

Q4
2007



City of Lompoc Sales Tax *Update*

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

Lompoc In Brief

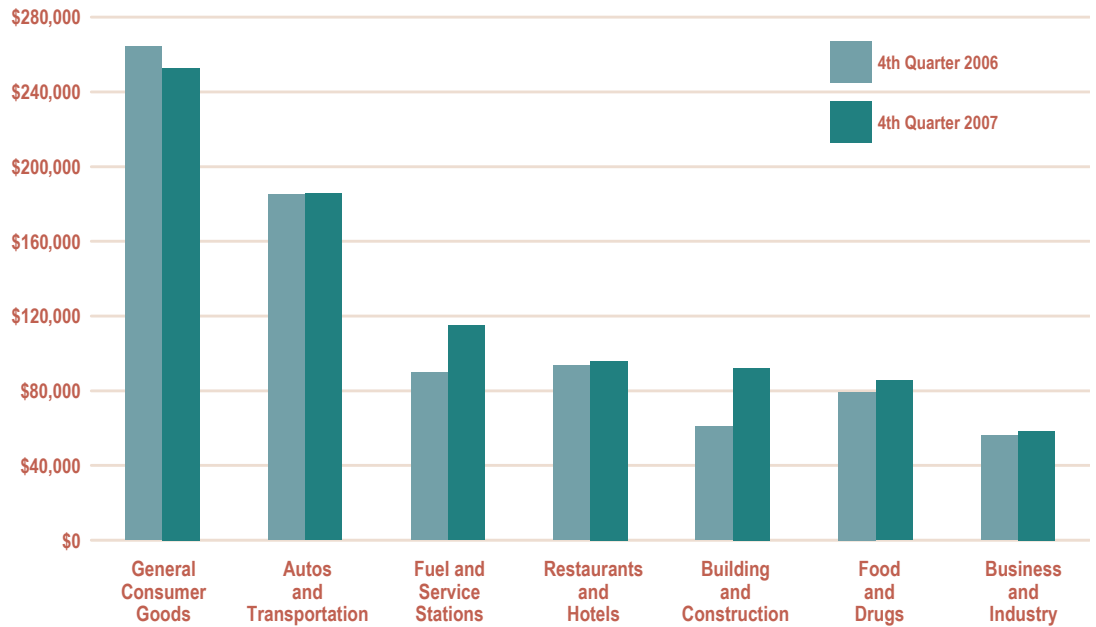
Gross receipts for Lompoc's fourth quarter sales were 8.4% higher than the same period one year ago, but accounting aberrations skewed the data. Actual sales activity was flat after onetime anomalies are factored out.

Receipt of payments due in prior periods overstated results from new car dealers; results declined 5.3% after adjusting for deviations. Higher prices at the pump buoyed service station receipts while grocery stores selling liquor, restaurants serving beer/wine and variety stores also posted increases. A significant payment deviation that temporarily cut last year's revenue from lumber/building materials exaggerated gains from the Building and Construction group. A larger allocation from the countywide sales and use tax pool was also a factor for the overall increase in gross receipts.

Receipts slipped from several classifications of General Consumer Goods as they did in many areas of the state. Late postings were partially responsible for the decline from automotive supply stores and home furnishings.

Adjusted for aberrations, taxable sales for all of Santa Barbara County dipped 0.5% over the same period; the Central Coast region as a whole was up 1.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Ross
Anitas Spirit Gas & Mini Mart	Sears
Bet Plant Services	Staples
California Chrysler Dodge Jeep	Stuarts Valero Mart
Chevron	Sunset Auto Center
Food 4 Less	Tesoro West Coast
Home Depot	Toyota of Lompoc
JB Dewar	Valero Corner Store
Lompoc Ford	Valley Rock Ready Mix
Lompoc Honda	Vons
McDonalds	Vons Gasoline Sales
Mervyns	Wal Mart
Moore Mill & Lumber	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2006-07	2007-08
Point-of-Sale	\$2,695,210	\$2,656,146
County Pool	296,719	323,131
State Pool	3,959	1,191
Gross Receipts	\$2,995,888	\$2,980,468
Less Triple Flip*	\$(748,972)	\$(745,117)

*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

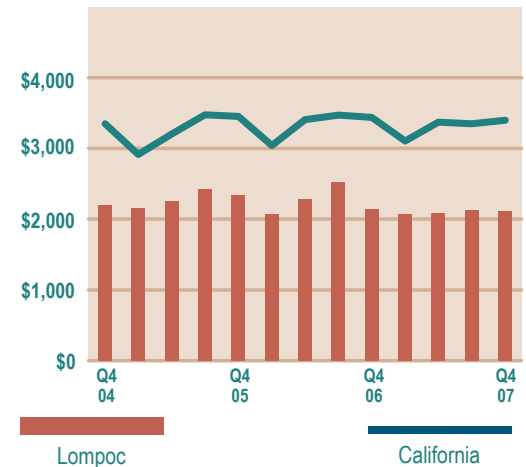
half of 2008 and into 2009. A recovery in public, commercial and industrial construction could stabilize tax receipts from building supplies although a rebound from housing related goods and materials is not expected until 2010 or 2011.

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.

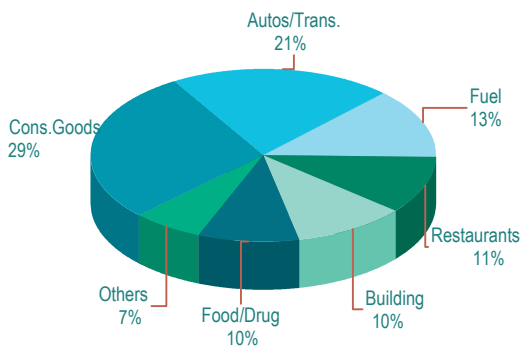
The weak dollar should continue to lure international consumers to key tourist destinations. However, capital investment by U.S. exporters is beginning to show signs of leveling off.

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
Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q4 '07	Change	Change
New Motor Vehicle Dealers	\$145,700	8.8%	-9.9%
Discount Dept Stores	— CONFIDENTIAL —		0.9%
Service Stations	99,360	27.8%	25.5%
Lumber/Building Materials	80,991	71.0%	14.5%
Restaurants No Alcohol	52,921	-0.3%	2.3%
Grocery Stores Liquor	52,436	12.0%	7.2%
Department Stores	41,988	-1.4%	-3.5%
Restaurants Beer And Wine	34,635	3.5%	-3.8%
Family Apparel	15,804	-8.5%	0.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —		19.1%
Specialty Stores	15,037	-8.6%	-1.7%
Drug Stores	— CONFIDENTIAL —		-1.5%
Variety Stores	13,979	8.5%	1.5%
Automotive Supply Stores	13,898	-18.9%	-5.8%
Repair Shop/Hand Tool Rentals	12,817	-15.7%	-5.2%
Total All Accounts	\$885,701	6.8%	0.2%
County & State Pool Allocation	109,910	23.4%	
Gross Receipts	\$995,611	8.4%	