



EMPLOYERS COUNCIL of Mendocino County

12/27/05

To: Ukiah Daily Journal
From: John Dickerson, Executive Director

RE: Response to Article in 12/20/05 Edition

Our Next County Auditor-Controller

A recent article by Seth Freedland in the Daily Journal reported that I suggested changes in the County Auditor-Controller position on behalf of the Employers Council of Mendocino County. I need to clarify some things.

First –the Employers Council has not taken a position regarding the role of the County Auditor-Controller. The comments I made about that position were my personal opinions, and were in the context of discussing the County’s debt – about which the Employers Council is deeply concerned.

Second - a simple misunderstanding. I described the main difference between the functions of the County Treasurer-Tax Collector and Auditor-Controller. In large organizations the people who handle the money (the Treasurer) should not produce the organization’s financial reports or internal audits (the Auditor-Controller). This does not imply distrust, but is a broadly accepted “check and balance” in financial management. Seth thought I was suggesting a change in the Auditor-Controller’s office, but none is needed because this difference in roles already exists between the two offices.

Third - regarding the debt, this is what we in the Employer’s Council believe. From 1997 through 2002 our County Board of Supervisors increased the number of County employees ten times faster than the county’s growth in population. Mendocino was 4th out of 58 California counties in increasing its number of employees and 5th in increasing total payroll. The Supervisors also “sweetened” the County’s pension plan for many employees.

But even while the national economy was growing our local economy was melting away. Then, when the national economy turned sour, it became obvious that the financial commitments made to county employees were unaffordable and imprudent, and set the County up for an explosion of debt. From around \$20 million a decade ago the County’s debt has grown to about \$130 million today mostly because there wasn’t enough money in the County’s pension plan. This year the County will probably be forced to recognize millions more debt because of unfunded retiree health benefits.

About \$10 million a year of the taxes we will pay to the County for the next 25 years will no longer provide services to the community. Instead, it will go to pay off debt mostly created by the County’s pension obligations. We believe the County must resolve the debt’s underlying causes or its ability to provide services will continue to erode.

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BUT - County officials pointed out valid issues with our analysis regarding comparing our County to others. We are working to answer their fair criticisms. So far nothing has caused us to change our minds about the main issue – the debt. We expect to report our findings next month.

Fourth – my comments to the Journal regarding the Auditor-Controller had to do with what I personally believe the relationship the next person in that office needs to have with the Board of Supervisors regarding our County's financial health.

Our current Auditor-Controller, Dennis Huey, is retiring next year. It's going to be hard to match Dennis's integrity, ability, diligence and grace. I believe we're fortunate to have had Dennis' service for so long. This issue has to do with Dennis' replacement.

The Board of Supervisors is the County's primary policy and direction setting body; other officials should not preempt that authority. But why do the people elect the Auditor-Controller instead of having the Supervisors hire someone? The answer is obvious – that position's primary responsibility is to the people, not the Supervisors.

County Supervisors are rarely elected because of their expertise in planning, finance and economics. But they are subjected to intense pressure from various groups to increase spending in their favor. It's too easy for Supervisors to make mistakes attempting to "buy peace" today or spend money on "good things"; their backgrounds usually do not prepare them to accurately project the long-term impacts and unintended consequences of their multi-million dollar decisions.

But these are exactly the skills we should expect of our next Auditor-Controller. I believe the reason we elect that official is to put an independent financial professional in position to protect the financial health of the County on behalf of the people, even to the point of sometimes publicly opposing the direction of County Supervisors. I hope the Board of Supervisors will fix the major problems that created the County debt, but the next Auditor-Controller must be prepared to stand up to the Board publicly if they attempt to avoid unpleasant truths.

John Dickerson
Executive Director
Employers Council