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For the City of Soledad

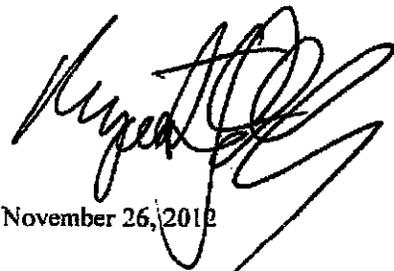
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures enumerated in the Attachment A, which was agreed to by the California State Controller's Office, Department of Finance, solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to AB 1484. Management of the successor agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in the Attachment A. Accordingly we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Oversight Board and the State of California and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



November 26, 2012

ATTACHMENT A
RDA FUNDS (EXCLUDING LOW-MODERATE HOUSING) REVIEW

For each dissolved redevelopment agency, but only as it relates to all RDA funds excluding the Low-Moderate Housing Fund, perform the following:

1. Ascertain the dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Conclusion: See Exhibit A

2. Ascertain the dollar value of assets, and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency, or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Conclusion: There were no applicable transfers.

3. The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Conclusion: There were no applicable transfers.

4. The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.

Conclusion: See Exhibit F

5. A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund (excluding Low- Moderate Housing Fund) as of June 30, 2012.

Conclusion: See Exhibit B

6. An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

Conclusion: See Exhibit C

7. An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing related assets.

Conclusion: See Exhibit D

8. An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligations. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenues to pay the specified obligations.

Conclusion: The successor agency believes that future revenues will be sufficient to fund all enforceable obligations. Thus, no schedule is provided.

9. An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Conclusion: No balances need to be retained for the 2012-2013 ROPS payment.

10. The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Conclusion: See Exhibit E.

EXHIBIT A
Soledad Redevelopment Successor Agency
RDA Assets (Excluding Low-Moderate Housing) on February 1, 2012

Total RDA assets (excluding low-moderate housing assets) transferred to the Successor Agency on February 1, 2012, consisted of the following:

Cash	\$ 443,429
Restricted cash	4,246,792
Land	<u>7,649,732</u>
Total Assets	<u>\$ 12,339,953</u>

EXHIBIT B
Soledad Redevelopment Successor Agency
RDA Assets (Excluding Low-Moderate Housing) at June 30, 2012

Cash	\$ - 0 -
Restricted cash	4,189,440
Interest receivable	12,030
Land	<u>7,649,732</u>
Total Assets	<u>\$ 11,851,202</u>

EXHIBIT C
Legally Restricted Assets by Debt Covenants

The Series 2007A and Series B tax allocation bonds issued on August 8, 2007, requires any unspent bond proceeds, after completion of all projects, to be placed in a Surplus Account. After replenishing other accounts as needed, funds in the Surplus Account are to be used solely for debt retirement. At June 30, 2012, \$4,201,470, including accrued interest, in unexpended bond proceeds was still available. The City has capital projects in the initial stages which the funds will be used for if the projects continue to proceed. If not, then the funds, in accordance with the indenture, will be used for debt retirement only. Copies of the significant pages from the indenture are included herewith. Specifically, item (5) deals with the Surplus Account

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust and the First Supplemental Indenture not otherwise described in the body of the Official Statement. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined in this Official Statement have the respective meanings given such terms in the Indenture or First Supplemental Indenture.

Definitions

The following terms have the following meanings in the Indenture and in this summary:

“Additional Bonds” means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance therewith.

“Agency” means the Soledad Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“Annual Debt Service” means, for each Bond Year, the sum of (1) the interest falling due on the Outstanding Bonds in such year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds, if any, are redeemed from such Sinking Account Installments as may be scheduled, (2) the principal amount of the Outstanding Serial Bonds, if any, falling due by their terms in such year, and (3) the Sinking Account Installments required to be made in such year to pay or redeem Outstanding Term Bonds. The term “Maximum Annual Debt Service” means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

“Bond Insurance Policy” means the financial guaranty insurance policy issued by the Insurer insuring the payment of the principal of and interest on the Bonds, when due; provided that, (i) with respect to the Series 2007A Bonds, the term “Bond Insurance Policy” shall mean the Series 2007A Bond Insurance Policy, and (ii) with respect to the Series 2007B Bonds, the term “Bond Insurance Policy” shall mean the Series 2007B Bond Insurance Policy.

“Bondholder” or “Owner” whenever employed in the Indenture means the person in whose name such Bond shall be registered.

“Bonds” means the 1998 Series A Bonds and all Additional Bonds.

“Business Day” means a day of the year on which banks in New York, New York, San Francisco, California, and any other place in which the Corporate Trust Office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate of the Agency” means an instrument in writing signed by the Chairman or the Executive Director of the Agency, or by any other officer of the Agency duly authorized by

Establishment of Funds and Accounts;

Expense Fund. All moneys in the Expense Fund shall be applied to the payment of Costs of Issuance incurred by the Agency in connection with the authorization, issuance and sale of Bonds upon receipt of a requisition of the Agency upon which the Trustee may conclusively rely. Upon the payment in full of such costs and expenses or the making of adequate provision for the payment thereof, evidenced by a Certificate of Agency to the Trustee, any balance remaining in such Fund shall be deposited in the Redevelopment Fund, and pending such application, the moneys in such Fund may be invested as permitted in the Indenture.

Redevelopment Fund. Moneys in the Redevelopment Fund and the Series 2007 A Project Account and the Series 2007 B Project Account to be established and maintained by the Trustee thereunder shall be used and disbursed in the manner provided by law for the purpose of aiding in financing the Project (or for making reimbursements to the Agency for such costs theretofore paid by it). Moneys in the Redevelopment Fund may also be applied to pay the principal or redemption premium, if any, and interest on the Bonds if no other moneys in the funds and accounts established under the Indenture shall be available to make such payments. Any balance of money remaining in the Redevelopment Fund after the date of completion of the financing of the Project shall be deposited by the Agency in the Special Fund.

Special Fund. All Tax Revenues in the Special Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Special Fund, in the following order of priority (except as otherwise provided in subparagraph (2) below):

(1) **Interest Account.** The Trustee shall set aside from the Special Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(2) **Principal Account.** The Trustee shall set aside from the Special Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they shall become due and payable. In the event that there shall be insufficient money in the Special Fund to pay in full all such principal and Sinking Account Installments due pursuant to the Indenture in such Bond Year, then the money available in the Special Fund shall be applied pro rata to the payment of

such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

(3) Term Bonds Sinking Account. The Trustee shall deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of purchasing or redeeming the Term Bonds in accordance with the Indenture.

(4) Reserve Account. The Trustee shall set aside from the Special Fund (or subject to the terms of any Supplemental Indenture, transfer from an escrow fund created thereunder) and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement may, upon Written Request of the Agency, be withdrawn from the Reserve Account by the Trustee and transferred to the Surplus Account.

Notwithstanding any provision of the Indenture to the contrary, all or any portion of the Reserve Account Requirement for the Bonds may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, or a combination thereof, which, together with moneys on deposit in the Reserve Account, provide funds in an aggregate amount equal to the Reserve Account Requirement; provided, however, that the letter of credit shall be issued by a financial institution, or the policy of insurance or a surety bond shall be issued by an insurance company, whose unsecured debt obligations (or in the case of an insurance company, which obligations are secured by such insurance company's insurance policies) are rated at the time of delivery of the letter of credit, insurance policy or surety bond, as the case may be, in one of the two highest rating categories of Moody's. Upon delivery of any policy of insurance, letter of credit or other comparable credit facility, any cash on deposit in the Reserve Account in excess of the Reserve Account Requirement shall be released to the Agency.

(5) Surplus Account. After making the deposits referred to in paragraphs (1) through (4) above in such Bond Year, the Trustee shall set aside from the Special Fund and deposit in the Surplus Account all money then remaining in the Special Fund. On December 2 of each year if the Agency is not then in default under the Indenture, the Trustee shall transfer the money in the Surplus Account to the Agency for deposit in the Redevelopment Fund unless, upon the Written Request of the Agency, the Trustee is instructed to purchase Bonds.

Notwithstanding the foregoing, the Trustee shall first use any funds in the Surplus Account solely for the purpose of replenishing the other accounts in the Special Fund, in the event of any deficiency at any time in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement (together with other available money) of all Bonds then Outstanding.

Purchases of Outstanding Bonds may be made by the Trustee from moneys in the Surplus Account, upon the Written Request of the Agency, at public or private sale as and when and at such prices as the Agency may in its discretion determine; provided that, unless otherwise authorized by the Law, such prices (including brokerage or other expenses) shall not exceed the greater of (i) par plus accrued interest or (ii) the price at which the Bonds may then be called for redemption. Any accrued interest payable upon the purchase of Bonds may be paid from amounts held in the Special Fund for the payment of interest on the next following Interest Payment Date. Any Bonds so purchased shall be cancelled by the Trustee forthwith and shall not be reissued. The amount of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to any Sinking Account Payment Date in any year shall be credited towards and shall reduce the amount of Mandatory Sinking Account Payment with respect to such Term Bonds required to be redeemed on such Sinking Account Payment Date in such year.

Temporary Redemption Fund. The proceeds of Special Bonds, if any, shall be deposited into the Temporary Redemption Fund as specified in a Supplemental Indenture, if any, providing for such deposit. Moneys in the Temporary Redemption Fund shall be held by the Trustee for transfer to and deposit in the Redevelopment Fund and the Reserve Account as specified in a Supplemental Indenture to the extent that, after such transfers, 125% of the Maximum Annual Debt Service will be covered by Tax Revenues (for which purpose such Tax Revenues shall be deemed not to include any and all payments, reimbursements and subventions specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) allocated to and to be allocated to the Agency for the then current Fiscal Year. For purposes of the Indenture, in calculating Maximum Annual Debt Service, the principal amount of Special Bonds equal to the amount which remains on deposit in the Temporary Redemption Fund shall not be taken into account. A portion of each amount of moneys transferred from the Temporary Redemption Fund pursuant to the terms of the Indenture shall be deposited in the Reserve Account as required to maintain the Reserve Account in the full amount of the Reserve Account Requirement. The remaining portion of each such transfer shall be paid by the Trustee to the Agency for deposit to the Redevelopment Fund. The amount to be initially deposited in the Temporary Redemption Fund and the amount to be transferred on each transfer date thereafter, to the Redevelopment Fund and to the Reserve Account shall be evidenced by a Certificate of the Agency based on a Consultant's Report, filed with the Trustee not later than the date or dates specified in a Supplemental Indenture. Such Consultant's Report shall verify the amounts of such Tax Revenues which shall be allocated to the Agency for the then current Fiscal Year, based upon the then current preliminary tax roll certified by the Assessor of Monterey County and any current supplemental tax rolls for the then current Fiscal Year certified by the Assessor of Monterey County and for which all appeal periods have expired.

EXHIBIT D
Assets that Are Not Cash or Cash Equivalents

Non cash or cash equivalent assets at both February 1 and June 30, 2012 consisted of:

<u>APN Number</u>	<u>Address</u>	<u>Description</u>	<u>Carrying Value</u>
022-252-044	Metz & Walker	Jesse Gallardo Park	\$ -0- Donated
022-026-014	137 Soledad	Soledad Historical Museum	551,753
022-281-013	560 Walker	Soledad Commun. Center	2,189,607
022-211-017	Front Street	Vacant Lot	434,570
022-224-001	189 Nestles	Vacant Lot	330,201
022-291-010	Los Coches	Vacant Lot	-0- Donated
022-292-023 to 032 excluding 027 and 028	Nestles/Los Coches	Vacant Retail Land	<u>4,143,601</u>
		Total	<u>\$7,649,732</u>

EXHIBIT E
Summary of Balances Available for Allocation to Affected Taxing Entities
RDA Funds (Excluding Low-Moderate Housing)

Total amount of assets held by the successor agency as of June 30, 2012	\$ 11,851,202
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist	-0-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments	(4,201,470)
Less assets that are not cash or cash equivalents	(7,649,732)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations)	-0-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year	-0-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance (deducted on prior Low-Moderate Housing Review)	<u>-0-</u>
 Amount to be remitted to county for disbursement to taxing entities	 <u>\$ - 0 -</u>

EXHIBIT F

July 1, 2009 to June 30, 2012

Expenditures and Revenues and Fund Reconciliation

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 9,911,764	\$ 7,808,011	\$ 6,604,517	\$ 6,086,422
Restricted cash and investments	1,567,299	1,553,436	1,622,692	1,640,006
Due from other governments	27,868	1,170	-	-
Interest receivable	16,874	15,952	-	12,030
Due from other funds	848,589	848,589	-	-
Notes receivable	2,781,024	2,848,212	2,838,962	-
Land held for resale	180,000	180,000	180,000	180,000
Total Assets	\$ 15,333,418	\$ 13,255,370	\$ 11,246,171	\$ 7,918,458
Liabilities (modified accrual basis)				
Accounts payable and accrued expenses	\$ 55,730	\$ 219,038	-	2,728
Due to other funds	848,589	848,589	-	-
Deferred revenue	2,781,024	2,848,212	2,838,962	-
Total Liabilities	\$ 3,685,343	\$ 3,915,839	\$ 2,838,962	\$ 2,728
Equity				
Total Liabilities + Equity	\$ 11,648,075	\$ 9,339,531	\$ 8,407,209	\$ 7,915,730
Total Revenues:	\$ 2,123,337	\$ 1,449,052	\$ 862,929	\$ 145,091
Total Expenditures/Expenses:	\$ 7,963,063	\$ 3,759,819	\$ 1,795,251	\$ 636,570
Total Transfers:	\$ (174,061)	\$ 2,223	\$ -	\$ -
Net change in equity	\$ (6,013,787)	\$ (2,308,544)	\$ (932,322)	\$ (491,479)
Beginning Equity:	\$ 17,661,862	\$ 11,648,075	\$ 9,339,531	\$ 8,407,209
Ending Equity:	\$ 11,648,075	\$ 9,339,531	\$ 8,407,209	\$ 7,915,730
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 5,744,997	\$ 6,425,871	\$ 7,649,732	\$ 7,649,732
Long-term debt as of end of year	\$ 19,145,000	\$ 18,760,000	\$ 18,250,000	\$ 18,250,000