

February 21, 2007

TO THE MEMBERS OF THE BROWN COUNTY BOARD OF SUPERVISORS

Ladies and Gentlemen:

The EXECUTIVE COMMITTEE met in regular session on February 21, 2007 and recommends the following motions:

Reports

1. County Executive report.
 - a) Budget Status Financial Report (not available).
No action.

2. Internal Auditor Report.
 - a) Audit Committee Request for approval to send out RFP for Professional Auditing Services. (Summary attached, full report available in Internal Auditor's office.) To approve.

 - b) Updates on Mental Health Center RFPs Receive & place on file.

 - c) Update on various issues with external Audit Firm. Receive & place on file.

 - d) Other. Receive & place on file.

3. Communication from Green Bay City Clerk, Doug Daul, re: Request for payment of repair work of equipment in Council Chambers for County Board & City Council meetings. Pay our portion of the bill, pending getting a receipt.

4. Discussion re: Reports, Resolutions, Ordinances signed by County Executive according to State Statutes 59.17 (6). Receive & place on file.

5. Library – Notice of Change in Table of Organization. (Referred from Education & Recreation Committee. Receive & place on file.

6. Resolution re: Authority to Execute a 2004-2006 Labor Agreement with the Brown County Sheriff Department Supervisory Employees. Committee approved with a fiscal note included. See Resolutions, Ordinances February County Board.

7. Resolution re: Authority to Execute a 2007-2008 Labor Agreement with the Brown County Sheriff Department Supervisory Employees. Committee approved with a fiscal note included. See Resolutions, Ordinances February County Board.

8. Resolution re: To Authorize a Change in the Table of Organization – Corporation Counsel office. (Referred from Administration Committee.) Hold until September 2007.

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9. Resolution re: Pertaining to a Change in the Table of Organization for Brown County Human Services. (Referred from Human Services Committee—did not pass at Human Services Committee.) Receive & place on file.

10. **Closed Session:** For the purpose of deliberating whenever competitive or bargaining reasons require a closed session pursuant to Wisconsin State Statute 19.85 (1) (e). In the alternative, the Executive Committee is meeting for the purpose of collective bargaining and is not subject to the Wisconsin open meetings law pursuant to 19.82 (1) of the Wisconsin State Statutes. (No Closed Session held.)

Approved by:

COUNTY EXECUTIVE

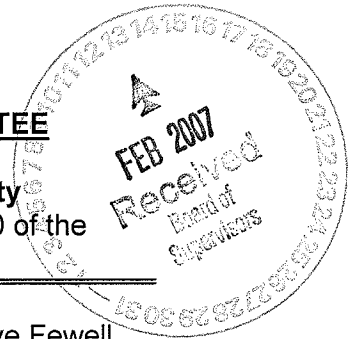
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PROCEEDINGS OF THE BROWN COUNTY EXECUTIVE COMMITTEE

Pursuant to Section 19.94 Wis. Stats., a regular meeting of the **Brown County Executive Committee** was held on Monday, February 12, 2007 in Room 200 of the Northern Building – 305 East Walnut Street, Green Bay, WI



Present: Jack Krueger, Tom Lund, Bernie Erickson, Harold Kaye, Steve Fewell, Kathy Johnson.

Excused: Pat Evans.

Also Present: Mike Kwaterski, Sara Perrizo, Cathy Johnson, Jessica Stoller, John Jacques, Mary Ryan, Terry Watermolen, News Media and Other Interested Parties.

1. **CALL MEETING TO ORDER.**

The meeting was called to order by Chair Krueger at 5:31 p.m.

2. **APPROVE/MODIFY AGENDA.**

Supervisor Erickson pointed out an error on agenda item #12 and stated that it should read "2007-2008 Labor Agreement with the Brown County Sheriff Department Supervisory Employees".

Motion made by Supervisor Lund and seconded by Supervisor Kaye to approve the agenda as modified. Vote taken. MOTION CARRIED UNANIMOUSLY.

3. **APPROVE/MODIFY MINUTES OF JANUARY 8, 2007.**

Motion made by Supervisor Erickson and seconded by Supervisor Kaye to approve. Vote taken. MOTION CARRIED UNANIMOUSLY.

4. **REVIEW MINUTES OF:** (None)

Comments from the Public/Such Other Matters as Authorized by Law

5. There were no comments from the public.

Reports

6. **COUNTY EXECUTIVE REPORT.**

a) Budget Status Financial Report (Not available).
No report was given. In response to a question from Chair Krueger, Internal Auditor Sara Perrizo explained that the month of December is not closed out yet.

7. **INTERNAL AUDITOR REPORT.**

a) Audit Committee Request for approval to send out RFP for Professional Auditing Services. (Summary attached; full report available in Internal Auditor's office).

Internal Auditor Sara Perrizo explained that, every three to five years we send out RFP's for Audit Services. She said we have a two-year optional extension

with our current auditor and she and the Finance Director have decided not to do that. She added that we have issues with the response time of the current auditors.

Motion made by Supervisor Kaye and seconded by Supervisor Lund to approve. Vote taken. MOTION CARRIED UNANIMOUSLY.

b) Updates on Mental Health Center RFP's.

Ms Perrizo said she sent out a memo on January 25th explaining her conversation with Corporation Counsel regarding the veto timeframe on this issue.

c) Update on various issues with external Audit Firm.

Ms Perrizo reported that in her January 25th memo, she also addressed the lack of response from the external audit firm regarding the letter on the Mental Health Center. After further communication, she received a letter from them and distributed copies of it to the committee (see attached).

d) Other.

Ms Perrizo said she was told by Risk Management that she must publicly state that Chair Lund and the County Board office have her permission to send out a memo regarding the birth of her baby. She said this is the last Executive Committee meeting she will be attending until at least June.

Motion made by Supervisor Lund and seconded by Supervisor Erickson to receive and place on file 7b, 7c & 7d. Vote taken. MOTION CARRIED UNANIMOUSLY.

Communications

Supervisor Johnson arrived at 5:38 p.m.

Supervisor Krueger arrived at 5:40 p.m.

8. COMMUNICATION FROM GREEN BAY CITY CLERK, DOUG DAUL, RE: REQUEST FOR PAYMENT OF REPAIR WORK OF EQUIPMENT IN COUNCIL CHAMBERS FOR COUNTY BOARD & CITY COUNCIL MEETINGS.

Ms Perrizo explained that a television in the Council Chambers needed to be replaced and the County portion of the cost is about \$1,800. There was a brief discussion on the cost of the items and who makes the purchasing decision. Ms Perrizo said that this can be paid out of Asset Maintenance.

A motion was made by Supervisor Lund and seconded by Supervisor Kaye to pay our portion of the bill, pending getting a receipt. Vote Taken. MOTION CARRIED UNANIMOUSLY.

Discussion

9. DISCUSSION RE: REPORTS, RESOLUTIONS, ORDINANCES SIGNED BY COUNTY EXECUTIVE ACCORDING TO STATE STATUTE 59.17 (6).

Motion made by Supervisor Johnson and seconded by Supervisor Kaye to receive and place on file. Vote taken. MOTION CARRIED UNANIMOUSLY.

Referred from Education & Recreation Committee

10. LIBRARY – NOTICE OF CHANGE IN TABLE OF ORGANIZATION.
Interim Operations Manager Mary Ryan and Library Board President Terry Watermolen were present to discuss this item. Ms Ryan stated that they had agreed to keep the County Board notified of changes that are made and explained the Change in Table of Organization. She explained how several transfers have been made within the organization and said that the changes will better meet the needs of the Library system. Ms Ryan responded to questions from the committee and said that this results in a cost savings to the County. Supervisor Kaye expressed concern that this could raise problems with the union and Ms Ryan said that management has the right to transfer duties and the needs at the branches are for Clerk positions.

Motion made by Supervisor Lund and seconded by Supervisor Johnson to receive and place on file. Vote taken. MOTION CARRIED UNANIMOUSLY.

Resolutions, Ordinances

11. RESOLUTION RE: AUTHORITY TO EXECUTE A 2004-2006 LABOR AGREEMENT WITH THE BROWN COUNTY SHERIFF DEPARTMENT SUPERVISORY EMPLOYEES.
Supervisor Fewell asked about the fiscal note for this resolution and stated that it should be part of the resolution.

Motion made by Supervisor Kaye and seconded by Supervisor Lund to approve, with a fiscal note included. Vote taken. MOTION CARRIED UNANIMOUSLY.

12. RESOLUTION RE: AUTHORITY TO EXECUTE A 2007 – 2008 LABOR AGREEMENT WITH THE BROWN COUNTY SHERIFF DEPARTMENT SUPERVISORY EMPLOYEES.

Motion made by Supervisor Fewell and seconded by Supervisor Erickson to approve, with a fiscal note included. Vote taken. MOTION CARRIED UNANIMOUSLY.

Resolution Referred from Administration Committee

13. RESOLUTION RE: TO AUTHORIZE A CHANGE IN THE TABLE OF ORGANIZATION - CORPORATION COUNSEL OFFICE. (REFERRED FROM ADMINISTRATION COMMITTEE).
Corporation Counsel John Jacques came forward to discuss this item. Supervisor Fewell explained that this was approved by the Administration Committee. He added that we do not know how much funding Brown County will receive for Child Support and we may receive enough money to fully fund the position. Mr Jacques explained that this change is in anticipation of a reduction in federal funding for 2008 and said that the Governor's proposal will not make up for the entire federal reduction. Since this is funded through all of 2007, Supervisor Fewell suggested that this be held until budget discussions this fall.

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Motion made by Supervisor Fewell and seconded by Supervisor Kaye to hold until September 2007. Vote taken. MOTION CARRIED UNANIMOUSLY.

14. **RESOLUTION RE: PERTAINING TO A CHANGE IN THE TABLE OF ORGANIZATION FOR BROWN COUNTY HUMAN SERVICES. (REFERRED FROM HUMAN SERVICES COMMITTEE).**

There was no one present from Human Services to address this item. Human Resources Director Mike Kwaterski commented that this is the right time for this to be done, due to a state mandate that has come through requiring that records be scanned. Supervisor Fewell stated this was not approved by the Human Services Committee and a full-time position to do the scanning was added into the Table of Organization last year.

Motion made by Supervisor Johnson and seconded by Supervisor Kaye to receive and place on file. Vote taken. MOTION CARRIED UNANIMOUSLY.

15. **Closed Session: For the purpose of deliberating whenever competitive or bargaining reasons require a closed session pursuant to Wisconsin State Statute 19.85 (1)(e). In the alternative, the Executive Committee is meeting for the purpose of collective bargaining and is not subject to the Wisconsin Open Meetings Law pursuant to 19.82 (1) of the Wisconsin State Statutes.**

There was no closed session.

Motion made by Supervisor Erickson and seconded by Supervisor Kaye to adjourn at 6:04 p.m. MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

Jeanne Buzzell
Recording Secretary

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February 5, 2007

Executive Committee
Brown County, Wisconsin

The purpose of this letter is to provide information related to the discussion of the Brown County Mental Health Center during the presentation of the audit results for the year ended December 31, 2005.

Clifton Gunderson LLP was engaged to perform an audit of the financial statements for Brown County. The Mental Health Center is an enterprise fund of the County and as such, is included in the financial statements of the County and subject to our audit procedures. The objective of an audit is to express an opinion on the fair presentation of the County's financial position, results of operations, and cash flows. We plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Reasonable assurance in an audit is obtained by examining evidence supporting the amounts and disclosures in the financial statements on a test basis. An audit does not include verification of all transactions and account balances, nor does it represent a certification of the absolute accuracy of the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Through the audit process, we review the financial results of the County as a whole and its business units. The audit process is not intended to evaluate policy decisions made by management in operation of its business units. The following information is presented in context of our audit procedures. An administrative review of the Mental Health Center would be necessary to obtain more detailed insight related to the effect of various policy decisions and patient care alternatives on the operations of the Center. Such analysis is outside the scope of our audit.

The Brown County Mental Health Center has experienced a deterioration in its financial condition over the past several years. The following summary of the results of operations is presented to provide a quick overview of the changes in revenues and expenses of the Center's operations.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues			
Patient and resident revenues	\$ 10,719,821	\$ 12,007,249	\$ 12,030,442
ITP revenues (State)	1,545,398	1,098,998	1,373,813
Inpatient from CTP	1,557,148	2,038,480	1,619,277
Sales to Jail	-	1,734,223	1,633,700
Miscellaneous	<u>845,958</u>	<u>567,026</u>	<u>557,716</u>
Total revenues	<u>14,668,325</u>	<u>17,445,976</u>	<u>17,214,948</u>
Expenses			
Salaries, wages and benefits	12,681,504	14,189,327	14,184,720
Other	5,573,668	6,946,729	6,241,653
Depreciation	<u>259,179</u>	<u>436,379</u>	<u>434,954</u>
Total expenses	<u>18,514,351</u>	<u>21,572,435</u>	<u>20,861,327</u>
Net operating income (loss)	(3,846,026)	(4,126,459)	(3,646,379)
Non-operating income (expense)			
Taxes	3,532,919	3,355,308	3,391,188
Transfers, net	252,503	-	1,666,317
Transfers out			
Jail - dietary capital assets	(2,293,314)	-	-
Mental health construction	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ (3,553,918)</u>	<u>\$ (771,151)</u>	<u>\$ 1,411,126</u>

Tax levy support and net transfers amounted to \$3.785 million for the year ended December 31, 2005. This represents an increase of \$430,000 or 13% over the funding of 2004.

The Center discontinued providing dietary services to the jail in 2005. As a result, revenues and expenses for 2005 decreased. In addition, capital assets used in dietary services with a net book value of \$2,293,314 were transferred to ownership of the County and removed from the books of the Center. The Center also made a transfer of \$1.2 million to a mental health construction fund, which is accounted for as part of the County's capital projects funds.

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Revenues of the Center related to patient and resident revenues decreased from 2004 to 2005 by approximately \$1.3 million. Approximately \$823,000 of this revenue reduction was related to Medicaid reductions from downsizing the nursing home and \$196,000 was related to changing the pharmacy operations to a contracted service.

The following compares patient revenues to patient service days. The patient service days information was provided by the Mental Health Center and was not verified or tested in the audit process.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Patient and resident revenue	\$ 10,719,821	\$ 12,007,249	\$ 12,030,442
Inpatient service days	33,020	39,068	23,133
Revenue per day	\$ 325	\$ 307	\$ 520

The above analysis of total patient and resident revenue does not provide detailed information as to the level of service and corresponding reimbursement by nursing home and mental health services or by type of payment (private pay, Medicare, Medicaid, state funding, etc.) A more detailed analysis of revenues would be necessary to determine the impact of the patient days and reimbursement rates on patient and resident revenue.

Inpatient revenues from community based treatment programs (CTP) and intensive treatment programs (ITP) total approximately \$3 million per year.

Expenses for 2005 decreased by approximately \$3.06 million compared to 2004. A summary of the significant changes in expenses is shown below.

Total operating expenses - 2004	\$21,572,000
Reductions:	
Nursing home downsizing	(792,000)
Pharmacy contracted service	(266,000)
Dietary - eliminate services to jail, nursing home downsizing	(1,486,000)
Unassigned indirect costs	(330,000)
Employee benefits other than health insurance	(222,000)
Additions:	
Increase in health insurance costs	238,500
Other changes	<u>(200,000)</u>
Total operating expenses - 2005	<u>\$18,514,500</u>

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Brown County, Wisconsin
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The accounting system does not readily lend itself to identification of total costs by service area, such as mental health and nursing home. Certain direct costs are identifiable by service area, however, other costs such as dietary, laundry, therapy, financial services, and employee benefits are not allocated to the functions.

The following is a summary of the cash balances of the Center.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Unrestricted cash	\$ 820	\$ 4,320	\$ 4,307
Restricted cash - patient trust	<u>50,346</u>	<u>87,035</u>	<u>93,737</u>
Total cash per financial statements	51,166	91,355	98,044
Cash overdraft reported as due to the General Fund	<u>(3,555,848)</u>	<u>(1,806,677)</u>	<u>(1,305,140)</u>
Total cash position	<u>\$ (3,504,682)</u>	<u>\$ (1,715,322)</u>	<u>\$ (1,207,096)</u>

The cash overdraft of the Center is reported in the financial statements as a liability to the County's General Fund. The cash of the Center is pooled with all other County funds for cash management purposes. The negative balance above indicates that the County's General Fund has lent the Center \$3.5 million for operations or capital items as of December 31, 2005. The County will need to determine whether a transfer will be made to permanently finance this deficit or whether a repayment schedule can be established to formalize the repayment of these funds.

The significant increase in the deficit cash at December 31, 2005 results from the payment of liabilities recorded at December 31, 2004, increasing accounts receivable and the transfer of \$1.2 million to the construction fund in 2005.

As noted above, our audit was made for the purpose of expressing an opinion on the financial statements of Brown County. The above information has been presented at the request of the Executive Committee.

We would be happy to answer questions that you may have as it related to our audit of the financial statements of Brown County and the information presented in this letter.

Very truly yours,

CLIFTON GUNDERSON LLP



Renee Messing, CPA
Partner