

SOLEDAD REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

February 2013



JOHN CHIANG
California State Controller

February 13, 2013

Adela Gonzalez, City Manager
City of Soledad
248 Main Street
Soledad, CA 93960

Dear Ms. Gonzalez:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Soledad Redevelopment Agency (RDA) to the City of Soledad or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether it should be turned over to the Soledad Redevelopment Successor Agency.

Our review applied to all assets including but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City of Soledad or any other public agencies have been reversed.

Our review found that the Soledad Redevelopment Agency (RDA) appropriately transferred \$19,949,351 in assets to the Soledad Successor Agency. This consisted of \$3,018,962 in housing assets and \$16,930,389 in non-housing assets. We did not identify any transfers of assets that occurred during the review period between the RDA, the City of Soledad, and/or other public agencies.

If you have any questions, please contact Steven Mar, Bureau Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Graig Stephens, Chair of Oversight Board
Soledad Redevelopment/Successor Agency
Adela Gonzalez, City Manager
Soledad Redevelopment/Successor Agency
Steven Szalay, Local Government Consultant
California Department of Finance
Steven Mar, Bureau Chief
Division of Audits, State Controller's Office
Betty Moya, Audit Manager
Division of Audits, State Controller's Office
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Division of Audits, State Controller's Office
Mathew Rios, Audit Staff
Division of Audits, State Controller's Office

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Attachment—City’s Response to Draft Review Report

Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Soledad Redevelopment Agency (RDA) for the period after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and any rights to payments of any kind from any source.

Our review found that the Soledad RDA appropriately transferred \$19,949,351 in assets to the Soledad Successor Agency. No unallowable transfers of assets were identified.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (California Redevelopment Association et al. v. Matosantos) upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of redevelopment agencies (RDAs), "to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency," and the date at which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO did not identify any transfers of assets that occurred during that period between the Soledad RDA, the City of Soledad, and/or other public agencies.

Objectives, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the Soledad City Council and the Soledad RDA.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the Soledad RDA appropriately transferred \$19,949,351 in assets to the Soledad Successor Agency. This total consisted of \$3,018,962 in housing assets and \$16,930,389 in non-housing assets. We did not identify any transfers of assets that occurred during the audit period between the RDA, the City of Soledad, and/or other public agencies.

Views of Responsible Official

We issued a draft review report on December 20, 2012. Adela Gonzalez, City Manager, City of Soledad, responded by letter dated January 7, 2013, agreeing with the results of our review. The City's response is included in this final review report.

Restricted Use

This report is solely for the information and use of the City of Soledad, the City of Soledad Redevelopment Successor Agency, the City of Soledad Successor Agency Oversight Board, the City of Soledad Housing Successor Agency, and the SCO; it 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 when issued final.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

February 13, 2013

**Attachment 1—
City's Response to
Draft Review Report**



SOLEDAD CALIFORNIA

January 7, 2013

Steven Mar, Chief
Local Government Audits Bureau
State Controller's Office, Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

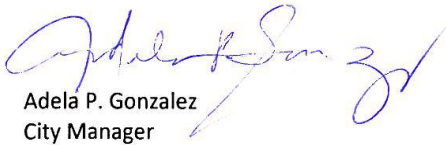
Re: Draft Asset Transfer Audit Review Report

Dear Mr. Mar,

We are in receipt of your draft Asset Transfer Audit Review Report, in which you found that the Soledad RDA appropriately transferred \$19,949,351 in assets to the Soledad Successor Agency. This total consisted of \$3,018,962 in housing assets and \$16,930,389 in non-housing assets.

The City of Soledad concurs with your findings.

If you have any questions, please do not hesitate to contact me at (831) 223-5014.



Adela P. Gonzalez
City Manager

cc: Mike Howard, Finance Director
Brent Slama, Community & Economic Development Director

**State Controller's Office
Division of Audits
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Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>