



# County of El Dorado

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June 3, 2008

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

**Subject: Decision Not to Participate in the Statewide 2008 TRAN**

**Ladies and Gentlemen:**

The purpose of this letter is to notify your Board of my decision not to include the County of El Dorado as a participant in the California Communities Development Authority 2008 Tax and Revenue Anticipation Note (TRAN) Program.


On April 22, 2008, your Board authorized the Auditor-Controller to submit the final program application for the 2008 California Statewide Pooled TRAN Program. When the application for the 2008 TRAN was reviewed by our tax counsel, Orrick, Herrington, & Sutcliffe, a number of questions arose regarding the relative likelihood of the IRS requiring an arbitrage rebate from the County. Further, the US Treasury Department is conducting a number of arbitrage compliance audits of California municipalities. The County would be forced to bear considerable costs in the event that the IRS audited the issuance of this debt.

The cost of TRAN for the fiscal year ending June 30, 2009, would have been in excess of 2%. The current average yield of the County's treasury pool is less than 3%. Because of the condition of our nations banking institutions, the County Treasurer's job of finding safe investments for the taxpayers' money is more complicated and difficult than at any time in the County's history.

I have consulted with the CAO, and we both believe that there will be adequate funds in the County's portion of the treasury pool to provide for the significant cash deficits that the General Fund will need to endure next fiscal year.

Based on the factors stated above, I made the decision not to participate in the 2008 California Statewide Pooled TRAN Program. If you have any questions, please contact me.

Sincerely,

  
Joe Harn, CPA  
Auditor-Controller

Cc: Laura Gill, CAO

Submitted by Joe Harn  
at Board Hearing of 6/3/08  
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