

Supplemental Data Sheet

Chronology of Board of Supervisors Actions Re Responsibility to Protect County Finances

Consider this chronology of actions by the County officials responsible for the County's finances:

- December 1996 - borrowed \$30.7 million in first Pension Obligation Bond sale, chosen to avoid a vote of the people
- September 1998 - Retiree Healthcare decision terminated the benefit for employees hired after that date, but failed to set aside any funding to pay for future healthcare payments and never reported the yearly expense or accruing debt to the people
- 2000 - Sale of \$22.5 million of Certificates of Participation for real estate financing thereby avoiding a vote of the people
- 1997 through 2003 - Increased total salaries at a rate twice as fast as the rate used to calculate pension expenses - thereby significantly increasing Pension Debt
- December 2002 - borrowed \$92 Million in second sale of Pension Obligation Bonds - again avoiding a vote of the people
- December 2002 - Supervisors create "Board Policy 40" that states

With the goals of (i) maintaining the highest possible credit rating and reputation for prudent financial management in the market place; and (ii) providing assurance to the County's taxpayers that the County is well managed and financially sound, the County will endeavor to avoid the creation of additional UAL (Unfunded Pension Liabilities) in the future.

Specific objectives in support of this policy shall include: ... Careful Consideration of Future Actions. The County will endeavor to carefully consider all proposed actions, including future retirement plan enhancements that might impact the determination of the UAL (Unfunded Pension Liabilities) and/or result in funding requirements by the County ...

- 2004 - Retroactively increased pension benefits to about 50 employees without funding the immediate increase of Unfunded Pension Liabilities or reporting the retroactive increase in expenses to the people.
- 2004 - Learned that Government Accounting Standards Board has imposed new requirements to report the financial condition of County's Retiree Healthcare Benefits in its June 2008 financial statements. Does nothing for 4 years to find out what the impact will be.
- 2002 through 2006 - Developed new Unfunded Pension Obligation of around \$30 Million

- Never noticed that the Mendocino County Employees Retirement Association was the worst performing County Retirement System in the State during this entire time - in essence never seriously questioning why the County was going deeper and deeper in debt
- During this entire time never funded the payment of retiree healthcare benefits from the County budget - instead approved their payment by diverting funds intended to pay pensions thereby increasing the County's Unfunded Pension Liability
- Allowed the development of the current \$12 Million Teeter Plan debt
- August 2008 - learned at the very last minute that the Unfunded Retiree Healthcare Liability is about \$136 Million

Can there be any question that - as a whole - the elected leadership of the County responsible for the County's financial management has led this County into a deeper and deeper financial hole?