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June 22, 2010

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

LATE DISTRIBUTION
DATE **6-22-10**

RE: Proposed 2010-11 Budget

Dear Board Members:

The purpose of this letter is to document some of the comments that I made to your Board verbally earlier this month during the Budget Workshop.

The County is budgeting on the pay as you go basis for the Retirees' Health Insurance Stipend. This will cause problems for the County in the future. Although, County employees continue to earn this benefit and our unfunded obligation for this benefit continues to grow, the Proposed Budget does not set aside funding for this promised benefit.

Our CalPERS rates are artificially low. In my opinion, and in the opinion of many others, CalPERS is overly optimistic in its estimates of future investment returns. Our unfunded obligation to CalPERS will continue to increase.

The voters supported a tax increase in 1976 expressly for ambulance services. After the passage of Proposition 13 and AB. 8, the resulting ad valorem taxes have been apportioned to County Services Area 7 since 1979. These tax revenues have accrued to County Service Area 7 because of the voters' actions in 1976. I oppose the transfer of a portion of these taxes to the County's rural fire districts.

DOT's assumption of most of the functions of our old General Services Department will result in significantly increased Cost Applieds to various county departments. The Cost Applied rates will increase because DOT's administrative costs are significantly higher than those of our old General Services department. It is my opinion, that the individual department budgets have not been adequately adjusted for these higher Cost Applieds.

If you have any questions, please feel free to contact me at (530) 621-5456.

Sincerely,

Joe Harn
Auditor-Controller

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