

Q1 2016



Big Bear Lake Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Big Bear Lake In Brief

Receipts from Big Bear Lake's January through March sales were 5.8% higher than the same quarter one year ago.

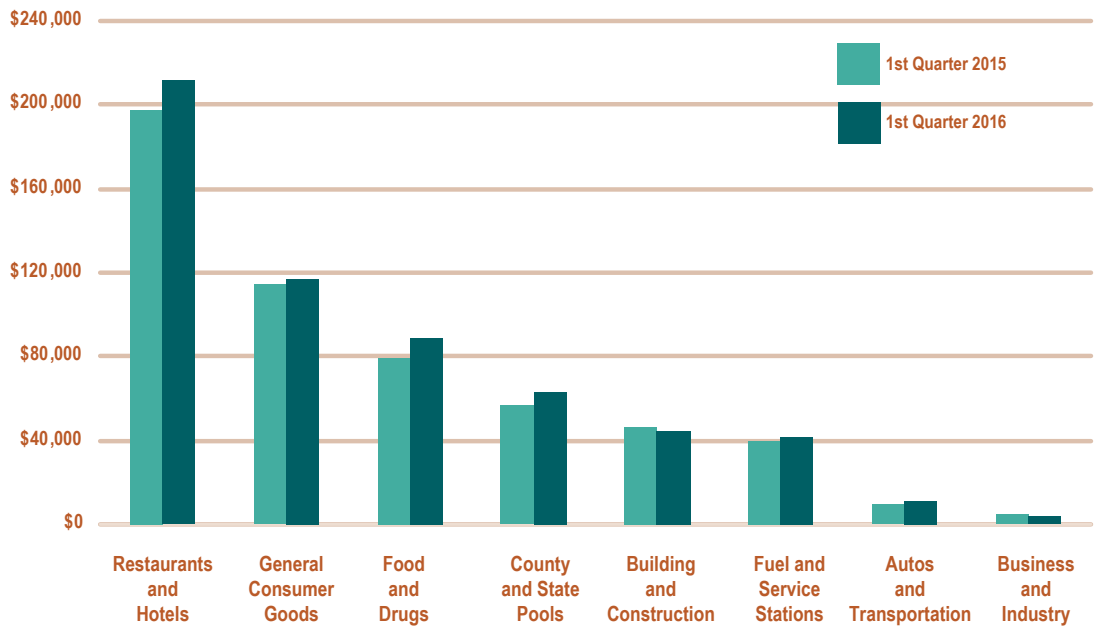
Despite a late/missing payment, prolonged winter weather conditions boosted restaurant and hotel results. A new retail store addition helped lift general consumer goods returns.

Strong grocery stores w/liquor sales improved food and drug proceeds. Despite continued lower fuel prices, service station sales volume and revenues improved. A 10.1% larger allocation from the county-wide use tax pool was also a factor.

Building and construction experienced mix results with negative payment adjustments depressing receipts.

Net of aberrations, taxable sales for all of San Bernardino County grew 9.9% over the comparable time period, while the Southern California region as a whole was up 3.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

572 Social Kitchen & Lounge	Geiger Supply
7 Eleven	Hacienda Grill
Arco AM PM	Kmart
Big 5	McDonalds
Big Bear Paint Center	Nicks Auto Center
Blauer Ski Rentals	North Pole Fudge Company
Butchers Block & Building Materials	Peppercorn Grille
Carl's Jr	Shell
CVS	Snow Summit
Dennys	Stater Bros
DIY Home Center	Teddy Bear Restaurant
Dominos Pizza	Vons
	Walgreens

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$1,903,906	\$1,930,094
County Pool	222,656	225,476
State Pool	1,213	1,276
Gross Receipts	\$2,127,774	\$2,156,846
Less Triple Flip*	\$(531,944)	\$(393,842)

*Reimbursed from county compensation fund

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

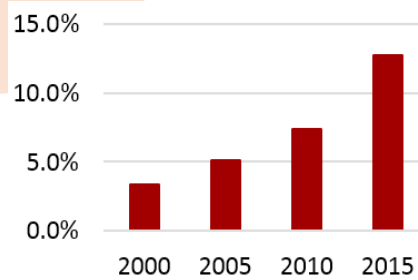
According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

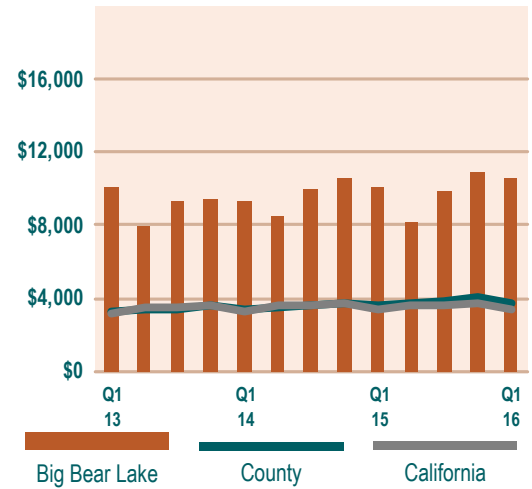
remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

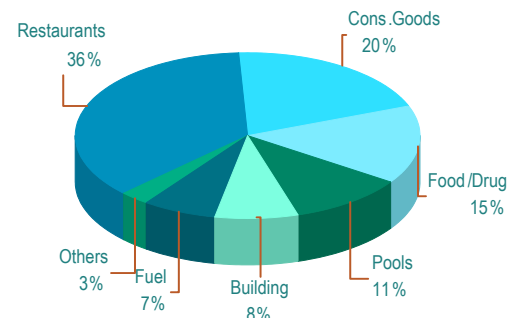
**Online General Consumer Goods
YOY Percentage Growth**



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
	Q1 '16	Change	Change	Change
Automotive Supply Stores	6,119	27.4%	6.2%	4.8%
Casual Dining	100,680	4.2%	5.4%	5.7%
Discount Dept Stores	— CONFIDENTIAL —	—	0.1%	-0.3%
Drug Stores	— CONFIDENTIAL —	—	1.4%	0.0%
Family Apparel	11,173	31.3%	-4.8%	-0.6%
Fine Dining	— CONFIDENTIAL —	—	7.7%	7.0%
Grocery Stores Beer/Wine	— CONFIDENTIAL —	—	-2.2%	-1.6%
Grocery Stores Liquor	53,509	11.9%	-1.7%	1.6%
Home Furnishings	12,647	-26.5%	20.5%	3.0%
Lumber/Building Materials	— CONFIDENTIAL —	—	5.5%	4.5%
Paint/Glass/Wallpaper	— CONFIDENTIAL —	—	4.5%	4.0%
Quick-Service Restaurants	97,588	12.3%	8.2%	6.4%
Service Stations	38,614	7.4%	-11.6%	-9.3%
Specialty Stores	8,440	-0.6%	5.8%	3.5%
Sporting Goods/Bike Stores	32,755	12.9%	3.6%	1.2%
Total All Accounts	518,576	5.3%	5.2%	1.8%
County & State Pool Allocation	62,902	10.1%	10.0%	14.1%
Gross Receipts	581,478	5.8%	5.7%	3.2%