



County of El Dorado

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BOARD OF SUPERVISORS
EL DORADO COUNTY

September 9, 2002

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

RE: September 10, 2002 Agenda, Retiree Health Defined Contribution Program

Ladies and Gentlemen:

Although, I strongly disagree with the CAO's recommended action related to the funding of Retirees Health Contributions, I acknowledge that providing adequate funding for Retirees' health insurance is a formidable task.

In February, 2001, I asked your Board to consider ways to fund this obligation. To wait until July 1, 2003, to implement a rational method of funding this program is unacceptable.

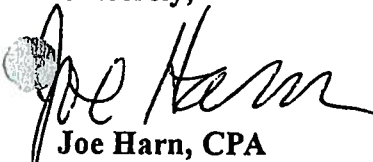
The County has been procrastinating and has failed to approach the funding of this benefit in a rational manner. The status quo violates fundamental accounting principles. The goal of the *Matching Principle* is to report expenditures in the period the taxpayers and grantor receive utility from a benefit. Since September 2000, a number of federal and state programs have received utility from the County's Retiree Health Defined Contribution Program, but because the County has failed to fund this benefit we have not charged these federal and state programs for their full costs. Not only is the status quo poor accounting, it leaves grant dollars in the federal and state treasuries.

It would be a foolish assumption for anyone to believe that fiscal year 2003-2004 will be an easier time to deal with this obligation. Structural problems in the state's budget have been widely publicized. It is my opinion, that next year will be a much more difficult time to begin addressing this issue.

I recommend that your Board continue this item until this Thursday at 1:30 PM and at that time discuss different funding options, and at that time adopt an interim funding strategy.

If you need any additional information, or if you have any additional questions, please call me.

Sincerely,


Joe Harn, CPA
Auditor-Controller

Submitted by Joe Harn
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at Board Hearing of 2/23/09