

Q4 2005



Big Bear Lake Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2005)

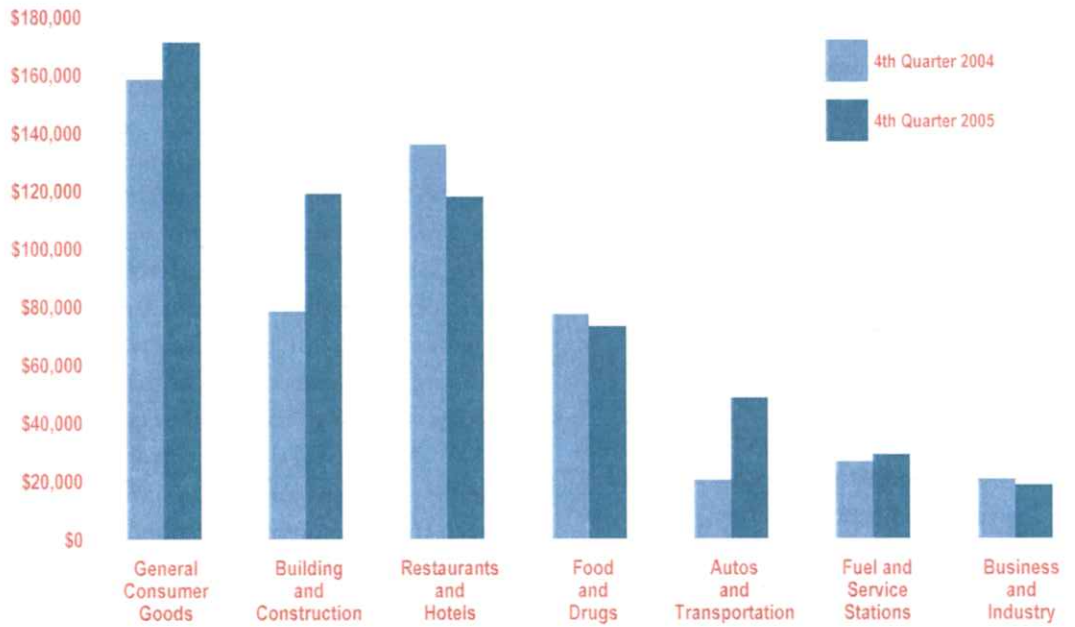
Big Bear Lake In Brief

Receipts from the city's Christmas quarter were 11.2% higher than the same period one year ago. Actual sales activity was up 4.7% when reporting aberrations are factored out.

A solid quarter for lumber/building materials and contractor supplies was primarily responsible for the increase. A one-time payment in the Autos/Transportation group and gains in home furnishings, specialty retail and light industrial equipment were also factors. The gains were offset by a decline in most categories of restaurants from the comparable fourth quarter 2004.

Adjusted for aberrations, total sales for all of San Bernardino County increased 9.3% over the comparable time period while Southern California as a whole, was up 1.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

7 Eleven	K Mart
Big Bear Choppers	Mandoline
Big Bear Service Station	Mc Donalds
Budget Car Sales	Moon Ridge Station
Burtens Ready Mix	Mountain Center
Butchers Block & Bldg Materials	Radio Shack
Carrige House Auto Sale	Riffenburgh Lumber
Dollar Tree Stores	Rite Aid
El Jacalito	Sav On
Geiger Supply	Snow Summit
Haus & Home Furnishings	Stater Bros
Interiors	USA Station
	Vons

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2004-05	2005-06
Point-of-Sale	\$1,355,776	\$1,565,888
County Pool	147,238	169,813
State Pool	1,590	2,327
Gross Receipts	\$1,504,603	\$1,738,028
Less Triple Flip*	\$(275,192)	\$(434,507)

*Reimbursed from county compensation fund

Christmas Sales Run Out of Steam

Statewide receipts for the Christmas quarter increased 5.1% over 2004's holiday spending. However, with reporting aberrations factored out, sales were just 1.9% higher than 2004.

Lumber/ building materials, contractor supplies, and fuel accounted for most of the quarterly increase. The gains were offset by a statewide drop in new and used auto sales.

Sales of general consumer goods exhibited solid gains in the discount department store and family apparel categories but were offset by declines in traditional department stores and specialty retail. Growth in consumer electronics was modest and home furnishings, food, drugs, and restaurants were relatively flat.

Several categories of Business/Industrial sales exhibited significant investment, but this group's statewide gains overall were offset by one time payments from new power plant construction that temporarily inflated last year's comparable quarter.

The Economy – Slowing But How Much and When?

Officials seeking data to back up their sales tax projections will find a wide range of economic opinions.

Much of the divergence evolves around the timing and severity of the cooling housing market. Construction and related activities have made up nearly 1/4 of all new jobs in the last two years while borrowing against rising home values has been a major factor in consumer spending.

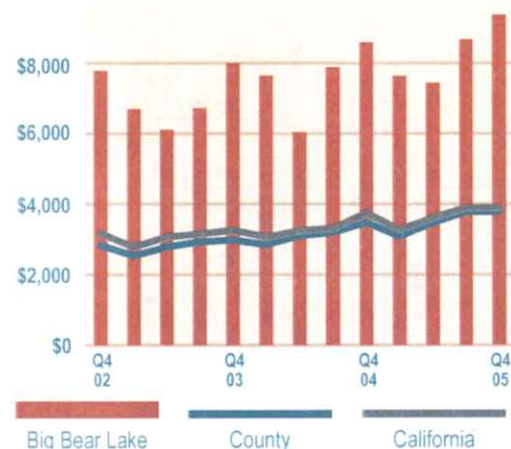
The UCLA Anderson Forecast Group predicts that economic growth will flatten in 2007. Other economic groups such as the Business Forecasting Center at the University of Pacific see job growth in other sectors offsetting the loss of construction jobs, a milder slowing of the economy through 2008, and average gains in real disposable income of 3.6%.

Revenue from sales tax on fuel should continue to rise because of more expensive additives and fluctuating crude oil prices. Car sales are expected to be down nationally although California's dealers are confident that the size of the California market and new products will maintain sales at previous year's levels.

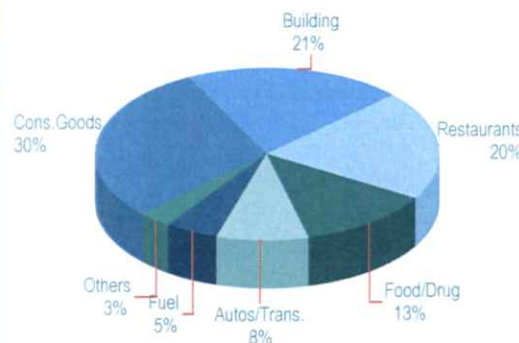
Bright spots include travel spending with the Travel Industry Association of America anticipating a 4.4% increase in expenditures for recreation, food and accommodations. Sales tax from business investment in new technology and equipment is also expected to exhibit solid gains.

As of March, economist predictions on gains in statewide retail sales in the coming year varied widely with the Western Blue Chip Economic Forecast Project calculating the mean for all forecasts at 5.6%. Nationally, a recent Bloomberg survey concludes that retail sales will slow to 2.9% by the end of 2006. As always, sales tax performance for individual jurisdictions will vary with specific economic and population characteristics

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Big Bear Lake This Quarter



BIG BEAR LAKE TOP 15 BUSINESS TYPES

Business Type	Big Bear Lake		County	HdL State
	Q4 '05	Change	Change	Change
Lumber/Building Materials	— CONFIDENTIAL —	—	24.6%	10.4%
Discount Dept Stores	— CONFIDENTIAL —	—	8.0%	7.4%
Restaurants No Alcohol	47,211	6.5%	9.1%	6.9%
Grocery Stores Liquor	41,363	0.0%	5.9%	3.2%
Restaurants Liquor	37,835	-31.9%	20.1%	4.6%
Contractors	34,026	247.3%	21.2%	16.6%
Used Automotive Dealers	— CONFIDENTIAL —	—	-1.6%	1.0%
Service Stations	26,733	9.8%	26.4%	14.3%
Restaurants Beer And Wine	26,325	-16.5%	5.5%	5.4%
Specialty Stores	24,031	43.3%	14.0%	7.1%
Home Furnishings	21,326	23.1%	16.0%	4.6%
Light Industrial/Printers	21,118	45.6%	-1.7%	0.4%
Sporting Goods/Bike Stores	15,608	-3.5%	29.1%	18.3%
Drug Stores	14,210	-22.9%	0.3%	-3.4%
Grocery Stores Beer/Wine	13,116	0.2%	27.0%	14.4%
Total All Accounts	\$575,732	11.3%	12.5%	5.1%
County & State Pool Allocation	63,300	9.9%		
Gross Receipts	\$639,032	11.2%		