

Q1
2012



City of Lompoc Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2012)

Lompoc In Brief

Receipts for Lompoc's January through March sales were 24.8% higher than the same quarter one year ago. However, onetime anomalies inflated the overall results. After factoring out these and other reporting aberrations, actual sales activity was up 18.9%.

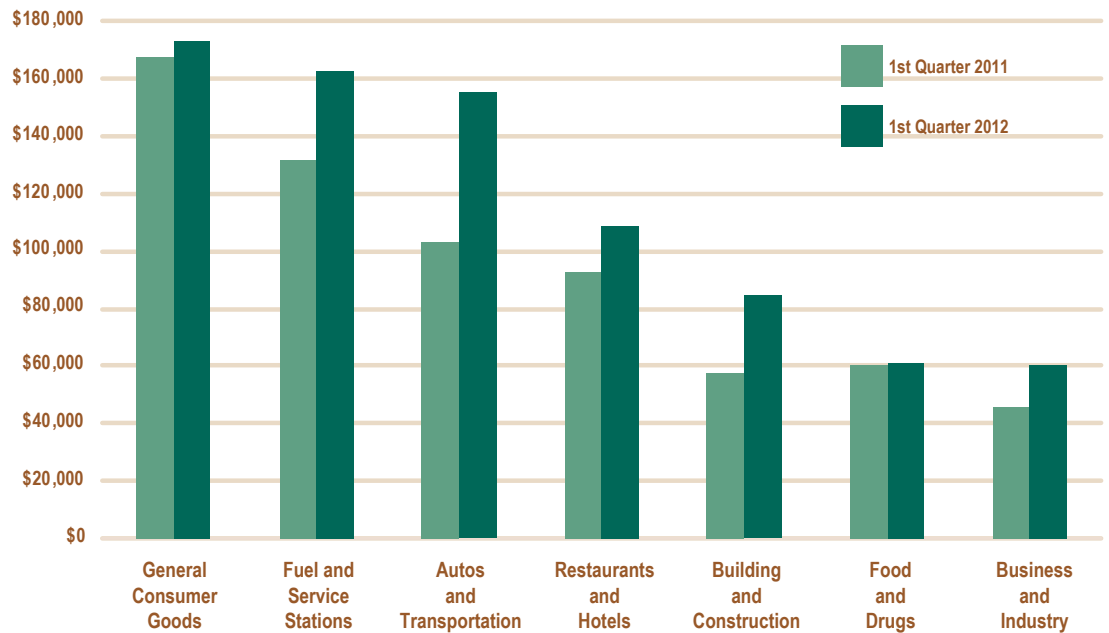
Higher fuel prices helped boost service station receipts but, a missing payment from last year inflated the results. Late payments from the comparison quarter were also responsible for temporarily increasing the autos and transportation and food and drugs sectors.

Building and construction posted sales increases from contractor supplies and other categories; however, an erroneous allocation inflated the results. Business and industry experienced a strong sales quarter from multiple categories including, repair shops, wineries, and heavy industrial supplies. The addition of a new electronics store was a factor in the overall gain from general consumer goods.

A 47.2% increase in the city's share of the countrywide use tax pool allocation also contributed to the city's positive results.

Adjusted for aberrations, taxable sales for the Central Coast region were up 10.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

7 Eleven	Staples
Advanced Minerals	Stuarts Valero Mart
Albertsons	Sunset Auto Center
Bet Plant Services	Tesoro West Coast
Big Brand Tire	Toyota of Lompoc
Chevron	Valero Corner Store
Circle K	Valley Rock Ready Mix
Home Depot	Vons
Jack in the Box	Vons Gas
Lompoc Honda	Walgreens
McDonalds	Walmart
Pacific Coast RV	
Robertson Dental Lab	
Ross	

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2010-11	2011-12
Point-of-Sale	\$2,895,517	\$3,284,031
County Pool	343,987	433,891
State Pool	1,310	1,229
Gross Receipts	\$3,240,813	\$3,719,151
Less Triple Flip*	\$(810,203)	\$(929,788)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues for January through March transactions increased 8.4% over last year's comparison quarter. Most areas of the state realized gains from service stations and auto sales; whereas some counties received added benefits in use taxes from alternative energy plant projects. Overall, the San Joaquin Valley, with strong agriculture-related purchases, led all other regions of the state.

The Year Ahead

Having bottomed out in 2009-10, California made solid progress toward economic recovery in 2011-12. Job gains, easier credit, pent-up demand for autos and goods, higher fuel prices, continued investment in technology and increased tourism and business travel all contributed to rising sales tax revenues.

Most analysts believe that the recovery will continue in 2012-13 although at a slower pace. How much slower is uncertain due to a number of major unresolved issues and the extent to which they can be avoided or mitigated.

One issue is the state's \$16 billion budget deficit. Government has traditionally accounted for 18% of California's jobs and the full effect of looming job losses will not be fully known until after the November election.

The European financial crisis is a problem of particular importance to California which ships high tech equipment, tools and software along with a variety of agricultural and other products to 226 countries. Exports account for roughly 25% of the state's economy.

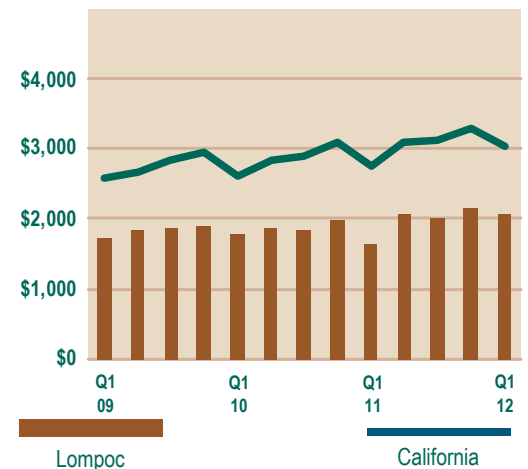
Additionally, California manufacturers that rely on foreign parts

could face a shortage if European bank credit lines contract due to ongoing European financial problems.

The final issue involves the Federal Budget Control Act of 2011 which was adopted to resolve last year's debt-ceiling crisis. On January 1, existing temporary tax cuts on income, payroll, capital gains and estates expire. If Congress cannot overcome its ideological differences and agree on a budget package, \$400 billion in automatic spending cuts will be activated.

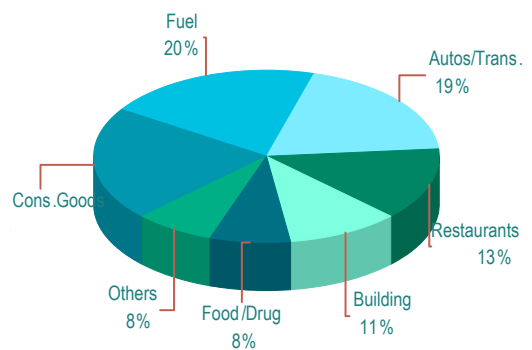
There is general optimism that another recession can be avoided because it is unlikely that all these issues will devolve to their worst possible case. However, uncertainty about eventual outcomes will impact spending, investment and hiring plans and slow the recovery in 2012's second half. Even so, HdL's current consensus forecast is for a 4.5% to 5.0% increase in statewide local sales tax revenues in 2012-13.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP

Lompoc This Quarter



LOMPOC TOP 15 BUSINESS TYPES

Business Type	Lompoc		HdL State
	Q1 '12	Change	Change
Automotive Supply Stores	22,736	11.6%	9.3%
Discount Dept Stores	— CONFIDENTIAL —		5.6%
Drug Stores	12,079	4.5%	2.7%
Electronics/Appliance Stores	15,523	44.7%	0.5%
Family Apparel	19,539	7.3%	11.9%
Grocery Stores Beer/Wine	12,149	-9.0%	8.8%
Grocery Stores Liquor	28,495	3.4%	5.5%
Lumber/Building Materials	— CONFIDENTIAL —		8.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		14.5%
Repair Shop/Hand Tool Rentals	15,487	8.9%	11.0%
Restaurants Beer And Wine	34,865	2.4%	4.2%
Restaurants Liquor	13,217	157.2%	12.9%
Restaurants No Alcohol	60,163	12.2%	9.5%
Service Stations	161,674	29.2%	13.3%
Specialty Stores	11,424	-1.4%	6.5%
Total All Accounts	\$806,024	22.1%	9.9%
County & State Pool Allocation	112,216	48.0%	
Gross Receipts	\$918,241	24.8%	