



November 7, 2012

Ms. Shelly Gunby, Director of Financial Management  
City of Winters  
318 First St.  
Winters, CA 95694

Dear Ms. Gunby:

**Subject: Low and Moderate Income Housing Fund Due Diligence Review**

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Winters Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 16, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities.

Based on our review, Finance made no adjustments to the Low and Moderate Income Housing Fund (LMIHF) balance available for allocation to the affected taxing entities. As a result, there are no unencumbered LMIHF balances available for distribution.

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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

**STEVE SZALAY**  
Local Government Consultant

cc: Mr. Howard Newens, CPA, Auditor-Controller, Yolo County  
California State Controller's Office