



April 19, 2012

Orlando Acevedo, Economic Development Manager
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Mr. Acevedo:

Pursuant to Health and Safety Code (HSC) Section 34177 (l) (2) (C), the Town of Apple Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 9, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC Section 34171 (d) lists enforceable obligations (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, items 3 and 8, and page 2, items 4 and 7 - Loans totaling \$7.9 million. The loan agreements were dated June 30, 2011. HSC Section 34163 (a) prohibits the Agency from making loans after June 27, 2011.
- Page 2, item 3 – Construction services in the amount of \$16.2 million. The construction funding agreement between the Agency and the San Bernardino County Transportation Authority was signed on April 10, 2012. HSC Section 34163 (b) prohibits the Agency from executing contracts after June 27, 2011.

As authorized by HSC Section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct any inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor-Controller
Ms. Linda Santillano, Supervising Accountant, San Bernardino County Auditor-Controller