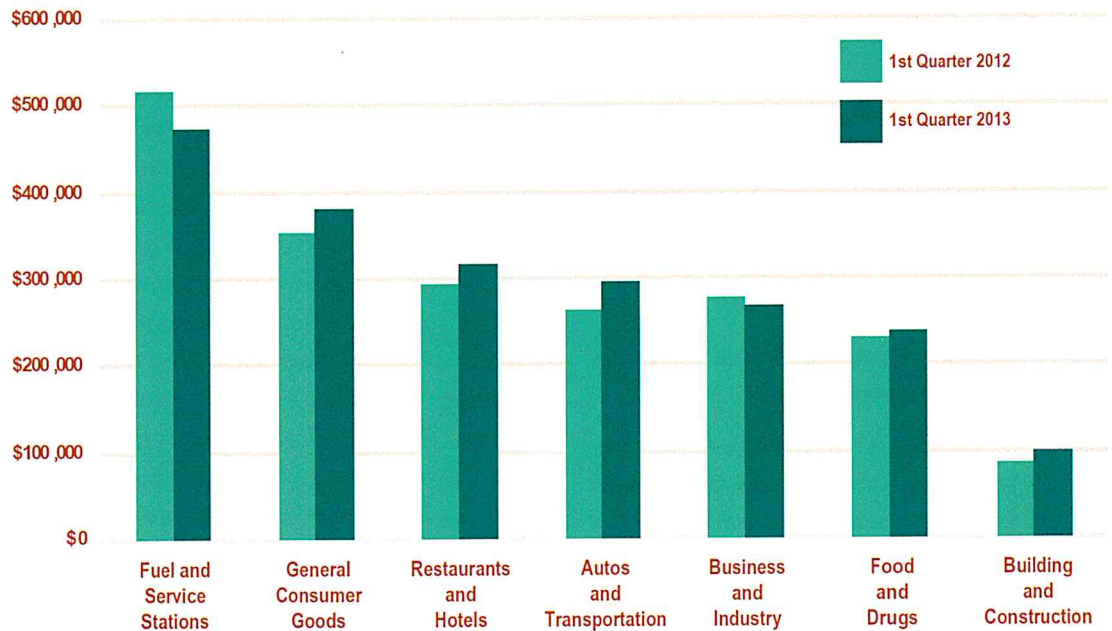
The allocation of tax revenues from unincorporated area sales occurring January through March was 4.9% higher than the same quarter of 2012.

A solid quarter for new car sales, restaurants, contractor supplies and most categories of general consumer goods all contributed to the increase. A rise in the countywide use tax allocation pool which primarily resulted from the previous passage of AB155 that expanded the definition of nexus for out-of-state companies required to collect California sales and use tax was also a major factor.

The gains were partially offset by a decline in receipts from fuel and service stations and by previous closeouts in the business-industrial group.

Adjusted for aberrations, sales and use tax receipts for all of El Dorado County including its cities, were up 9.1% while the six county Sacramento region as a whole was up 7.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Cameron Park Circle K 76	Lees Feed & Western Store
Cameron Park Petroleum	McDonalds
Circle K 76	Mercedes Benz of El Dorado Hills
Crystal View Shell	Raleys
CVS Pharmacy	Safeway
DST Innovis	Safeway Fuel Center
El Dorado Hills Chevron	Shell
Frontier Dental Labs	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
Heavenly Sports Main Lodge	Sierra at Tahoe
Heavenly Valley Cal Base Lodge	Target
K Mart	TJ Maxx
	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2011-12	2012-13
Point-of-Sale	\$8,645,543	\$8,990,370
County Pool	1,416,894	1,608,745
State Pool	3,348	4,872
Gross Receipts	\$10,065,785	\$10,603,987
Less Triple Flip*	\$(2,516,446)	\$(2,650,997)

*Reimbursed from county compensation fund

NOTES

California Overall

After adjusting for payment aberrations, statewide sales tax receipts for January through March sales were 6.5% higher than the same period in 2012.

Strong sales for apparel, department stores and big box discounters lifted general consumer goods and accounted for 23% of the statewide increase. Improvements in the housing sector pushed building and construction sales up 8.6%. Continued robust sales of new automobiles led to a 9.3% increase over the comparable quarter. Reduced consumption combined with lower gasoline prices cut fuel and service station returns in the first quarter by 2.7%.

Energy Projects Boost Business and Industry Gains

Taxes from construction of solar, wind, biomass and geothermal power projects accounted for 39% of California's business-to-business sales this quarter and produced significant windfalls for a handful of local agencies.

This temporary boost in revenues came from the federal government's goal of doubling the nation's renewable energy production in three years and from California's SB 2X which was signed in April of 2011 and calls for 33% of all retail electricity sales to be from renewable energy sources by 2020. Joint federal and state funding efforts to meet these goals have resulted in the initiation of more than a dozen utility-scale solar energy projects and over 130 renewable power plant projects in California.

Intermittent quarterly spikes in sales and use tax receipts from projects under construction or in the pipeline are expected for another two years.

Decline in Fuel Consumption Continues

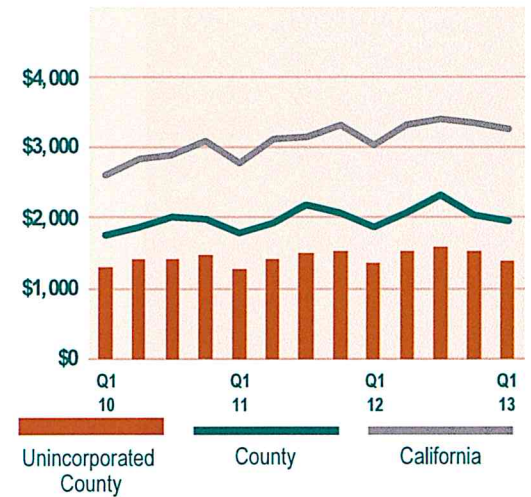
According to the most recent data from the State Board of Equalization, California's gasoline usage fell 1.7% while diesel consumption eased 0.4% in the fourth quarter of 2012 from 2011 levels. This continues a decline that began in 2005 and which is almost twice the nationwide drop.

Historically, economic conditions have been the primary driver in fuel usage, however other factors are becoming increasingly prevalent. Nationally, total vehicle miles traveled have dropped eight years in a row as aging drivers travel fewer miles and the millennial generation, focused on social networking technology, is driving less than previous generations. Increased fuel efficiency is also at play with the average new car achieving 16% more miles per gallon than just five years ago and some

commercial trucking fleets shifting to natural gas.

Until recently, price increases have offset consumption declines. The price gains were partly the result of California refineries exporting their finished product to emerging economies with higher demand and also by periodic refinery and transmission interruptions in the state's limited production infrastructure.

SALES PER CAPITA



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q1 '13*	Change	Change	Change
Auto Repair Shops	39.1	4.5%	3.4%	4.1%
Automotive Supply Stores	53.2	18.7%	17.4%	5.1%
Business Services	63.7	-6.7%	-6.0%	-10.7%
Contractors	39.7	40.4%	26.3%	6.0%
Discount Dept Stores	— CONFIDENTIAL —		6.6%	5.1%
Drug Stores	45.2	2.9%	4.8%	2.9%
Garden/Agricultural Supplies	39.0	4.9%	2.8%	11.9%
Grocery Stores Liquor	132.3	2.8%	15.2%	24.7%
Hotels-Liquor	49.4	10.8%	23.3%	5.7%
Light Industrial/Printers	40.8	38.4%	12.0%	7.3%
New Motor Vehicle Dealers	164.0	14.5%	7.5%	9.5%
Restaurants Beer And Wine	51.5	3.4%	2.9%	-2.3%
Restaurants Liquor	99.3	15.5%	19.6%	6.9%
Restaurants No Alcohol	91.0	7.9%	7.3%	5.9%
Service Stations	442.6	-7.6%	-5.8%	-2.2%
Total All Accounts	\$2,070.2	2.4%	3.7%	5.7%
County & State Pool Allocation	390.4	20.1%		
Gross Receipts	\$2,460.6	4.9%		<i>*In thousands</i>