RESOLUTION - ACTION REQUESTED 2017-761

MEETING: November 7, 2017

TO: The Board of Supervisors

FROM: Steve Dahlem, County Counsel - Interim Human Resources Director

RE: Auditor Appointment

RECOMMENDATION AND JUSTIFICATION:
Appoint Luis Mercado as the Mariposa County Auditor effective January 1, 2018.

On October 16, 2017, Mariposa County Auditor Debbie Isaacs announced her retirement effective December 31, 2017. As the Auditor is an elected position, the Board of Supervisors is charged with making an appointment to fill the position under Government Code Section 25304.

The individual appointed will serve out the remainder of the Auditor’s term which expires on January 6, 2019. In order to serve as the County Auditor, the individual chosen must be a qualified elector and be able to carry out the duties mandated for the office under state statutes and per Chapter 2.84 of the Mariposa County Code.

Luis Mercado, the current Mariposa County Assistant Auditor, has expressed an interest in the position and has been recommended by Debbie Isaacs in her letter of October 31, 2017, which is attached. Mr. Mercado is qualified to serve as the County Auditor under the relevant state statutes and county codes.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
The Board has periodically made other appointments to elected positions including the positions of the County Sheriff - Coroner - Public Administrator in 2010, the District Attorney in 2012, and the Assessor-Recorder earlier in 2017.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
The Board may consider other applicants, or may direct the Human Resources Department to conduct a recruitment for a replacement.

FINANCIAL IMPACT:
None.

ATTACHMENTS:
Letter of Recommendation for Luis Mercado from Debbie Issacs dated Oct. 31, 2017 (PDF)
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Government Code 25304 - Appointment by BOS of elective office vacancies (PDF)
Government Code 26945 and 29646 - Auditor Qualifications (PDF)
Mariposa County Code Chapter 2.84 - Auditor Qualifications (PDF)

RESULT: ADOPTED [UNANIMOUS]
MOVER: Rosemarie Smallcombe, District I Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Smallcombe, Jones, Long, Cann, Menetrey
October 31, 2017

Dear Board,

This letter is in support of the Mariposa County Board of Supervisors appointing Luis Mercado as the Auditor effective January 1, 2018. For the past four and a half years as of the date of this letter, Luis has performed senior accountant level work for the County Auditor’s Office, working as an Accountant II-Confidential from April 8, 2013 to December 31, 2014, and then as the Assistant Auditor from January 1, 2015 to present. Below is a description of Luis’ qualifications for the Auditor position.

As the current Assistant Auditor Luis has the experience necessary to fulfill the duties of Auditor upon my retirement. Not only does Luis have stellar academic credentials but over the last few years we have worked closely together on many important aspects of running this office.

During periods of my absence, Luis has managed the office with ease and with the necessary care to foster trust amongst his colleagues and subordinates. He is highly respected by our team in the Auditor’s Office and by other county departments as well.

I have worked with Luis to pass down my property tax expertise, training him on such tasks as implementing tax rate area changes, calculating AB8 factors for the purpose of allocating tax revenue, and ensuring that tax entity codes are set up correctly in the County’s property tax software. Luis has also completed required yearly property tax reports including the Property Taxes Annual Report due to the State Controller, the Board of Equalization Property Tax Report, and provides information to the School for the purpose of completing Principal Apportionment reports due to the California Department of Education. Luis has also become very familiar with special assessments authorized to be placed on the property tax roll either through Board or voter approval processes. These include delinquent utility charges in the County’s special districts, CSA #3, and most recently Property Assessed Clean Energy Programs. Also beginning in the 2017-18 property tax year, the Auditor’s Office was tasked with calculating debt service rates for School general obligation bonds that were approved during the November 2016 Election. Luis was instrumental in this process, meeting and discussing this process with Auditor personnel from other Counties, researching the Revenue and Taxation code, and developing a spreadsheet to calculate correct tax rates based on assessed values.

In his first role within the Auditor’s office, Luis worked on many payroll functions including budgeting, providing data and estimates for negotiation purposes, and ensuring retirement and health benefits were properly enforced in accordance with the County’s contracts with CalPERS. As a result, Luis has become very knowledgeable concerning the regulations found in the California Public Employees’ Retirement
Law book, in particular changes that resulted from the Pension Reform Act of 2013. He has a good understanding of the Memorandums of Understanding (MOU's) for the various bargaining units in the County and has also helped develop employee policies such as the County's Leave Bank Policy and Relocation/Temporary Housing Reimbursement Policy.

For the past three fiscal years, Luis has worked diligently in conjunction with Outside Auditor staff on preparation of the County's financial statements (Comprehensive Annual Financial Report and Single Audit). This experience has equipped Luis with a very good understanding of the County’s financial operations. During this time Luis has also worked on the County’s Cost Allocation Plan and has been instrumental in the process of updating cost plan procedures to adhere to changing regulations set forth by the State Controller’s Office. Luis has also kept abreast of new GASB regulations and has helped ensure that the County’s financial statements are in compliance. An example of this is Luis’ recent work on GASB 68 requirements for the financial statements, which make it necessary for the County to now disclose net pension liability, deferred inflows and outflows related to the County’s CalPERS pension plans and to show the effect that these amounts have on the County’s net position. As a result of this work, Luis has become extremely knowledgeable regarding the true impact net pension liability has on the County’s financial standing, which will be invaluable in helping to ensure the County makes fiscally prudent decisions going forward.

Luis began his career with the County of Mariposa as an Accountant in the Public Works Department and worked in this capacity for just short of six years before joining the Auditor’s Office. This experience gives Luis a unique perspective on what Departments throughout the County require of the Auditor’s Office in order to function properly. This has given Luis an advantage in his interactions with accounting staff throughout the County. Luis’ knowledge of Countywide accounting operations has only strengthened through his work in the Auditor’s Office. The importance of knowing how and why Departments are supposed to be operating cannot be overstated, since virtually all financial activity flows through the Auditor’s office at some point. Luis’ work on the annual Counties Financial Transactions Report has also helped in this regard, as this report encompasses and summarizes all financial activity by the County.

There has been discussion recently by the Board of possibly upgrading the County’s financial software. This endeavor will no doubt be a difficult and time consuming process. The knowledge and skillset Luis has acquired during his time with the Auditor’s Office could prove an invaluable asset for the County in converting to a new system and ensuring that no data is lost in the translation. Luis’ comprehensive knowledge of the County’s financial operations will also help ensure that the new system is fully capable of meeting the needs for the County to operate at the utmost efficiency.

We are lucky to have such a strong and capable employee and I highly recommend Luis take over the role of Auditor upon my retirement.

Sincerely,

Deborah Isaacs
County Auditor
25304. The board of supervisors shall fill by appointment all vacancies that occur in any office filled by the appointment of the board and elective county officers, except judge of the superior court and supervisors. The appointee shall hold office for the unexpired term or until the first Monday after January 1st succeeding the next general election.

(Amended by Stats. 1951, Ch. 1553.)
GOVERNMENT CODE - GOV
TITLE 3. GOVERNMENT OF COUNTIES [23000 - 33208] (Title 3 added by Stats. 1947, Ch. 424.)
DIVISION 2. OFFICERS [24000 - 28085] (Division 2 added by Stats. 1947, Ch. 424.)
PART 3, OTHER OFFICERS [26500 - 27772] (Part 3 added by Stats. 1947, Ch. 424.)
CHAPTER 4. Auditor [26900 - 26946] (Chapter 4 added by Stats. 1947, Ch. 424.)

ARTICLE 4. Qualifications for Office [26945 - 26946] (Article 4 added by Stats. 1957, Ch. 1543.)

26945. No person shall hereafter be elected or appointed to the office of county auditor of any county unless the person meets at least one of the following criteria:

(a) The person possesses a valid certificate issued by the California Board of Accountancy under Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code showing the person to be, and a permit authorizing the person to practice as, a certified public accountant or as a public accountant.

(b) The person possesses a baccalaureate degree from an accredited university, college, or other four-year institution, with a major in accounting or its equivalent, as described in subdivision (a) of Section 5081.1 of the Business and Professions Code, and has served within the last five years in a senior fiscal management position in a county, city, or other public agency, a private firm, or a nonprofit organization, dealing with similar fiscal responsibilities, for a continuous period of not less than three years.

(c) The person possesses a certificate issued by the Institute of Internal Auditors showing the person to be a designated professional internal auditor, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(d) The person has served as county auditor, chief deputy county auditor, or chief assistant county auditor for a continuous period of not less than three years.

(Added by Stats. 2000, Ch. 1055, Sec. 37. Effective September 30, 2000.)

26945.1. (a) Any person serving in the capacity of county auditor shall complete at least 40 hours of qualifying continuing education, pursuant to subdivision (b), for each two-year period, beginning January 1, 1998, and completing at least 10 hours in each year of the two-year period. At least 20 of the 40 hours of continuing education shall be obtained in governmental accounting, auditing, or related subjects.

(b) Qualifying continuing education may be obtained in the areas of accounting, auditing, or related subjects. In addition, qualifying continuing education may be obtained in any other subject, if it can be demonstrated that the specific educational program contributes to professional competence.

(c) With respect to a county auditor who is a licensee of the California Board of Accountancy, or of the accountancy licensing authority of any other state, or who possesses a certificate issued by the Institute of Internal Auditors, continuing education obtained for purposes of renewal of the license or certificate may be applied to satisfy the requirements of this section.

(Added by Stats. 1997, Ch. 381, Sec. 2. Effective January 1, 1998.)

26946. The provisions of this article shall become effective in only those counties in which, prior to the first day of the period for filing declarations of candidacy for the office of county auditor, the board of supervisors by a unanimous vote, at a regular meeting with all members present, enacts an ordinance adopting the provisions of this article. The ordinance so adopted may be repealed by the board of supervisors at any time.

(Added by Stats. 1997, Ch. 381, Sec. 3. Effective January 1, 1998.)
Chapter 2.84

COUNTY AUDITOR

Sections:

2.84.010 Qualifications.

2.84.010 Qualifications.

No person shall hereafter be elected or appointed to the office of county auditor unless:

A. He possesses a valid certificate issued by the California State Board of Accountancy under the provisions of Chapter 1, Division 3 of the Business and Professions Code showing him to be, and a permit authorizing him to practice as, a certified public accountant or as a public accountant; or

B. He possesses a valid certificate or diploma of graduation from a school of accountancy or a degree in business administration or a related field, or;

C. He has served as county auditor or as deputy county auditor for a continuous period of not less than three years.

This section shall not apply to any person duly elected or appointed as a county auditor and actually serving as such officer on the effective date of this section, and such person shall be deemed to be eligible to hold, and to be re-elected to, said office notwithstanding the provisions of this section. (Ord. 789 Sec.1, 1991)