



August 17, 2012

Mr. John Duckett, Finance Director
City of Shasta Lake
1650 Stanton Drive
Shasta Lake, CA 96019

Dear Mr. Duckett:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Shasta Lake Housing Authority (Authority) submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 20, 2012 for the period February 1, 2012 through July 20, 2012.

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and application of the law, Finance is objecting to Exhibit C, Item 1.

Exhibit C, Item 1, a \$2 million a housing asset encumbrance does not qualify as a housing asset because the The Predevelopment Loan Agreement provided to support the encumbrance, which was signed October 26, 2009, does not match the amounts and dates shown on Exhibit C. Item 1 shows a total amount of \$2 million not the \$200,000 and does not have a start or completion date. Therefore, the \$2 million item is not an encumbrance reportable on Exhibit C of the Form and shall be returned to the successor agency.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

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

Sincerely,

STEVE SZALAY
Program Budget Manager

cc: Ms. Connie Regnell, Auditor/Controller, Shasta County
Ms. Sherri Jenkins, Managing Accountant, Shasta County
State Controller's Office