



March 8, 2013

Ms. Kelly Ent, Director of Administrative Services  
City of Big Bear Lake  
P.O. Box 10000  
Big Bear Lake, CA 92315

Dear Ms. Ent:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Big Bear Lake Successor Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 15, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Our review indicates the total amount of assets held as of June 30, 2012 should be \$7,620,808 due to a year-end closing adjustment which occurred after the preparation of the DDR. As such, the total amount of assets held as of June 30, 2012 has been adjusted by \$140,000.
- Transfers to the City of Big Bear Lake (City) totaling \$3,425,648. Per HSC section 34178 (b), all agreements, contracts, or arrangements between a redevelopment agency (RDA) and the city or county, or city and county that created it are invalid unless entered into at the time of an issuance of indebtedness obligations or within two years of the formation of the RDA. It is our understanding that any agreements pertaining to these reimbursements to the City were not made at the time of indebtedness obligations nor within two years of the formation of the RDA. Therefore, the transfers are disallowed.
- The request to retain funds in the amount of \$34,959 for Recognized Obligation Payment Schedule (ROPS) obligations is disallowed. The Agency did not request any funding for the Façade/Sign Improvement Program on the ROPS for the period July through December 2012.



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city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Erica Stephenson, Finance Supervisor, City of Big Bear Lake  
Ms. Vanessa Doyle, Auditor Controller Manager, San Bernardino County  
California State Controller's Office