

Q3 2015



El Dorado County Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

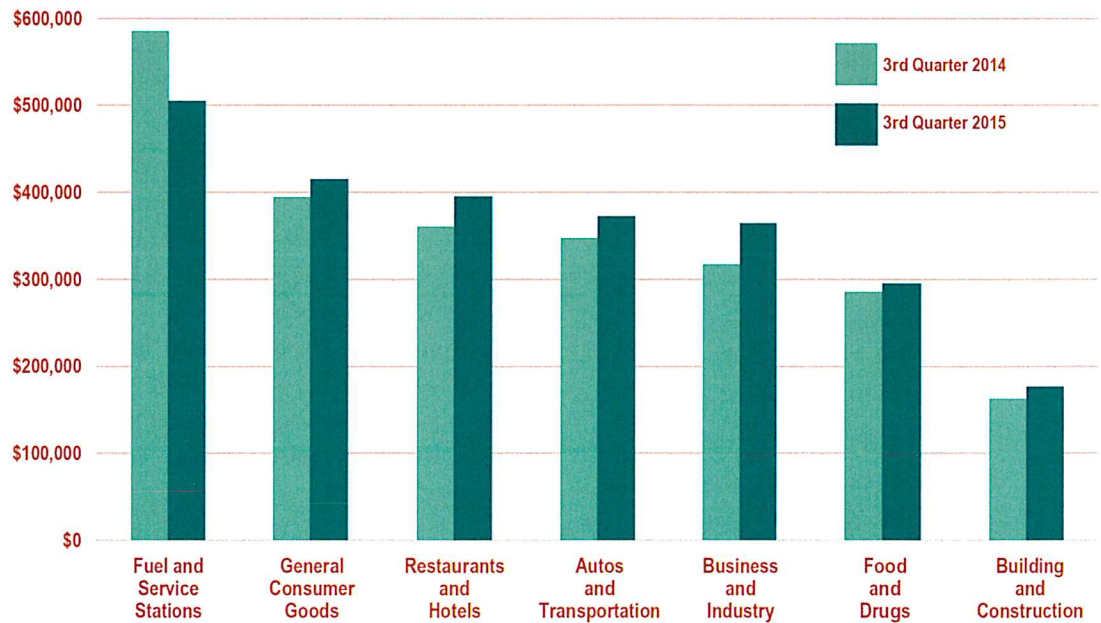
El Dorado County In Brief

El Dorado County's allocation of sales and use tax revenues from unincorporated area transactions occurring July through September were 1.9% higher than the same quarter one year ago.

The generally solid sales period experienced particularly strong gains in some categories of business-to-business sales. These gains however, were largely offset by the decline in prices of fuel and petroleum related products which accounted for 24% of the county's "point of sale" revenues in the previous year's comparable quarter.

Adjusted for aberrations, sales and use tax receipts for all of El Dorado County including its cities, grew 2.8% over the comparable time period while the six county Sacramento region as a whole was up 5.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Circle K 76	Meeks Building Center
Cameron Park Petroleum	Mercedes Benz of El Dorado Hills
Camp Richardson Resort	My Goods Market
Crystal View Shell	Quick Stop
CVS	Raleys
Dawson Oil	Safeway
DST Innovis	Safeway Fuel
El Dorado Hills Chevron	Shell
Golden State Flow Measurement	Shingle Springs Honda
K Mart	Shingle Springs Nissan Subaru
Lees Feed & Western Store	Target
McDonalds	TJ Maxx
	Walmart

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$4,969,481	\$5,010,766
County Pool	935,747	978,192
State Pool	3,813	2,733
Gross Receipts	\$5,909,041	\$5,991,691
Less Triple Flip*	\$(1,477,260)	\$(1,497,923)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

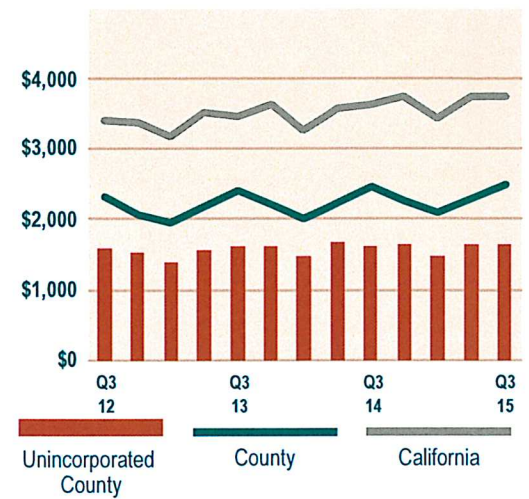
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

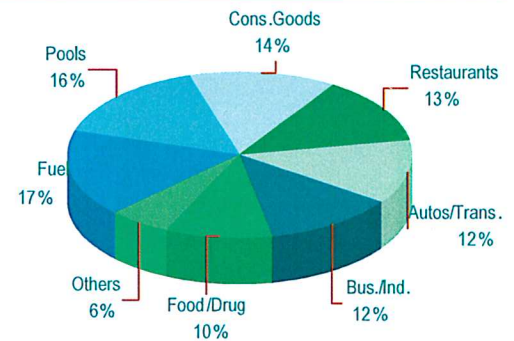
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
El Dorado County This Quarter



EL DORADO COUNTY TOP 15 BUSINESS TYPES

Business Type	*In thousands of dollars			
	Unincorporated County Q3 '15*	Change	County Change	HdL State Change
Automotive Supply Stores	49.7	-2.4%	-1.9%	5.8%
Business Services	77.7	23.0%	18.6%	1.0%
Casual Dining	206.0	14.8%	14.1%	5.0%
Contractors	67.0	0.9%	5.4%	13.0%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.9%	2.1%
Garden/Agricultural Supplies	53.4	13.2%	11.2%	3.2%
Grocery Stores Beer/Wine	67.6	17.1%	10.8%	1.7%
Grocery Stores Liquor	151.5	-0.6%	-1.2%	3.8%
Hotels-Liquor	57.5	3.0%	-12.5%	3.4%
Light Industrial/Printers	75.5	27.9%	25.1%	1.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	23.9%	8.2%
Quick-Service Restaurants	83.2	1.1%	4.3%	6.8%
Service Stations	470.1	-14.7%	-16.6%	-11.8%
Specialty Stores	54.7	16.7%	16.8%	6.0%
Wineries	48.8	-0.1%	-0.9%	8.7%
Total All Accounts	2,523.5	2.8%	3.0%	2.3%
County & State Pool Allocation	463.6	-2.7%	-2.5%	3.5%
Gross Receipts	2,987.1	1.9%	2.1%	2.4%