

Q4 2013



El Dorado County Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

El Dorado County In Brief

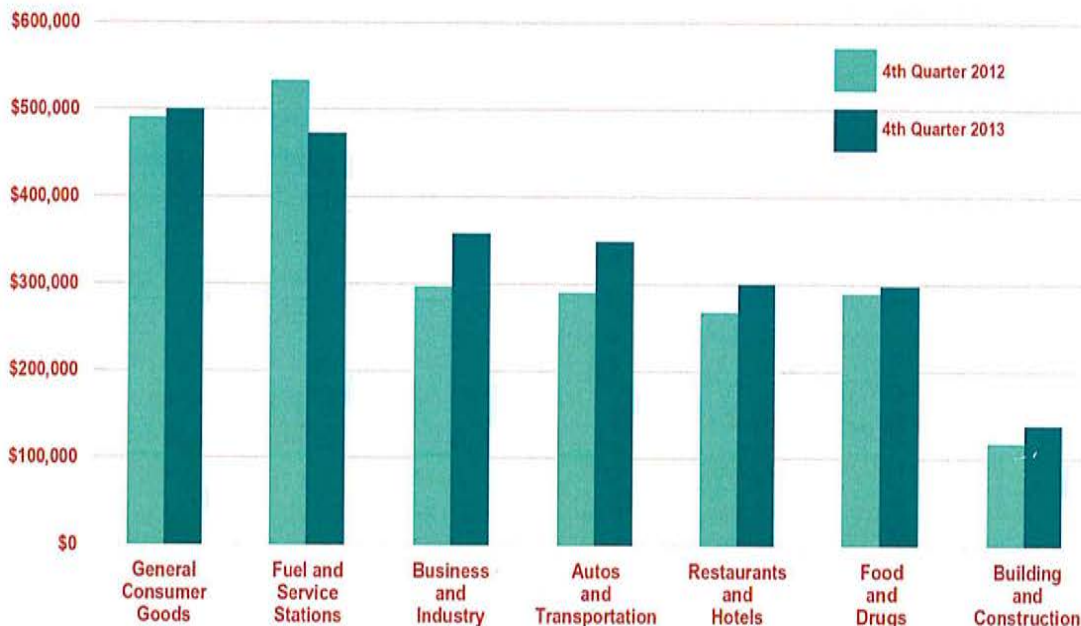
Receipts for the unincorporated area's October through December sales were 5.7% higher than the same quarter one year ago. Actual sales activity was up 3.9% when reporting aberrations were factored out.

The unincorporated area experienced a strong sales quarter for autos and transportation, restaurants, contractors and lumber/building materials. The increase in business services was inflated by an accounting adjustment. Onetime payments temporarily inflated revenues from light industrial/printers.

The gains were partially offset by a decline in sales from service stations, which was exaggerated by a late payment.

Adjusted for aberrations, taxable sales for all of El Dorado County increased 4.5% over the comparable time period, while the Sacramento region as a whole was up 5.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Cameron Park Circle K 76	McDonalds
Cameron Park Petroleum	Meeks Building Center
Circle K 76	Mercedes Benz of El Dorado Hills
Crystal View Shell	Missouri Gas Station
CVS Pharmacy	Raleys
Dawson Oil	Safeway
DST Innovis	Safeway Fuel Center
El Dorado Hills Chevron	Shell
Gallus	Shingle Springs Honda
Golden State Flow Measurement	Shingle Springs Nissan Subaru
K Mart	Target
Lees Feed & Western Store	TJ Maxx
	Walmart

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$6,920,183	\$7,144,206
County Pool	1,219,965	1,404,688
State Pool	3,280	4,489
Gross Receipts	\$8,143,428	\$8,553,383
Less Triple Flip*	\$(2,035,857)	\$(2,138,346)

*Reimbursed from county compensation fund

NOTES

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

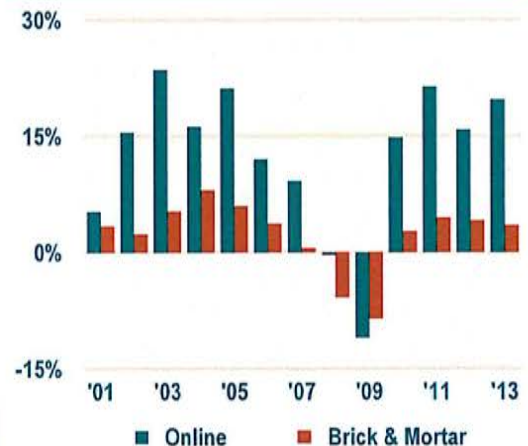
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

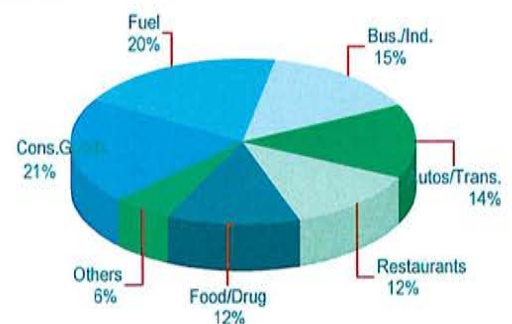
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR
Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q4 '13*	Change	Change	Change
Automotive Supply Stores	47.1	-10.3%	-1.2%	3.2%
Business Services	83.4	39.3%	38.8%	8.2%
Casual Dining	135.4	4.9%	2.8%	6.4%
Contractors	57.0	19.4%	24.6%	15.1%
Discount Dept Stores	— CONFIDENTIAL —		4.4%	0.2%
Drug Stores	52.0	2.6%	4.2%	2.5%
Garden/Agricultural Supplies	45.1	11.2%	28.1%	9.0%
Grocery Stores Beer/Wine	45.2	12.5%	8.3%	2.3%
Grocery Stores Liquor	175.3	-0.2%	0.6%	38.8%
Light Industrial/Printers	75.6	62.0%	51.8%	8.9%
New Motor Vehicle Dealers	— CONFIDENTIAL —		22.0%	9.4%
Quick-Service Restaurants	85.6	12.1%	9.4%	7.8%
Service Stations	440.4	-11.3%	-10.0%	-2.8%
Specialty Stores	47.0	3.1%	7.9%	7.0%
Wineries	53.3	4.8%	6.5%	11.6%
Total All Accounts	\$2,415.3	5.7%	7.9%	8.7%
County & State Pool Allocation	\$528.6	5.7%	7.8%	9.4%
Gross Receipts	\$2,943.9	5.7%	7.9%	8.8%