



County of El Dorado

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October 26, 2007

Board of Supervisors
County of El Dorado
360 Fair Lane
Placerville, California 95667

Subject: Informal Report on the County's Borrowing Capacity

Ladies and Gentlemen:

Recently, Supervisor Sweeney ask me to prepare a report on the County's ability to borrow money in order to generate funds for capital projects such as the jail expansion and the Sheriff's Administrative Center.

My preliminary estimate indicates that we could net around \$24,000,000 through a revenue bond sale at this time based on current market conditions and a number of assumptions.

In the current County budget, \$1,667,000 of general fund monies was appropriated for the debt service on the Bond Authority's debt. This debt matures two years from now on November 1, 2009. Based on current market conditions, the County could generate \$24,000,000 through a bond sale or capital lease assuming annual debt service payments of \$1,667,000 for 30 years.

I used \$1,667,000 in my estimate because \$1,667,000 could be appropriated each year without making any structural changes to the County's budget. Additional bond proceeds could be generated if a portion of the tobacco settlement revenues were designated for debt service or if other structural changes were made to the budget.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Joe Harn".

Joe Harn, CPA
Auditor-Controller

CC: Laura Gill, CAO