



January 25, 2013

Ms. Toni Benson, Accounting Technician
City of Colusa
425 Webster Street
Colusa, CA 95932

Dear Ms. Benson:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

The City of Colusa successor agency (Agency) did not submit an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance). The Agency also did not hire a CPA to conduct the DDR review. Finance determined this was unnecessary, as the Agency was recently established in 2010 and the Colusa County Auditor Controller had yet to make any property tax allocations to the Agency. Therefore, there are no unencumbered LMIHF balances available for distribution to the taxing entities.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated August 30, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Randy Dunn, Acting City Manager, City of Colusa
Ms. Peggy Scroggins, Auditor-Controller, Colusa County
California State Controller's Office