

A REVIEW

*Brown County*

*01-15*

*September 2001*

**2001-2002 Joint Legislative Audit Committee Members**

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Brian Burke  
Joanne Huelsman  
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September 11, 2001

Senator Gary R. George and  
Representative Joseph K. Leibham, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

At the request of several legislators, we have completed a review of Brown County's financial condition. Concerns about the county's financial condition were raised in late 2000, when county officials projected a \$3.9 million budget deficit for 2001 and larger deficits in subsequent years. In mid-2001, the county revised its budget estimates and projected a smaller deficit for 2002, as well as for future years. Nevertheless, Brown County is likely to face financial challenges in the future.

Brown County's total expenditures have grown by 27.1 percent from 1995 to 1999. Despite this substantial increase, its 1999 per capita expenditures have, in most cases, been typical of counties with populations over 100,000. In addition, Brown County's financial condition has been satisfactory since 1995: the county had a surplus in its general fund for four of the past six years; it has had an adequate undesignated balance in its general fund at year-end; it has a low level of outstanding debt; and its bond rating has been "Aa1," the second-highest attainable.

In 2001, Brown County's corrections expenditures are expected to increase significantly, largely as the result of the June opening of a new jail. We estimate that costs associated with housing inmates in 2001 may be as much as \$20 per day more than was spent for housing inmates in 2000, when many inmates were housed in out-of-county facilities.

Brown County provides more services than most other counties. To address the county's projected budget deficits in the future, county officials will need to either control expenditures or enhance revenues. We have identified several areas they may wish to consider.

We appreciate the courtesy and cooperation extended to us by officials of Brown County. The county's response is Appendix 2.

Respectfully submitted,

  
Janice Mueller  
State Auditor

JM/PS/ss



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## Summary

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Brown County employs 1,645 full-time equivalent (FTE) staff in 35 departments to provide general governmental services, such as law enforcement, as well as some services that are not typically provided by counties, such as a school for children with disabilities, a county-wide library system, a mental health center, a golf course, and a museum. Brown County's population grew from 209,077 residents in 1995 to 220,773 in 1999, and it is Wisconsin's fourth-largest county by population.

From 1995 to 1999, Brown County's revenues increased from \$135.9 million to \$163.7 million, or by 20.5 percent, while its expenditures increased from \$124.6 million to \$158.3 million, or by 27.1 percent. Although expenditures increased at a greater rate than revenues, the county's revenues were sufficient to meet its anticipated expenditures through 2000. However, in August 2000, the county projected a deficit in its 2001 budget that was reduced by using \$2.0 million from a jail reserve to fund current operations, instituting a hiring freeze in September 2000, and closing the zoo to the public during January and February 2001.

In 1999, state, federal, and other governmental aid accounted for 32.7 percent of Brown County's total revenues; taxes accounted for 31.8 percent; and charges for services paid by individuals, businesses, and other governments accounted for 29.3 percent. The largest portions of the governmental aid that Brown County received in 1999 were associated with human services (39.0 percent), health services (32.1 percent), and shared revenue (10.9 percent). However, from 1995 through 2000, Brown County's portion of shared revenue declined by 14.9 percent, from \$6.7 million in 1995 to \$5.7 million in 2000.

Taxes, which were Brown County's second-largest revenue source in 1999, include property taxes, real estate transfer taxes, and interest and penalties on delinquent taxes. Brown County does not have a sales and use tax. Property taxes represented 94.6 percent of the \$52.2 million in taxes Brown County collected in 1999. The property tax levy increased 48.3 percent from 1995 to 2000, compared to a statewide median of 40.6 percent. Brown County's increase was the fourth-largest within its peer group, which includes the 12 other counties with populations over 100,000. However, at \$237 per capita in 1999, Brown County's property tax levy was sixth within its peer group and below the statewide median of \$243 per capita.

Brown County's 27.1 percent increase in expenditures, from \$124.6 million in 1995 to \$158.3 million in 1999, exceeded the 24.2 percent median increase for all counties and is the fourth-largest expenditure increase among counties with populations over 100,000. However, its per capita expenditures of \$717 in 1999 were lower than those of eight other counties with populations over 100,000. Two expenditure categories—health and human services and public safety—accounted for 77.4 percent (\$26.1 million) of the total increase. In addition, Brown County had substantially higher costs for cultural, recreational, and educational activities than most other counties.

Within the health and human services category, the largest expenditure increases were for mental health services (\$9.8 million) and social service programs (\$7.3 million). County officials attribute these higher costs to an increase in the number of individuals served, which is partly the result of county efforts to reduce waiting lists (particularly for mental health services) and to provide services to individuals in the community rather than in institutions. Although its health and human services expenditures have increased significantly, at \$355 in 1999 per capita spending Brown County was eighth among the 13 counties in its peer group, and below the statewide median of \$387 per capita.

Public safety expenditures include costs for law enforcement, emergency communications, and corrections activities. From 1995 to 1999, corrections costs increased by \$4.2 million, and law enforcement costs increased by \$2.8 million. County officials attribute these increases primarily to increased courthouse security, increases in the number of officers requested to patrol municipalities, and the increasing number of inmates being sent to out-of-county facilities. In 1999, Brown County was sixth in its peer group in per capita public safety expenditures. Its expenditure rate of \$100 per capita was below the statewide median of \$109 per capita.

One expenditure category of Brown County's that was substantially higher than other counties' is culture, recreation, and education, which includes costs associated with libraries, zoos, museums, parks, schools for children with disabilities, and university extension programs. Brown County spent \$15.4 million on cultural, recreational, and educational activities in 1999, and its 1999 expenditures of \$70 per capita were third both in its peer group and among all Wisconsin counties.

We conclude that Brown County's financial condition since 1995 has been satisfactory, based on our review of four measures that are often used in evaluating the financial condition of government entities:

- Brown County has had an operating surplus in its general fund in four of the last six years.

- Its undesignated year-end general fund balance has increased in five of the past six years.
- Its outstanding debt is only 0.6 percent of the equalized value of all real estate in the county, well below the statutory limit of 5.0 percent.
- Brown County has a bond rating of “Aa1” from Moody’s Investors Services, which is the second-highest rating attainable.

However, as noted, in August 2000, county officials projected a budget deficit in 2001. At that time, they indicated that 2001 expenditures would exceed revenues by \$3.9 million, and that the deficit would reach \$7.5 million by 2005. Moreover, in September 2000, Brown County voters rejected a referendum under which the county would have received a portion of the proceeds from the sales and use tax created for the renovation of Lambeau Field. With the failure of the referendum, the County Board and the County Executive looked for ways to increase revenues and reduce expenditures to balance the 2001 budget. These included:

- increasing bonding for a new jail by \$2.0 million, in order to use \$2.0 million in funds that had been designated for the jail to fund current county operating costs;
- instituting a hiring freeze that they expected to save an estimated \$1.5 million in 2001; and
- closing the zoo to the public during January and February 2001.

In mid-2001, the county revised its budget projections based on more recent information, and it now projects smaller deficits. Although the most recent budget projections present a more favorable financial picture for the county, its future financial status remains uncertain, and it seems likely that Brown County will need to reduce expenditures, increase revenues, or achieve a combination of both in order to balance future budgets.

We focused our analysis on areas in which spending has increased significantly, concerns have been expressed, or Brown County is unique: corrections; highways; and cultural, recreational and educational activities. Brown County’s corrections expenditures increased from \$4.7 million in 1995 to \$8.9 million in 1999, or by 88.1 percent, which is the second-largest increase among counties with populations over 100,000. From 2000 to 2001, corrections expenditures are projected to

increase from \$9.6 million to an estimated \$12.2 million largely because of the opening of a new jail in June 2001.

The largest single increase in corrections expenditures from 2000 to 2001 is associated with staffing, for which costs are expected to increase by \$3.9 million as staffing levels increase by 101.6 FTE positions. We estimate that Brown County's daily costs to house inmates will be approximately \$71 per inmate in 2001, an increase of 39.2 percent, or approximately \$20 per day, over the county's combined costs to house inmates in the old jail and pay for out-of-county placements.

Brown County received \$2.6 million in highway aid from the State in 1999, sixth among its peer group. Brown County also issued \$6.9 million in bonds for 11 highway projects from 1995 to 2000. Based on our review of highway projects since 1995, it appears that Brown County's bond proceeds were used for long-term projects and not for routine maintenance. Within its peer group, Brown County had the largest increase in outstanding debt for highway projects: 65.9 percent from 1995 to 1999. In addition, Brown County was fourth—behind Milwaukee, Waukesha, and Winnebago counties—in the amount of highway debt outstanding per mile of county highway in 1999.

Brown County provides a level of support for a number of cultural, recreational, and educational services that many other counties do not provide, especially to the extent that Brown County does. However, with the exception of its 18-hole golf course, which is expected to generate excess revenues of approximately \$204,500 for the general fund in 2001, these services are largely supported by property tax revenue. In 1999, Brown County was:

- 1 of 4 counties that reported providing financial support for a zoo;
- 1 of 6 counties that directly operate museums, but 1 of 29 counties that provide financial support to local museums;
- 1 of 8 counties that operate a consolidated library system; and
- 1 of 2 counties that operate schools for children with disabilities, which are also known as Children with Disabilities Education Boards.

If Brown County's projections of budget shortfalls in future years materialize, the county will need to pursue options to better control its costs. Staff salary and fringe benefits are the largest single category of county expenditures and have contributed to the significant increase in

county operating costs. Brown County staffing increased from 1,429.7 FTE positions in 1995 to 1,645.1 in 2001, an increase of 15.1 percent or 215.4 positions. This was the second-highest percentage increase and the largest total position increase among counties with populations over 100,000. Salary and fringe benefits costs accounted for approximately 40 percent of the \$33.8 million increase in Brown County's total expenditures from 1995 to 1999.

Salary and fringe benefit costs are budgeted at \$84.6 million for 2001, which is an increase of 17.3 percent over 1999 levels. Moreover, health and dental insurance expenditures have increased from \$6.7 million in 1995 to \$9.9 million in 2000, or by 47.8 percent. To better control costs associated with staff salaries and benefits, county officials may wish to assess whether all current positions are necessary to fulfill county functions. Officials could also negotiate with employee unions in an effort to increase the share of health insurance premiums and co-payments paid by employees. However, it should be noted that the ability of Brown County officials to reduce health care expenses through negotiation may be limited by the collective bargaining process and the mediation and arbitration requirements provided under ch. 111, Wis. Stats.

In addition, there are several other potential sources of revenue that may be available to Brown County. These include:

- entering into agreements with the Oneida Nation, under which the Oneida would reimburse the county for services;
- assessing individuals, businesses, or other governments additional fees for services;
- raising the property tax levy above its current limit;  
or
- implementing a sales and use tax.

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## Introduction

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### **Brown County is the fourth-largest county by population.**

Brown County employs 1,645 full-time equivalent (FTE) staff in 35 departments to provide general governmental services, such as law enforcement, as well as some services that are not typically provided by counties, such as a school for children with disabilities, a county-wide library system, a mental health center, a golf course, and a museum. Brown County's population grew from 209,077 residents in 1995 to 220,773 in 1999 and is exceeded only by Milwaukee, Dane, and Waukesha counties'. The county covers 538 square miles of northeastern Wisconsin and includes the cities of Green Bay and De Pere; the villages of Allouez, Ashwaubenon, Denmark, Howard, Pulaski, and Wrightstown; and 16 towns. Among its significant industries are paper manufacturing, insurance, health-care, and trucking. Over the past ten years Brown County's unemployment rate has been consistently lower than the state average. In July 2001 it was 3.8 percent, while the state average was 4.4 percent.

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### **Brown County revenues increased from \$135.9 million in 1995 to \$163.7 million in 1999, or by 20.5 percent.**

Brown County revenues increased from \$135.9 million in 1995 to \$163.7 million in 1999, or by 20.5 percent, while expenditures increased from \$124.6 million in 1995 to \$158.3 million in 1999, or by 27.1 percent. Although expenditures increased at a greater rate, the county's revenues were sufficient to meet anticipated expenditures through 2000. However, the county projected a shortfall in its 2001 budget, which was reduced by using \$2.0 million from a jail reserve to fund current operations, instituting a hiring freeze in September 2000 that was projected to save approximately \$1.5 million in 2001 costs, and closing its zoo during January and February 2001 to reduce costs.

As a result of the county's financial projections, legislators and the public have expressed concerns about the financial status of Brown County. Therefore, at the request of several legislators, we reviewed the financial condition and budgeting practices of Brown County, including:

- revenue and expenditure trends;
- measures of the county's overall financial health, including its general fund revenues and expenditures, undesignated fund balance, and outstanding debt;

- the scope of services provided by the county, including corrections activities, mental health services, and cultural, recreational, and educational activities; and
- factors affecting the county’s future financial condition, including the potential to contain expenditure growth and enhance revenues.

In conducting this evaluation, we spoke with officials of Brown County, reviewed available information concerning the county’s finances and operations, and analyzed comparative data for all Wisconsin counties reported annually to the Wisconsin Department of Revenue (DOR). It should be noted that the most recent DOR financial information available for all counties was for 1999, and counties may use somewhat different accounting and budgeting methods, making exact comparisons difficult. For example, Brown County allocates indirect costs—that is, costs to operate administrative departments—to various departments, while many counties report these costs centrally. Nevertheless, data collected by DOR represent the best source of information available for making broad comparisons among Wisconsin counties.

We compared Brown County with the 12 other counties with populations over 100,000. This group of counties is often considered a peer group for comparison purposes, although it should be noted that Milwaukee County is often considered separately because its population is significantly greater. We also compared Brown County to the median for all 72 Wisconsin counties, which is the point that half the counties are above and half are below.

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## Financial Condition

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By most measures, including the undesignated fund balance, level of debt, and bond rating, the financial condition of Brown County has been satisfactory over the past several years. Although expenditures have grown faster than those of other counties with populations over 100,000, Brown County's total per capita expenditures tend to be about average among those same counties. Nevertheless, Brown County officials have projected future deficits that will need to be addressed.

### County Revenues

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**Most 1999 revenues came from state and federal aid, taxes, and service charges.**

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As shown in Table 1, Brown County's 1999 revenues consist primarily of governmental aid, which accounted for 32.7 percent of total revenues; taxes, which accounted for 31.8 percent of total revenues; and charges for services, which accounted for 29.3 percent of revenues.

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Table 1

#### Brown County Revenues 1999

<u>Revenue Source</u>	<u>Amount</u>	<u>Percentage of Total</u>
Governmental aid	\$ 53,580,764	32.7%
Taxes	52,123,552	31.8
Charges for services	47,944,638	29.3
Miscellaneous*	8,986,867	5.5
Fines and forfeitures	811,996	0.5
Licenses and permits	<u>286,446</u>	<u>0.2</u>
Total	\$163,734,263	100.0%

\* Includes items such as interest income, rental income, sale of equipment and property, insurance recoveries, and gifts and donations.

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## Governmental Aid

As shown in Table 2, the largest portions of governmental aid that Brown County received in 1999 were associated with human services (39.0 percent), health services (32.1 percent), and shared revenue (10.9 percent). The vast majority of governmental aid consists of state and federal revenues. In 1999, only \$1.5 million (2.7 percent) came from local governments rather than the State or the federal government.

Table 2

### Governmental Aid 1999

<u>Type</u>	<u>Amount</u>	<u>Percentage of Total</u>
Human services	\$20,876,474	39.0%
Health	17,188,732	32.1
Shared revenues	5,816,703	10.9
Highway aid	2,552,388	4.8
Education	2,015,513	3.7
Local government highway aid	1,483,734	2.7
Conservation aid	1,353,663	2.5
General government	1,026,697	1.9
Miscellaneous federal revenue	314,094	0.6
Federal law enforcement revenue	204,645	0.4
Culture and recreation	160,823	0.3
Transportation	148,196	0.3
Public safety	111,597	0.2
Emergency government	98,141	0.2
Miscellaneous state revenue	92,928	0.2
State law enforcement revenue	73,097	0.1
Sanitation	54,925	0.1
Water patrol	<u>8,414</u>	<u>&lt;0.1</u>
Total	\$53,580,764	100.0%

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**Brown County's shared revenue declined from \$6.7 million in 1995 to \$5.7 million in 2000.**

Although most state aid is provided for specific programs, the State also distributes a portion of its income tax revenues to county governments under its shared revenue program. Shared revenues are for counties' discretionary use. From 1995 through 2000, the State's total shared revenue distribution increased 0.3 percent, from \$189.1 million to \$189.7 million. However, Brown County's portion of shared revenue declined 14.9 percent, from \$6.7 million in 1995 to \$5.7 million in 2000. Brown County was third among all counties in shared revenue received in 2000, but its \$25 in shared revenue per capita placed it 47th among the State's 72 counties. The median for all 72 counties was \$36 per capita in 2000. Additional information on shared revenue for Wisconsin counties is provided in Appendix 1.

### **Taxes**

The second-largest revenue category for Brown County was taxes, which includes property taxes, real estate transfer taxes, and interest and penalties on delinquent taxes. Property taxes represented 94.6 percent of Brown County's tax revenues, or \$49.4 million of its \$52.2 million in 1999 tax collections. From 1995 to 1999, all counties relied increasingly on property taxes to fund programs and services, and the property tax levy for all counties increased from 21.9 percent to 24.7 percent of total revenues. Brown County's property tax increased from 26.6 percent to 31.1 percent of total revenues over this period.

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**From 1995 to 2000, Brown County's tax levy increased by 48.3 percent.**

As shown in Table 3, the median increase in property tax levies was 40.6 percent from 1995 to 2000, and Brown County's rate of 48.3 percent was above the median. In addition, Brown County had the fourth-largest percentage increase among the 13 Wisconsin counties with more than 100,000 residents.

Table 3

**Property Tax Levy in Counties with  
Populations Over 100,000**

<u>County</u>	<u>1995*</u>	<u>2000*</u>	<u>Percentage Increase</u>
Kenosha	\$23,175,844	\$36,754,502	58.6%
Rock	25,772,840	40,566,566	57.4
Sheboygan	20,871,085	32,104,027	53.8
<b>Brown</b>	<b>36,200,392</b>	<b>53,700,077</b>	<b>48.3</b>
Marathon	22,893,158	33,367,457	45.8
Washington	20,817,909	28,546,140	37.1
La Crosse	11,384,353	15,458,021	35.8
Winnebago	27,874,403	37,083,473	33.0
Milwaukee	157,051,305	196,735,522	25.3
Racine	31,056,960	38,706,708	24.6
Outagamie	28,597,556	35,217,785	23.1
Dane	67,347,330	82,317,814	22.2
Waukesha	58,313,397	70,166,207	20.3
Statewide median			40.6

\* Year the property tax levy was payable.

As shown in Table 4, Brown County had a property tax levy of \$237 per capita in 2000, which was sixth among the 13 Wisconsin counties with populations over 100,000, and below the statewide median of \$243 per capita.

Table 4

**Per Capita Property Tax Levy in  
Counties with Populations Over 100,000  
2000\***

<u>County</u>	<u>Amount</u>
Sheboygan	\$285
Rock	266
Marathon	265
Kenosha	246
Washington	243
<b>Brown</b>	<b>237</b>
Winnebago	237
Outagamie	219
Milwaukee	209
Racine	205
Waukesha	194
Dane	193
La Crosse	144
Statewide median	243

\* Year the property tax levy was payable.

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**Brown County was eighth  
in per capita tax burden  
in its peer group in 1999.**

Although the property tax is the primary source of tax revenue for Wisconsin counties, 53 counties—including 6 in Brown County’s peer group—had by 1999 elected to implement a sales and use tax to generate additional revenue. Among these 53 counties, the sales and use tax represented an average of 13.7 percent of the overall tax revenue collected. As shown in Table 5, Brown County’s total per capita tax burden was eighth in its peer group in 1999. Five of the seven counties with higher overall tax burdens also generated revenues through a sales and use tax.

Table 5

**Per Capita Total Tax Burden in  
Counties with Populations Over 100,000  
1999**

<u>County</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Other Taxes*</u>	<u>Total</u>
Marathon	\$244	\$63	\$ 6	\$313
Kenosha	231	47	17	295
Washington	233	48	7	288
Sheboygan	270	-	6	276
Dane	193	74	6	273
Milwaukee	203	58	3	264
Rock	245	-	8	253
<b>Brown</b>	<b>231</b>	<b>-</b>	<b>5</b>	<b>236</b>
Winnebago	228	-	6	234
Outagamie	214	-	7	221
Racine	195	-	9	204
La Crosse	128	70	5	203
Waukesha	194	-	8	202

\* Includes real estate transfer taxes, interest and penalties on delinquent property taxes, forest crop taxes, occupational taxes, funds from closed tax incremental districts, and racetrack admissions taxes.

**Charges for Services**

The third-largest area of Brown County revenues in 1999 was charges for services paid by individuals, businesses, and other governments, which included mental health care, highway repair and maintenance, solid waste disposal, recycling, and other services. These charges represented 29.3 percent of total revenues. As shown in Table 6, the county collected \$47.9 million in charges for services in 1999, of which the mental health center received \$13.4 million.

Table 6

**Charges for Services**  
1999

<u>Source of Revenue</u>	<u>Amount</u>
Mental health center fees	\$ 13,427,883
Highway repair, maintenance, and other service fees	11,245,467
Solid waste tipping fees and recycling fees	5,043,514
Health and human service fees and donations	4,501,291
Airport fees	3,744,107
Law enforcement fees and assessments	2,866,998
Fees for other services to governments	1,865,562
Register of deeds fees	961,575
Miscellaneous revenues	932,505
Golf course fees	849,954
Zoo revenues	849,572
Court and probate fees	723,892
Parks department revenues	244,860
Vending machine revenues	180,327
Library fees	179,617
Docks and harbor fees	163,288
Forest revenues	56,846
Fairs and exhibit revenues	53,073
University of Wisconsin Extension revenues	32,637
Copy fees	18,522
Museum revenues	<u>3,148</u>
Total	\$47,944,638

**County Expenditures**

**Brown County's operating expenditures increased by 27.1 percent from 1995 to 1999.**

Brown County's 27.1 percent increase in total operating expenditures from 1995 to 1999 exceeded the 24.2 percent median increase for all counties and, as shown in Table 7, is the fourth-largest expenditure increase among counties with populations over 100,000. Moreover, although Brown County ranks fourth in population, its expenditures were third among all 72 counties in 1999. From 1995 to 1999, the primary areas of increased spending in Brown County were health and human services and public safety. In addition, Brown County had substantially higher costs for cultural, recreational, and educational activities than most other counties.

Table 7

**Operating Expenditures in Counties with Populations Over 100,000\***

<u>County</u>	<u>1995 Expenditures</u>	<u>1999 Expenditures</u>	<u>Percentage Change</u>
Kenosha	\$ 91,297,029	\$ 118,369,551	29.7%
Dane	244,739,194	316,099,403	29.2
Washington	58,447,492	75,389,245	29.0
<b>Brown</b>	<b>124,622,255</b>	<b>158,336,781</b>	<b>27.1</b>
Winnebago	89,236,917	113,235,044	26.9
Racine	101,749,438	125,449,370	23.3
La Crosse	69,841,253	84,854,978	21.5
Rock	104,208,365	125,349,897	20.3
Marathon	67,017,941	79,546,737	18.7
Waukesha	130,406,442	152,016,256	16.6
Outagamie	101,752,533	118,526,819	16.5
Sheboygan	84,746,852	97,028,498	14.5
Milwaukee	902,134,773**	1,028,285,413	14.0
Statewide median			24.2

\* Expenditures do not include capital projects or direct charges between county departments for information services, insurance, duplication, and similar services.

\*\* \$208 million in hospital expenditures was excluded to permit a better comparison among counties, because Milwaukee County discontinued operation of its hospital in December 1995.

However, as shown in Table 8, even though Brown County's expenditures are increasing at a greater rate than those of many peer counties, its per capita expenditures of \$717 in 1999 were lower than those of eight other counties with populations of more than 100,000. Among this group, Milwaukee County had the highest expenditures per capita, and Waukesha County had the lowest.

Table 8

**Per Capita Expenditures in Counties  
with Populations Over 100,000\***  
1999

<u>County</u>	<u>Amount</u>
Milwaukee	\$1,075
Sheboygan	866
Rock	832
Kenosha	831
La Crosse	799
Dane	765
Outagamie	750
Winnebago	732
<b>Brown</b>	<b>717</b>
Racine	664
Washington	662
Marathon	629
Waukesha	434
Statewide median	883

\* Does not include large capital costs or direct charges between county departments.

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**Health and human services and public safety accounted for 77.4 percent of expenditure increases from 1995 to 1999.**

As shown in Table 9, Brown County's expenditures from 1995 through 1999 increased from \$124.6 million to \$158.3 million, or by \$33.7 million. However, not all expenditure categories increased at the same rate. For example, public safety had the largest increase, at 50.5 percent, while public works had the smallest increase, at 2.5 percent. Two expenditure categories—health and human services and public safety—accounted for 77.4 percent (\$26.1 million) of the total increase.

Table 9

**Brown County Expenditures**

<u>Expenditure Category</u>	<u>1995</u>	<u>1999</u>	<u>Percentage Change</u>
Public safety	\$ 14,597,654	\$ 21,966,460	50.5%
Conservation and development	2,328,022	3,083,565	32.5
Debt service	4,212,585	5,576,626	32.4
Health and human services	59,609,973	78,343,696	31.4
Culture, recreation, and education	12,268,571	15,388,560	25.4
General government	8,714,006	10,513,541	20.7
Public works	<u>22,891,444</u>	<u>23,464,333</u>	2.5
Total	\$124,622,255	\$158,336,781	27.1%

**Health and Human Services**

The health and human services category includes mental health programs, public health services, services for veterans and the aging, and social services. Among these, the biggest increases were for mental health services (\$9.8 million) and social service programs (\$7.3 million). County officials attribute expenditure increases in these areas to an increase in the number of individuals served, which is partly the result of county efforts to reduce waiting lists, particularly for mental health services, and to provide services to individuals in the community rather than in institutions.

Although its health and human services expenditures have increased significantly, at \$355 in per capita spending, Brown County was eighth among the 13 counties in its peer group in 1999. As shown in Table 10, Brown County's health and human services expenditures are also below the statewide median of \$387 per capita.

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Table 10

**Per Capita Health and Human Services Expenditures in Counties  
with Populations Over 100,000  
1999**

<u>County</u>	<u>Amount</u>
Rock	\$531
Sheboygan	519
La Crosse	472
Milwaukee	459
Dane	431
Kenosha	405
Winnebago	379
<b>Brown</b>	<b>355</b>
Outagamie	334
Washington	332
Racine	320
Marathon	197
Waukesha	167
Statewide median	387

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**Public Safety**

Public Safety expenditures include costs for law enforcement, emergency communications, and corrections activities. From 1995 to 1999, corrections costs increased by \$4.2 million, and law enforcement costs increased by \$2.8 million. County officials attribute these increases primarily to increased courthouse security, increases in the number of officers requested to patrol municipalities, and the increasing number of inmates being sent to out-of-county facilities. As shown in Table 11, at \$100 per capita in 1999, Brown County was sixth in public safety expenditures among its peer group, and below the statewide median of \$109 per capita. Its 1999 public safety expenditures do not include costs associated with operation of the new Brown County jail, which opened in June 2001.

Table 11

**Per Capita Public Safety Expenditures in Counties  
with Populations Over 100,000  
1999**

<u>County</u>	<u>Amount</u>
Kenosha	\$164
Milwaukee	132
Rock	119
Racine	115
Dane	110
<b>Brown</b>	<b>100</b>
Sheboygan	95
Outagamie	92
Washington	90
La Crosse	89
Marathon	88
Winnebago	83
Waukesha	65
Statewide median	109

**Culture, Recreation, and Education**

**Brown County had substantially higher costs than most other counties for culture, recreation, and education.**

Culture, recreation, and education includes costs associated with counties' libraries, zoos, museums, parks, schools for children with disabilities, and university extension programs. Brown County's expenditures in this category totaled \$15.4 million in 1999 and were substantially higher than other counties'. As shown in Table 12, its 1999 expenditures of \$70 per capita placed it third within its peer group. Among all 72 counties, only Milwaukee and Marathon had higher per capita expenditures for culture, recreation, and education.

Brown County is 1 of only 8 counties that operate a consolidated library system, 4 that either operate or provide financial support for a zoo, and 29 that either operate or provide financial support for museums. In addition, Brown County is one of only a small number of counties that own and operate golf courses and is one of only two counties that operate a school for children with disabilities.

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Table 12

**Per Capita Expenditures for Culture, Recreation, and Education  
in Counties with Populations Over 100,000  
1999**

<u>County</u>	<u>Amount</u>
Milwaukee	\$89
Marathon	74
<b>Brown</b>	<b>70</b>
Racine	52
Washington	50
Kenosha	37
Dane	35
Waukesha	33
Winnebago	21
Outagamie	15
Rock	14
La Crosse	14
Sheboygan	14
Statewide median	27

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**Financial Measures**

Brown County received an unqualified opinion from its independent auditor on its financial statements from 1995 through 2000. In addition, Brown County has received the “Distinguished Budget Presentation Award” from the Government Finance Officers Association (GFOA) for the 1994 through 2000 budget years. This award is given to governmental units that publish a budget that meets GFOA standards as a policy document, an operations guide, a financial plan, and an instrument for communicating information.

In order to assess the financial health of Brown County, we reviewed four measures that are often used in evaluating the financial condition of governmental entities:

- the extent of the surplus or deficit in the general fund;
  - the undesignated fund balance in the general fund;
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- the amount of outstanding debt; and
- the bond rating.

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**Brown County has had an operating surplus in its general fund in four of the last six years.**

As shown in Table 13, on a generally accepted accounting principles basis, Brown County has had an operating surplus in its general fund in four of the last six years. Although DOR does not maintain comparable data that could be used for comparison, the frequency with which Brown County has maintained a general fund surplus suggests a satisfactory financial condition.

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Table 13

**General Fund Surplus (Deficit)**

<u>Year</u>	<u>Amount</u>
1995	\$4,693,199
1996	90,591
1997	(1,149,054)
1998	1,833,291
1999	(1,880,610)
2000	4,748,238

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A second common measure of financial condition is the county's undesignated balance in its general fund at year-end. Undesignated funds are those revenues that have not been dedicated for a predetermined purpose and can, therefore, be used to meet any funding needs that arise. As shown in Table 14, Brown County's undesignated year-end general fund balance has increased in five of the past six years, and its percentage of general fund revenues is satisfactory.

Third, under Wisconsin statutes, a county cannot have outstanding debt in excess of 5 percent of the equalized value of all real estate within the county. In 1999, Brown County had \$62.2 million of debt outstanding, which was 0.6 percent of its equalized value, and well below the statutory limit. As shown in Table 15, at \$282 per capita, Brown County was fifth among its 13-county peer group in 1999 outstanding debt.

Table 14

**Undesignated Year-End General Fund Balance**

<u>Year Ending</u>	<u>Undesignated Fund Balance</u>	<u>Percentage of General Fund Revenues</u>
1995	\$9,464,893	26.0%
1996	9,541,841	24.4
1997	9,572,954	24.0
1998	10,595,640	24.8
1999	8,472,343	19.4
2000	13,004,163	25.3

Table 15

**Per Capita Outstanding Debt in Counties  
with Populations Over 100,000  
1999**

<u>County</u>	<u>Amount</u>
Kenosha	\$714
Milwaukee	518
La Crosse	292
Washington	286
<b>Brown</b>	<b>282</b>
Sheboygan	277
Winnebago	271
Rock	199
Outagamie	176
Dane	167
Marathon	165
Waukesha	158
Racine	91
Statewide median	196

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**Brown County has a favorable bond rating.**

Finally, for a number of years, Brown County has maintained a bond rating of “Aa1” from Moody’s Investors Service. Aa1 is the second-highest rating attainable and represents high-quality bonds that would be desirable to investors. As of June 2001, only Dane and Waukesha counties had “Aaa” ratings, the highest bond rating attainable, and only Brown, Outagamie, and Ozaukee counties had Aa1 ratings. Of the remaining 67 counties, 39 had ratings lower than Aa1, and 28 were not rated.

Brown County’s undesignated general fund balance, its level of debt outstanding, and the fact that it neither used its entire property tax levy nor adopted the 0.5 percent sales and use tax were important considerations to the bond rating company, because this information indicated that other sources of revenue were potentially available to the county if needed. In addition, the bond rating company cited the strength and diversity of the local economy and its low unemployment rate as indicators of expected property tax and labor force growth in the future.

### **Future Financial Condition**

Although by many measures Brown County’s financial condition has been satisfactory, county officials had projected that expenditures would exceed revenues by \$3.9 million in 2001 and that the deficit would reach \$7.5 million in 2005. These projections, which were made in August 2000, were revised in July 2001. Officials now project no deficit until 2003, and the amount of the projected deficit has been reduced significantly. Nevertheless, Brown County is likely to face financial challenges in the future.

In May 2000, in response to earlier budget projections that indicated substantial deficits in coming years, the County Executive created the 2001 Budget Tax Force to develop recommendations for the county’s 2001 annual budget. In addition to considering service reductions that would reduce costs by as much as \$5.9 million, the task force—which included county staff and members of the public—recommended that county officials take steps to ensure passage of the second provision of a referendum related to the creation of the Green Bay/Brown County Professional Football Stadium District. The referendum consisted of two questions: 1) whether a sales tax and a use tax of 0.5 percent should be imposed for the purpose of helping to renovate Lambeau Field; and 2) whether any excess revenue from the tax could be used for property tax relief in Brown County.

It was estimated that passage of the referendum would have generated \$5.4 million for Brown County in 2001, the first year the tax would have been implemented, and that this amount would increase to a projected \$11.5 million in 2010. The budget task force recommended that if the referendum were to fail, the Brown County Board should either enact a 0.5 percent sales and use tax, which the county currently has the authority to do under state law, or attempt to create an alternative source of revenue by raising the county's operating levy limit through a referendum.

By August 2000, Brown County officials projected a \$3.9 million budget shortfall based primarily on:

- an increase of \$1.8 million in projected costs for operation of the new jail;
- an increase in employee health insurance costs from \$6.7 million in 1995 to \$9.8 million in 2000; and
- the fact that \$2.0 million that had been deposited in Brown County's general fund to support expenditures in 2000 would not be available in subsequent years because it consisted of one-time discretionary funds from the Wisconsin Works (W-2) program.

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**Voters rejected a referendum to use surplus proceeds generated for Lambeau Field renovations for property tax relief.**

Nevertheless, on September 12, 2000, Brown County voters rejected the second measure of the referendum related to the creation of the football stadium district. As a result, Brown County will not receive any of the proceeds from the sales and use tax created for stadium renovation. With the failure of the second provision of the referendum, Brown County officials were compelled to reduce expenditures or find additional revenues to balance the 2001 budget. In addressing this issue, the County Board and the County Executive chose to:

- increase bonding for the new jail by \$2.0 million, in order to use \$2.0 million in funds that had been designated for the jail to fund current county operating costs;
- institute a hiring freeze that saved an estimated \$1.6 million through July 2001; and
- close the zoo to the public during January and February 2001.

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**More recent budget projections predict smaller budget shortfalls in future years.**

Table 16 provides a comparison of August 2000 budget projections included in the final report of the Brown County 2001 Budget Task Force and revised projections made by county officials in August 2001, in a meeting with us. It should be noted that the 2001 budget projections differ from those provided to the County Board one month earlier, because those were based on a different methodology and assumptions.

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Table 16

**Brown County's Operating Budget Deficit Projections**

<u>Year</u>	<u>August 2000</u>	<u>August 2001</u>
2001	\$(3,904,208)	—
2002	(4,810,071)	\$(2,068,646)
2003	(5,718,525)	(2,590,978)
2004	(6,627,855)	(3,062,310)
2005	(7,536,195)	(3,476,170)
2006	—	(3,825,576)

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In general, the more optimistic budget projections made in 2001 are largely the result of changes in the anticipated equalized property value for Brown County: the greater the equalized value, the greater the amount of property tax revenue collected. In balancing the projected 2002 budget, the county expects to use:

- \$1.1 million in credits that will be provided by the Wisconsin Retirement System as a result of a June 2001 Wisconsin Supreme Court Decision; and
- approximately \$1.0 million from its undesignated general fund reserves.

Although the most recent budget projections present a more favorable financial picture for the county, its future financial status remains uncertain, and it seems likely that, to some extent, Brown County will need to reduce expenditures, increase revenues, or achieve a combination of both in order to balance future budgets.

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## Provision of Services

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As noted, health and human services and public safety accounted for 77.4 percent of Brown County's increased expenditures from 1995 to 1999, and the rate of increase was greater for public safety than for any other expenditure category. The opening of a new jail in June 2001 is expected to increase corrections expenditures markedly, largely as a result of staffing costs.

Brown County also provides a number of cultural, recreational, and educational services that few counties provide. Although there may be opportunities to reduce costs for these services, strategies that would achieve the most significant savings would also result in the provision of fewer services to Brown County residents. In some cases service fees could be instituted or increased, but such measures are unlikely to produce substantial amounts of revenue.

### Corrections Activities

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**From 1995 to 1999, Brown County's corrections expenditures increased 88.1 percent.**

The majority of the growth in public safety expenditures is the result of increases in corrections costs. As shown in Table 17, expenditures for corrections activities have increased from \$4.7 million in 1995 to \$8.9 million in 1999, or by 88.1 percent, the second-largest increase among the 13 counties with populations over 100,000. Corrections activities comprise the costs of jail operation, including the salaries and fringe benefits of staff, costs to house inmates outside of Brown County, inmate health care, and maintenance and utility expenses.

Despite having the second-largest increase in corrections expenditures from 1995 to 1999, Brown County's 1999 total corrections costs were about average for its peer group. As shown in Table 18, Brown County was eighth among its peer counties in per capita corrections expenditures and was only \$3.00 above the statewide median.

Table 17

**Corrections Expenditures by County**

<u>County</u>	<u>1995</u>	<u>1999</u>	<u>Percentage Change</u>
Kenosha	\$6,559,195	\$12,400,949	89.1
<b>Brown</b>	<b>4,740,716</b>	<b>8,916,374</b>	<b>88.1</b>
Marathon	1,890,649	3,310,420	75.1
Washington	2,015,120	3,258,636	61.7
Milwaukee	59,293,361	88,008,561	48.4
Winnebago	2,756,048	3,905,747	41.7
La Crosse	4,052,793	5,741,690	41.7
Racine	7,388,524	10,215,855	38.3
Sheboygan	2,461,735	3,259,368	32.4
Dane	16,002,806	20,859,637	30.3
Waukesha	7,348,167	9,360,580	27.4
Rock	7,128,250	8,926,807	25.2
Outagamie	5,864,977	7,183,319	22.5
Statewide median			47.8

During the past 10 years, Brown County hired consultants to study options available for controlling jail overcrowding, including constructing a new jail, building additions to the current jail, continuing to house inmates in other counties, and implementing alternative correctional programs such as electronic monitoring. CGA Consulting Services, Inc., issued a report that recommended development of additional jail capacity in 1992. In 1995, Kimme & Associates, Inc., issued a report that provided a number of options, all of which required building a new jail. County officials selected an option of building a new jail on a large open site suitable for expansion, at an estimated cost of \$33.6 million.

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Table 18

**Per Capita Corrections Expenditures in Counties  
with Populations Over 100,000  
1999**

<u>County</u>	<u>Per Capita Cost</u>
Milwaukee	\$92
Kenosha	87
Rock	59
Racine	54
La Crosse	54
Dane	50
Outagamie	45
<b>Brown</b>	<b>40</b>
Sheboygan	29
Washington	29
Waukesha	27
Marathon	26
Winnebago	25
Statewide median	37

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The main reasons jail construction was viewed as the best option included:

- the increasing cost of housing inmates in other counties;
- concerns about the future availability of jail space in other counties; and
- a number of liabilities associated with the old jail, including overcrowding, that could lead to security and legal problems.

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**Housing Brown County inmates out of county increased 462.0 percent from 1995 to 2000.**

Since 1991, Brown County has housed inmates in the jails of 26 other counties. In 2000, Shawano County held 57.6 percent of Brown County's out-of-county inmates and received over \$2.0 million in payments from Brown County. As shown in Table 19, the cost to house inmates in other jurisdictions increased from \$689,275 in 1995 to nearly \$3.9 million in 2000, which is an increase of 462.0 percent. It should be noted that these costs do not include the additional costs associated with transporting inmates to and from out-of-county facilities or health care for those inmates, because these costs are not discretely tracked in financial records.

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Table 19

**Total Expenditures for Out-of-County Inmate Housing**

<u>Year</u>	<u>Expenditures</u>	<u>Percentage Change</u>
1995	\$ 689,275	—
1996	1,062,582	54.2%
1997	1,226,137	15.4
1998	2,483,087	102.5
1999	3,373,408	35.9
2000	3,873,853	14.8

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The increased costs for out-of-county placements are the result of an increase in the average daily population of inmates housed in other jurisdictions. As shown in Table 20, the average daily population of out-of-county inmates increased from 54.3 in 1996 to 184.1 in 2000, which is an increase of 239.0 percent. Over this same period, the average daily population of both in-county and out-of-county inmates increased from 344.7 to 516.4, or by 49.8 percent.

Table 20

**Average Daily Inmate Population**

<u>Year</u>	<u>Out-of-County</u>	<u>In-County</u>	<u>Total</u>
1996	54.3	290.4	344.7
1997	64.8	320.5	385.3
1998	120.3	318.3	438.6
1999	161.0	329.0	490.0
2000	184.1	332.3	516.4

**Through July 2001, \$37.4 million was spent on new jail construction.**

Although the construction of a new jail had been contemplated since at least 1991, it was not until November 1997 that the Brown County Board approved the first bonding for the \$38.9 million new facility. Construction of a new jail facility adjacent to the Brown County Mental Health Center, and approximately five miles from the county courthouse, began in late 1999. It is a 556-bed facility and houses men, women, and juvenile offenders. Construction of the jail is expected to be funded by \$32.3 million in bond proceeds and \$6.6 million in property tax revenue and interest earnings. Through July 2001, \$37.4 million has been spent on new jail construction.

Partly because of the proximity of the new jail to the mental health center, officials chose to consolidate food and laundry facilities for both facilities. While both food preparation and laundry facilities will be located within the jail, food services staffing will be the responsibility of the mental health center. A consultant hired by the county estimated that the consolidation of food and laundry services would save \$360,000 in equipment costs and reduce staffing needs by 9 FTE positions.

**Corrections costs are projected to increase from \$9.6 million in 2000 to an estimated \$12.2 million in 2001.**

While some savings from food and laundry services are likely to accrue to the county, it appears that overall corrections expenditures will increase markedly. Although Brown County will no longer have to fund placement and transportation costs for inmates in out-of-county facilities, costs associated with staffing its new jail and transporting inmates from the jail to the courthouse are projected to more than offset any savings that will accrue from discontinuing out-of-county placements. In fact, Brown County's corrections expenditures are projected to increase by 27.1 percent, or from \$9.6 million in 2000 to an estimated \$12.2 million in 2001, largely because of the opening of the new jail in June 2001. In 2002, expenditures are likely to increase further because they will include a full year's operation of the new jail.

The largest single increase in corrections expenditures is associated with staffing, for which costs are expected to increase by \$3.9 million from 2000 to 2001. This amount is greater than Brown County's total costs to house inmates out of county in 2000. As shown in Table 21, staffing levels for all correctional activities increased by 101.6 FTE positions, from 74.1 in 2000 to 175.7 in 2001. As a result, it is anticipated that staffing costs for all Brown County's correctional activities will increase from \$4.4 million in 2000 to \$8.3 million in 2001, or by 88.6 percent.

Table 21

**Full-Time Equivalent Positions in the Jail Division  
of the Brown County Sheriff's Department**

<u>Position</u>	<u>2000</u>	<u>2001</u>	<u>Change in FTE Positions</u>
Correctional officers	45.5	132.5	87.0
Juvenile correctional officer	7.5	14.3	6.8
Nurse	0.0	6.3	6.3
Deputy	1.0	6.6	5.6
Secretary	0.0	2.0	2.0
Account clerk	1.0	2.0	1.0
Clerk/Typist	0.0	1.0	1.0
Captain	1.0	1.0	0.0
Lieutenant	2.0	2.0	0.0
Juvenile detention supervisor	1.0	1.0	0.0
Sergeant	8.0	7.0	(1.0)
Booking clerks	2.1	0.0	(2.1)
Cooks	<u>5.0</u>	<u>0.0</u>	<u>(5.0)</u>
Total	74.1	175.7	101.6

In addition to the 101.6 FTE positions associated with correctional activities that the sheriff's department has added, the county's facilities management department has also increased by 8.9 FTE positions to maintain the new jail facility. The cost of these new positions will be approximately \$407,000 annually. These positions include 2.0 facility mechanics, 1.0 facility technician, 2.0 laundry supervisors, 2.0 facility workers, and 1.9 housekeepers.

Additional costs will also be incurred to transport inmates. The former jail's location on the same city block as the courthouse in downtown Green Bay allowed deputies to escort inmates from their jail cells directly to the courthouse. Transporting inmates approximately five miles from the new jail to the courthouse, holding them in a secure waiting area, and then transporting them back to the jail is estimated to cost approximately \$360,000 in 2001.

Finally, Brown County's corrections expenditures for utilities such as electric, gas, and telephone services are expected to increase from \$64,100 in 2000 to \$435,500 in 2001. This increase of 579.4 percent is partly the result of the county's decision to continue to operate the old jail, which is now used exclusively to house inmates with work-release privileges. In July 2000, approximately 140 work-release inmates were housed in the old facility.

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**The 2001 cost of housing inmates in the new jail may be as much as \$20 per day more than was spent before its construction.**

Based on its increased expenditures, we estimate that Brown County's daily costs to house inmates will be approximately \$71 per inmate in 2001. This amount includes salaries and fringe benefits, inmate medical expenses, out-of-county housing, meals, and utilities, but not the capital costs associated with jail construction and debt service. It represents an increase of 39.2 percent, or approximately \$20 per day, over the county's combined costs to house inmates in the old jail and to pay for out-of-county placements in 2000, which we estimate had been \$51 per day. County officials indicate that these combined costs were lower than the \$55 cost charged for out-of-county placements primarily because of overcrowding at the old jail, which lowered average daily costs.

County officials have not yet projected costs for 2002. The average daily inmate population is expected to increase because local judges had been asked to defer sentencing until the new facility was opened. An increased jail population would lower the daily cost per inmate. However, as noted, 2002 corrections expenditures are likely to increase over the prior year's because the new jail will have been open for only six months in 2001. Because of the uncertainty about both the number of inmates and costs for 2002, we were not able to project the daily cost to house inmates in 2002.

To increase revenues and offset increased expenditures, county officials could attempt to pursue options to house state and federal inmates in the Brown County jail. In addition, because few counties operate juvenile detention facilities, they could pursue options to house juveniles from other counties in Brown County as long as space permits. Conversely, if additional space is not needed, county officials could reevaluate current staffing levels and determine whether savings could be achieved through reductions.

## Mental Health Center

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**The Brown County Mental Health Center is licensed as a 247-bed facility and provides three types of care.**

The Brown County Mental Health Center is licensed as a 247-bed facility that provides care to residents under three separate licenses issued by the Wisconsin Department of Health and Family Services (DHFS). It includes:

- an 88-bed inpatient psychiatric care facility, with 24 beds designated for an adolescent unit;
- a 64-bed intermediate care facility for the mentally disabled; and
- a 95-bed nursing home.

Because of funding and facility limitations, the actual capacity of the mental health center has been limited to approximately 190 patients over the past several years. The mental health center is a regional facility that serves Brown County residents primarily, but also provides services to all of northeastern Wisconsin as space permits. Brown County is 1 of 5 counties that operate an inpatient psychiatric care facility; 1 of 43 counties that operate an intermediate care facility for the mentally disabled, and 1 of 43 counties that operate a nursing home. In 2001, the mental health center employed staff in 270.2 FTE positions.

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**The mental health center's expenditures increased from \$16.3 million in 1995 to \$16.9 million in 2000.**

As shown in Table 22, the mental health center's expenditures increased from \$16.3 million in 1995 to \$16.9 million in 2000, which is an increase of 3.7 percent. County officials attribute the relatively low rate of expenditure growth to decreases in two measures of patients served: inpatient days decreased 16.2 percent for adults and 35.9 percent for children from 1995 to 2000, and lengths of stay decreased from 7 to 6 days for adults and 14 to 9 days for children over this same period. County officials cite increased use of programs that allow adult clients to remain in the community, the implementation of a new case management system that identifies and prioritizes patients needs, and improvements in referring clients who have Medical Assistance or third-party insurance to private-sector facilities as reasons for the decreases in inpatient days and lengths of stay.

Table 22

**Mental Health Center Operating Expenditures**

	<u>Expenditures</u>	<u>Percentage Change</u>
1995	\$16,304,593	—
1996	15,777,759	(3.2)%
1997	15,988,756	1.3
1998	16,427,147	2.7
1999	16,372,829	(0.3)
2000	16,901,090	3.2

**Property tax support for the mental health center increased 106.7 percent, from \$1.5 million in 1995 to \$3.1 million in 2000.**

Although the mental health center's expenditures have grown modestly over the past several years, it is becoming increasingly dependent on property taxes to support its operations. Revenues in 2000, which totaled \$17.9 million, included \$14.2 million in charges for services, \$3.1 million in property tax support, and \$0.6 million in other revenue. As shown in Table 23, the property tax levy increased from \$1.5 million in 1995 to \$3.1 million in 2000, which is a change of 106.7 percent. County officials attribute this increase to the increased cost of providing health care services, especially the cost of prescription drugs, and the failure of state and federal funds for nursing home and Medical Assistance services to keep pace with the service costs.

Table 23

**Mental Health Center Property Tax Levy**

<u>Year</u>	<u>Property Tax Levy</u>	<u>Percentage Change</u>
1995	\$1,467,770	—
1996	1,184,800	(19.3)%
1997	1,626,900	37.3
1998	2,225,159	36.8
1999	2,152,275	(3.3)
2000	3,126,116	45.2

In addition to the property tax demands created by its operating costs, the mental health center is in need of substantial capital improvements. The center was built in 1937, and a major addition to the facility was completed in 1967. Based largely on its need for capital improvements, the mental health center was recently issued 3 state citations by DHFS and 16 by the federal Department of Health and Human Services for health and safety violations. As a result, DHFS has recommended that Brown County undertake major renovations, which have an estimated cost of \$2.7 million, or risk losing one or more of its licenses. DHFS has granted the county a waiver to continue operating the facility while it actively discusses construction of a new facility.

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**In April 2001, the Brown County Board approved construction of a new mental health center at an estimated cost of \$39.0 million.**

Brown County could choose to discontinue providing those services it currently offers through the mental health center; however, if it chooses to continue to provide mental health services, a new facility will be needed. On April 25, 2001, the Brown County Board approved a measure to bond for and commit to building a new mental health center. The plans call for a 201-bed facility costing \$39.0 million that is anticipated to be operational in 2005. Plans call for the new mental health center to be constructed adjacent to the jail in order to facilitate continued opportunities to share food preparation and laundry services.

To date, no projections have been made with respect to the new facility's operating costs. However, because the new construction will provide the opportunity to design a more efficient layout for staff, and the new facility will be more energy efficient, it could be expected that overall operating costs will be lower for the new facility than for the existing one. County officials will need to closely monitor the planning process in order to ensure that opportunities to limit operating costs are realized.

In order to provide adequate guidance and oversight, County Board members will need information on the projected operating cost for the new mental health center, including detail on:

- anticipated staffing levels;
- the specific costs associated with each staffing area;
- projected utilities use and costs; and
- maintenance costs.

Should operating costs for the new facility be substantially greater than anticipated, the County Board may be compelled to discontinue the provision of services under one or more of the mental health center's licenses or to obtain additional sources of revenue to maintain current service levels at some point in the future.

## Highway Department

The Brown County Highway Department is responsible for maintenance and construction on 353 miles of county trunk highways and bridges. In addition, the highway department contracts with the State and municipalities within the county to maintain 802 miles of local and state highways. Brown County had highway expenditures of \$12.3 million in 1995 and \$16.4 million in 1999, an increase of 33.3 percent. In order to support these expenditures, the county receives funds from many sources, including payments by the State and by local governments for highway services, state highway aid, the property tax levy, and bond proceeds.

As shown in Table 24, Brown County received \$2.6 million in highway aid from the State in 1999, placing it seventh among its 13-county peer group in total highway aid received. At \$7,289 per mile, it is ninth in aid per county highway mile.

Table 24

**Highway Aid in Counties  
with Populations Over 100,000  
1999**

<u>County</u>	<u>Highway Aid</u>	<u>Aid per Mile*</u>
Milwaukee	\$3,543,290	\$41,220
Racine	2,356,043	15,704
Waukesha	4,919,352	12,744
Winnebago	2,341,846	11,596
Kenosha	2,803,281	10,704
Rock	2,326,274	10,453
Outagamie	3,502,346	10,127
Dane	4,613,071	8,504
<b>Brown</b>	<b>2,552,388</b>	<b>7,289</b>
Washington	1,355,475	6,830
Sheboygan	2,586,535	5,735
La Crosse	1,495,849	5,243
Marathon	2,472,429	4,041
Statewide median		3,862

\* Based on county highway data provided by the Wisconsin Department of Transportation as of December 2000.

Brown County's policy for issuing bonds requires that highway projects either exceed \$250,000 or have a useful life of more than 20 years. Brown County issued \$6.9 million in bonds for 11 highway projects from 1995 to 2000. The county's records indicate that bond proceeds were used for construction, reconstruction, or reconditioning of county highways, all of which have a life expectancy of more than 20 years. Based on our review of county documents for highway projects since 1995, it appears that Brown County's bond proceeds were used for long-term projects and not for routine maintenance.

However, since 1995, Brown County has generated substantial debt associated with its highway projects. As shown in Table 25, Brown County's outstanding debt for highway projects has increased by 65.9 percent from 1995 to 1999, which was the largest increase among its peer group.

Table 25

**Change in Outstanding Highway Debt**

<u>County</u>	<u>1995</u>	<u>1999</u>	<u>Percentage Change</u>
<b>Brown</b>	<b>\$ 4,950,811</b>	<b>\$ 8,211,038</b>	<b>65.9%</b>
Winnebago	7,905,247	12,587,100	59.2
Waukesha	15,212,616	23,698,540	55.8
Outagamie	3,359,024	5,140,835	53.0
Milwaukee	21,901,244	25,233,116	15.2
Dane	596,079	589,430	(1.1)
Sheboygan	6,576,682	4,782,574	(27.3)
Washington	1,903,561	1,099,498	(42.2)
Rock	—	469,635	—
La Crosse	—	388,000	—
Racine	—	381,000	—
Kenosha	—	—	—
Marathon	—	—	—
Statewide median			34.5

As shown in Table 26, despite the large amount of debt issued, Brown County was fourth—behind Milwaukee, Waukesha, and Winnebago counties—in the amount of highway debt outstanding per mile of county highway in 1999. The amount of debt per county highway mile varied greatly among counties with populations over 100,000: two counties reported no debt, and Milwaukee County had substantially more than all other counties in the group.

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Table 26

**Highway Debt per Mile of County Road**  
1999

<u>County</u>	<u>Debt per Mile</u>
Milwaukee	\$293,613
Winnebago	61,808
Waukesha	61,651
<b>Brown</b>	<b>23,500</b>
Outagamie	14,787
Sheboygan	10,563
Washington	5,695
Racine	2,539
Rock	2,202
La Crosse	1,350
Dane	1,087
Kenosha	—
Marathon	—

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**Culture, Recreation, and Education**

Brown County provides cultural, recreational, and educational services that many counties do not, including a zoo, a museum, a county library system, a golf course, and a school for children with disabilities. Brown County officials believe that these services are an important component of the quality of life for county residents. While some of these services generate sufficient revenue to cover their costs, most cannot and are largely supported by property tax revenue.

### Northeastern Wisconsin Zoo

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**Brown County established the Northeastern Wisconsin Zoo in 1991.**

Brown County established the Northeastern Wisconsin Zoo in 1991, in the town of Suamico, when it remodeled and expanded the animal exhibits at a 1,560-acre recreation area known as the Reforestation Camp. The zoo currently displays 209 animals, representing 86 species. As shown in Table 27, it employed the equivalent of 14.0 full-time staff in 2001.

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Table 27

**Zoo Staffing**  
2001

<u>Title</u>	<u>FTE Positions</u>
Concessionaire	4.6
Zoo keeper	2.0
Student intern	2.0
Concessions supervisor	1.7
Seasonal worker	1.2
Manager	1.0
Concessions manager	1.0
Public safety officer	<u>0.5</u>
Total	14.0

---

Only three other counties reported providing financial support for a zoo in 1999. Both Milwaukee and Dane counties operated zoos, at costs of \$14.1 million and \$1.4 million, respectively, while Racine County provided \$100,000 in property tax revenue to support the zoo owned by the City of Racine.

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**The Brown County zoo is expected to be self-supporting in 2001 and future years.**

Brown County's zoo is expected to be self-supporting in 2001 and in future years through a combination of revenue generated from entrance fees, proceeds from concessions and gift sales, memberships, and donations. The county began charging an admission fee in 1999, with the goal of eliminating property tax support. The fee is \$1 for children and senior citizens, \$2 for adults, and \$5 for families. The zoo's capital costs are supported by the Brown County Zoological Society, which officials estimate has paid for approximately two-thirds of all capital costs since the zoo was created.

Limited information is available on zoo expenditures and revenues before 1999, when they were recorded with those of the county's parks department. However, expenditures for zoo operations totaled \$1.0 million in 1999 and \$1.2 million in 2000, and they are budgeted at \$1.2 million for 2001. The zoo received property tax revenues of \$21,094 in 1999 and \$97,955 in 2000, but no property tax revenue is budgeted to support it in 2001.

The county will likely need to review the zoo's projected revenues and expenses periodically to ensure no future property tax support is needed. To limit future cost increases associated with zoo operations, officials will likely need to consider whether the operating costs associated with proposed new exhibits can be supported by existing revenues (for example, some animals, such as elephants, are much more costly to maintain than others), and whether closing the zoo routinely during the winter, especially in January when there are few visitors, would help to reduce costs. When the zoo was closed in January and February 2001, costs were reduced by an estimated \$29,000.

In addition, there appears to be potential to increase revenues by charging entrance fees from 9:00 to 10:00 a.m. daily, when they are currently not charged, or by raising existing entrance fees. These funds could be used to support future zoo cost increases or other county park operations. The amount that could be generated would depend on the size of the fee increase and its effect on attendance. For example, although as much as \$350,000 more per year could potentially be raised if entrance fees were increased by \$1 and admission were charged during all hours of operation, the actual revenues would likely be lower because attendance would almost certainly decrease to some extent.

### **Neville Public Museum**

In 1999, there were 66,156 visitors to Brown County's Neville Public Museum, which was established in 1915 and moved to its current location in 1983. In that year, the City of Green Bay donated the land on which the facility was built and transferred its financial responsibility for museum operations to the county. The cost of construction was divided evenly between the county and the city, and the permanent exhibits and interior furnishings were provided by the Neville Public Museum Corporation. The corporation continues to raise funds to pay for exhibits, educational programs, and related expenses through tax-deductible contributions, memberships, proceeds from its museum gift shop, and grants from the Wisconsin Arts Board and Wisconsin Humanities Council.

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**Brown County is one of only six Wisconsin counties that operate museums.**

Brown County is one of only six Wisconsin counties that operate museums. (The others are Door, Polk, Vernon, Waukesha, and Waupaca.) However, 29 counties reported providing financial support to local museums in 1999. In some instances these counties own the property or facilities in which the museums are located; however, the museums themselves are typically staffed and operated by not-for-profit organizations, such as local historical societies.

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**Museum expenditures increased from \$1.0 million in 1995 to \$1.2 million in 2000.**

Brown County's expenditures for museum operations increased from \$1.0 million in 1995 to \$1.2 million in 2000. In contrast, other counties that support museums had median expenditures of \$13,495 in 1999. More than half of Brown County's museum expenditures are associated with costs for the 15.6 staff positions shown in Table 28. In 2000, staffing costs totaled \$649,000. Other costs associated with museum operations included utilities, insurance, and maintenance expenses.

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Table 28

**Neville Public Museum Staffing  
2001**

<u>Title</u>	<u>FTE Positions</u>
Curator	6.0
Technician	2.0
Clerk/Typist	1.6
Director	1.0
Assistant director	1.0
Regional archeologist	1.0
Administrative specialist	1.0
Recorder	1.0
Security officer	<u>1.0</u>
Total	15.6

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**In 2000, 83.3 percent of the museum's operating costs were paid through property taxes.**

In 2000, 83.3 percent (\$1.0 million) of the museum's operating costs were supported through Brown County's property tax levy. The remainder were funded from donations, grants, and charges for museum room rental and other fees, such as a \$35 per bus charge to out-of-county school groups. The museum currently charges no other entry fees.

Although property taxes are the main support for museum operations, property tax support has not increased substantially in recent years. It grew from \$876,263 in 1995 to \$1.0 million in 2000, or by an average of 2.7 percent per year. However, Brown County spent more than most of the 29 counties that reported support for museums in 1999, and at \$5.33 per capita, Brown County's museum expenditures were third among all 72 Wisconsin counties. The two counties that spent more per capita on museums in 1999 were Milwaukee County, at \$19.07, and Burnett County, at \$5.75 per capita.

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**County officials could consider charging museum admission to reduce property tax support.**

An educational and cultural activity like the Neville Public Museum is unlikely to ever be self-supporting. However, if county officials wished to reduce the level of property tax support for the museum, they could review whether savings could be achieved through staffing reductions or whether additional revenue could be generated by instituting an admission fee. Three of the six Wisconsin counties that operate museums currently charge for admission. In addition, a September 2000 American Association of Museums report indicates that 43.4 percent of museums nationwide charge admission, although most also have days on which no admission is charged. The association reported that 20.5 percent of museums' earned income is derived from general admission fees, which average \$11 for a family of four.

It is difficult to project the amount of revenue that could be generated through an admission fee for the Neville Public Museum because the effects it may have on visitors' behavior is unknown, and any number of different fee structures could potentially be implemented. For example, a \$2 admission fee for adults and a \$1 fee for children could potentially raise \$90,000 per year. However, the imposition of an admission fee would likely reduce attendance, so the amount raised could be substantially lower. In addition, museum administrators indicate the building's current structure does not readily facilitate an admissions booth. Consequently, some additional capital costs would likely have to be incurred to construct one, and staffing for the booth would need to be considered. If additional staff support were needed, the benefits of charging admission would be further reduced.

### **Brown County Library**

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**Brown County is one of only eight counties in the state that operate a consolidated library system.**

The Brown County Library was created in 1968. Currently, it provides information and educational resources through a central library and eight branches that are open to both county residents and individuals who live outside of Brown County. Brown County is one of only eight counties that operate a consolidated library system. (The others are Adams, Door, Florence, Marathon, Marinette, Portage, and Shawano.) Most public libraries in Wisconsin are operated by cities, towns, and villages, although some may also receive financial support from counties. However, no municipality within Brown County operates its

own library or provides funding to operate the county library system. Brown County officials believe their consolidated library system is able to provide services more efficiently and effectively than they could be provided by separate libraries in several municipalities, and this consolidation enables the library to dedicate more of its funds to providing books, information, and other services to the public.

In 2000, the Brown County library loaned approximately 1.8 million books and other educational items to 467,082 customers. Overall, 92.8 percent were loaned to Brown County residents, and 7.2 percent to non-residents. As shown in Table 29, the Brown County library employs staff in 98.9 FTE positions in 2001.

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Table 29

**Brown County Library Staffing**  
2001

<u>Title</u>	<u>FTE Positions</u>
Librarian	26.3
Clerk	24.5
Senior library assistant	21.9
Library associate	11.5
Maintenance workers	5.5
Driver	2.2
Director	1.0
Assistant director	1.0
Information services/collections manager	1.0
Accountant	1.0
Maintenance supervisor	1.0
Department specialist	1.0
Administrative supervisor	<u>1.0</u>
Total	98.9

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As shown in Table 30, Brown County library expenditures have increased from \$4.2 million in 1995 to \$5.7 million in 2000, which is an increase of 36.1 percent. These expenditures are funded primarily by county property tax revenues, which in 2000 accounted for 83.6 percent, or \$5.1 million, of the library system's \$6.1 million in revenues.

Table 30

**Brown County Library Expenditures**

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
1995	4,194,786	—
1996	4,682,651	11.6%
1997	4,587,613	(2.0)
1998	4,936,886	7.6
1999	5,001,119	1.3
2000	5,708,358	14.1

**Cost increases in 2000 were largely the result of an expansion of services in the Village of Howard.**

Brown County officials indicate that the 14.1 percent increase in library system expenditures in 2000 was mainly the result of the opening of the Weyers-Hilliard branch in the Village of Howard. Approximately \$4.0 million in construction costs for this facility were financed by \$2.0 million in private donations and \$2.0 million in bonds issued by the county. When the Weyers-Hilliard branch was opened, a smaller facility that had served the Village of Howard was closed. As a result of this conversion, 5.9 additional FTE positions were authorized to operate the Weyers-Hilliard branch, at an added cost of \$171,544 in 2000.

The extent to which counties, including those operating consolidated systems, provide support for local libraries varies substantially, as shown in Table 31. At \$5.0 million, Brown County had the highest level of 1999 library expenditures among all counties, including those with consolidated library systems. Brown County's expenditures for library services increased by 19.2 percent from 1995 through 1999.

Brown County is planning the construction of another library, to be completed in 2003, that would replace its current De Pere branch. Funding for construction is anticipated to include \$2.0 million in private donations and \$2.0 million from bond proceeds. The new branch is expected to increase overall library system expenditures in 2003 by an estimated \$150,000. County officials indicate that the county has already bonded for this construction and also has commitments to obtain private funds to help offset construction costs.

Table 31

**Library Expenditures**  
1999

<u>Counties with Highest Expenditures</u>	<u>Amount</u>
<b>Brown</b>	<b>\$5,001,119</b>
Marathon	2,943,650
Waukesha	2,892,963
Dane	2,532,133
Winnebago	1,393,767
Portage	1,329,688
Rock	1,257,284
Kenosha	1,122,078
Washington	1,054,045
Door	1,026,543
<u>Counties with Lowest Expenditures</u>	
Lafayette	39,120
Burnett	38,423
Trempealeau	32,092
Juneau	22,934
Jackson	21,796
Buffalo	16,435
Iron	11,904
Forest	5,221
Eau Claire	0
Menominee	0
Statewide median	182,729

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**Increasing fees, which were last adjusted in 1995, could generate additional revenue.**

Given financial projections for future years, county officials may wish to consider whether raising library fees could produce revenue and reduce the property tax levy. For example, the library currently charges fines of \$0.25 per day for materials that are returned late, and a fee of \$1.50 per week for some new books. These charges were last increased in 1995, by \$0.05 per day for late fees and by \$0.50 per week for new book rental. Based on the library system's experience in 2000, increasing the current late fee to \$0.30 per day and the book rental fee to \$2.00 per week, which is the amount currently charged by Madison Public Library, would generate an additional \$40,000 per year, assuming that the practices of patrons did not change as a result of the increased costs.

## Public Golf Course

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**Brown County has owned and operated a golf course since 1958.**

Brown County owns and operates an 18-hole golf course located in the town of Oneida that opened in August 1958. As shown in Table 32, the golf course employs staff in 8.2 FTE positions in 2001.

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Table 32

### Golf Course Staffing 2001

<u>Title</u>	<u>FTE Positions</u>
Seasonal worker	3.3
Summer help	1.9
Superintendent	1.0
Assistant superintendent	1.0
Mechanic	<u>1.0</u>
Total	8.2

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Besides the 9-hole course owned by the University of Wisconsin-Green Bay, the 200-acre Brown County course is the only government-owned golf course in the county. DOR does not compile data on the number of counties that operate golf courses or on how much counties spend in support of golf courses, because these expenditures are often recorded with a county's parks department expenditures. Therefore, to provide a basis of comparison, we reviewed information on other golf courses in Brown County that are privately owned but open to the public.

The county's 2001 golf course fees are the second-highest among public courses in Brown County. For 18 holes of golf, resident fees are \$25 on weekdays and \$28 on weekends, while non-resident fees are \$40 on weekdays and \$43 on weekends. These fees reflect increases of \$2.50 for residents and \$7.50 for non-residents on weekdays, and \$5.50 for residents and \$10.50 for non-residents on weekends, over fees changed in 2000.

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**Golf course transfers to the general fund are expected to be \$204,500 in 2001.**

Unlike most other county operations, the Brown County golf course generates revenues in excess of its expenditures and each year transfers funds to the county's general fund to support general county operations. Golf course transfers to the general fund have increased by 13.6 percent from 1995 through 2000, or from \$92,060 to \$104,560. County officials anticipate a transfer of approximately \$204,500 to the general fund in 2001.

Although Brown County's golf course is self-supporting, options to further enhance revenues may be available. Because it is considered one of the better public courses in northeastern Wisconsin, further fee increases may be possible, which could generate additional revenues and help avoid possible concerns about unfair competition with the private sector. If fees were raised by \$3.00 for 18 holes and \$1.50 for 9 holes, we estimate that an additional \$112,600 per year would be generated, assuming that attendance remained unaffected. However, county officials indicate that the recent addition of golf courses in the area and the previous rate increases make raising fees an undesirable option, because doing so could actually reduce revenues if higher fees caused the number of individuals using the course to decline substantially.

The golf course could also be sold, with proceeds used to address current budgetary needs and generate investment revenue. Although an appraisal would be needed to determine the actual value of the property, estimates on its worth range from a low of \$4.0 million to a high of \$18.0 million, if the county permitted development of the land. However, it should be noted that the Oneida Nation may be a likely buyer of the property, because the golf course is located on its reservation. If purchased by the Oneida Nation, the land may remain off the property tax rolls, which could reduce the benefits of selling it.

### **School for Children with Disabilities**

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**Brown County is one of only two counties to operate schools for children with disabilities.**

Finally, we reviewed Syble Hopp, a county-operated school for children with disabilities that is located in the City of De Pere. Syble Hopp is one of only two county-operated schools in Wisconsin known as Children with Disabilities Education Boards. The school enrolled 143 students in the 2000-01 school year. It serves all children with special needs in Brown County, with the exception of those attending schools in the Green Bay School District or school districts outside of the county. As shown in Table 33, Syble Hopp employs staff in 68.5 FTE positions in 2001, including 42.3 teachers, substitute teachers, and therapists.

As shown in Table 34, Syble Hopp's total expenditures increased from \$3.6 million in 1995 to \$4.7 million in 2000, which is an increase of 31.0 percent.

Table 33

**Syble Hopp Staffing**  
2001

<u>Title</u>	<u>FTE Positions</u>
Teachers, substitute teachers, and therapists	42.3
Teacher and substitute aides	20.5
Administrator	1.0
Maintenance mechanic	1.0
Administrative clerk	1.0
Cook	1.0
Assistant administrator	0.7
Accountant	0.5
Social worker	<u>0.5</u>
Total	68.5

Table 34

**Syble Hopp Expenditures**

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
1995	\$3,602,366	
1996	3,981,619	10.5%
1997	3,907,501	(1.9)
1998	4,363,977	11.7
1999	4,651,540	6.6
2000	4,719,613	1.5

Walworth County is the only other county to operate a similar school, but three other counties—Calumet, Racine, and Shawano—provide funding for school programs for children with disabilities. As shown in Table 35, Brown County’s 1999 tax levy support for Syble Hopp was \$2.3 million, placing it third among the five counties that support education of children with disabilities.

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Table 35

**Property Tax Levy for the Education of Children with Disabilities**  
1999

<u>County</u>	<u>Tax Levy</u>
Walworth	\$4,248,962
Racine	4,241,261
<b>Brown</b>	<b>2,326,115</b>
Calumet	547,140
Shawano	11,354

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Apart from closing the school, Brown County is likely to have few options to limit its costs or increase revenues. However, one area of potential assistance could be the Technology of Educational Achievement (TEACH) program, which provides grants and loans for investment in educational technology and telecommunications access, including wiring buildings, telecommunications, training, and acquisition of computer hardware and software. Syble Hopp has identified a need for wiring the school to allow students access to the World Wide Web and to provide faculty and staff access to e-mail. However, it is unclear how or if these identified needs will be funded.

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**It is currently unclear whether Syble Hopp is eligible for TEACH funding.**

Under state statutes, school districts, private schools, public libraries, technical colleges, Cooperative Educational Service Agencies, the Wisconsin Center for the Blind, and the Wisconsin Center for the Deaf are all eligible for TEACH funding. However, it is currently unclear whether Syble Hopp is eligible for TEACH funds. Although the Department of Public Instruction considers Syble Hopp and other Children with Disabilities Education Boards to be school districts, the Department of Administration's legal counsel does not believe the provisions of the TEACH statutes pertaining to local school districts currently authorize TEACH funds to be provided to these types of schools. Therefore, if the Legislature believes that Children with Disabilities Education Boards should be eligible for TEACH funds, it may wish to amend statutes accordingly.

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## Future Considerations

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If projected budget shortfalls materialize in future years, Brown County will need to pursue options to better control its expenditures. If expenditure controls are inadequate, the county could also pursue potential sources of additional revenue. However, revenue enhancing options will need to be considered carefully to ensure a proper balance between the amount and type of public services provided and the level of taxes levied on Brown County residents.

### Managing Staffing Expenditures

Staff salary and fringe benefits are the largest single category of county expenditures and have contributed to a significant increase in county operating costs. Brown County has also seen a large increase in health and dental insurance expenditures in recent years.

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**Brown County's staff increased by 215.4 FTE positions from 1995 through 2001.**

As shown in Table 36, Brown County staffing increased from 1,429.7 FTE positions in 1995 to 1,645.1 in 2001, an increase of 215.4 positions, or 15.1 percent. This was the second-largest percentage increase and the largest total position increase among counties with populations over 100,000, for which the average increase was 73.2 FTE positions (4.5 percent). Over half of the staffing increase in Brown County occurred in the sheriff's department, which increased by 114.2 FTE positions from 1995 to 2001, largely because of the opening of the new jail.

Salary and fringe benefits paid by Brown County have also increased from \$58.5 million in 1995 to \$72.1 million in 1999, an increase of \$13.6 million, or 23.2 percent. As noted earlier, the county's total expenditures increased by 27.1 percent, or \$33.8 million, over that same period. Therefore, approximately 40 percent of the increase in total expenditures was related to salary and fringe benefit costs. These costs are budgeted at \$84.6 million for 2001, which is an increase of 17.3 percent from 1999 levels.

Table 36

**Full-Time Equivalent Employees for Counties  
with Populations Over 100,000\***

<u>County</u>	<u>1995</u>	<u>2001</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Kenosha	829.2	1,021.9	192.7	23.2%
<b>Brown</b>	<b>1,429.7</b>	<b>1,645.1</b>	<b>215.4</b>	<b>15.1</b>
Marathon	664.8	740.1	75.3	11.3
Racine	1,082.0	1,191.3	109.3	10.1
Washington	586.0	642.0	56.0	9.6
Dane	1,931.6	2,081.7	150.1	7.8
La Crosse	1,062.7	1,144.8	82.1	7.7
Waukesha	1,437.7	1,506.1	68.4	4.8
Rock	1,342.4	1,399.6	57.2	4.3
Milwaukee	7,402.0	7,419.3	17.3	0.2
Sheboygan	1,147.0	970.5	(176.5)	(15.4)

\* Outagamie and Winnebago counties are not included in this table because they do not budget using full-time equivalent employees.

Because salary and fringe benefits are such a large part of Brown County expenditures, county officials may wish to assess whether all existing positions are necessary to fulfill county functions. The expenditure reductions achieved by the recent hiring freeze illustrate the potential savings that may be realized by a permanent reduction in county employees.

**Health and dental expenditures for employees increased 47.8 percent from 1995 to 2000.**

As shown in Table 37, health and dental insurance expenditures have increased from \$6.7 million in 1995 to \$9.9 million in 2000, which is an increase of 47.8 percent. In order to better control increasing health care expenditures, Brown County implemented a managed care plan in 1999 and direct contracting for health services in 2000. County officials estimate that direct contracting for health services—contracting for services with health providers on a discounted fee-for-service basis—reduced 2000 expenditures by \$740,909. It should be noted that the rising costs of health insurance and prescription drugs is not unique to Brown County and that all levels of government face this challenge.

Table 37

**Brown County Employee Health and Dental Insurance Expenditures**

<u>Year</u>	<u>Amount</u>	<u>Percentage Change</u>
1995	\$ 6,657,879	—
1996	7,333,200	10.1%
1997	7,984,401	8.9
1998	8,961,826	12.2
1999	10,139,728	13.1
2000	9,879,646	(2.6)

Brown County offers its employees three different health insurance plans: a basic plan, a health savings plan, and a managed care plan, all with different levels of benefits, deductibles, and co-payments. County officials estimate that 37 percent of county employees enrolled in the managed care option in 2001; however, they indicate that because there are few managed care plans available in the Brown County area, it is difficult to achieve cost savings through such plans. The only managed care plan currently available is a preferred provider network in which enrollees pay lower deductibles when they receive health services from members of the network.

In attempting to better control health care expenditures, county officials could consider negotiating changes with Brown County's 20 employee unions. However, it should be noted that the ability of Brown County officials to reduce health care expenses through negotiation may be limited by the collective bargaining process and the mediation and arbitration process provided under ch. 111, Wis. Stats. Currently, Brown County employees pay 5.0 percent of their annual health insurance premiums, and the county pays the remaining 95.0 percent. If, for example, the employees had paid for 6.0 percent of their insurance premiums in 2000, the county's health and dental insurance expenditures would have been reduced by \$104,229 that year.

The county could also attempt to encourage more employees to enroll in the managed care option, either by increasing the premiums paid by employees that enroll in the two non-managed care options or by decreasing the premium paid by employees that enroll in the managed care option. However, any option that increases employees' insurance costs is likely to be strongly opposed by the county's employee unions.

Finally, prescription drugs are generally paid 80 percent by the county and 20 percent by the employee, with a \$500 maximum in the two non-managed care plans. In the managed care plan, the employee's co-payment is \$2 for generic and \$5 for brand name drugs. Because pharmacy payments increased nearly \$2.1 million in 2000, to help control expenditures the county may wish to consider negotiating an increased employee co-payment, or a decreased level of county contributions for prescription drugs.

### **Other Sources of Revenue**

In addition to possible revenue sources associated with the recreational and cultural activities previously discussed, other potential sources of revenue may be available to Brown County, including those generated from:

- entering into agreements with the Oneida Nation;
- enhancing revenues from fees for services;
- raising the property tax levy above its current limit;  
or
- implementing a sales and use tax.

### **Agreements with the Oneida Nation**

Brown County officials estimate that \$150.7 million of land within the county is held in trust for the Oneida Nation and is off the tax rolls. Amendments made to the gaming compact between the Oneida Nation and the State signed in May 1998 provide that the Oneida take reasonable action to enter into service agreements to reimburse Brown County and other local governments for the services they provide. Oneida Nation officials originally planned to negotiate with one local government at a time, rather than enter into simultaneous negotiations, and began with the Town of Hobart. However, having not reached an agreement with the Town of Hobart by December 2000, the Oneida decided to begin discussions with Brown County officials.

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**The Oneida Nation  
agreed to pay Brown  
County \$500,000 in both  
2002 and 2003.**

In August 2001, the parties reached an agreement that requires the Oneida Nation to pay a fee of \$500,000 to Brown County by January 31, 2002, and another \$500,000 by January 31, 2003. This agreement will expire on November 7, 2003, which is the expiration date of the gaming compact between the Oneida and the State.

In a related matter, the Oneida Nation has taken the position that its law enforcement center, complex for the elderly, and day-care center serve an essential governmental function and, as such, are exempt from property taxes under state tax guidelines. The Oneida Nation has not paid Brown County \$31,994 in assessed property taxes on these properties in 2001.

Finally, county officials could attempt to obtain tribal gaming revenue under the terms of the gaming compact, which requires the Oneida to pay \$4.85 million annually to the State. In a separate memorandum of understanding between the State and the Oneida Nation, the Governor pledged to undertake his best efforts to ensure that gaming funds are used for economic development initiatives in regions around casinos and for support of programs and services in counties where Oneida people are located. The Oneida Nation withheld its most recent payment to the State—which was due in November 2000—until March 2001, based on concerns about how the funds were being spent. The 2001-03 biennial budget allocates \$2.0 million in gaming proceeds to the Brown County area, including:

- \$1.0 million to Oneida Small Business, Inc., to support grants and loans to small businesses;
- \$500,000 to support programs jointly developed by the Oneida and the University of Wisconsin-Green Bay, including a holiday basketball tournament; and
- \$500,000 for development of downtown Green Bay around the Port Plaza mall.

However, none of these gaming revenues directly benefits Brown County governmental operations.

### **Fees for Services**

It is common for local governments to charge fees for certain goods or services in order to offset expenditures and decrease reliance on general taxes. In 2001, 23 of Brown County's 31 departments generated revenue by charging for various goods and services. Although most of these fees are long-standing, some departments have recently implemented new fees or revised their fee structures. For example, in 1998, Brown County's land conservation department changed its animal waste storage facility fee from a flat rate of \$100, regardless of the facility's size, to a fee of \$100 per 100 animals.

From 1995 to 1999, few departments implemented significant fee increases; however, a number of fees were increased in both 2000 and 2001. For example, the health department, which is responsible for inspecting food, lodgings, and other establishments, increased most of its fees by approximately 3.0 percent in 2000 and again in 2001. In addition, from 2000 to 2001, the parks department substantially increased most of its fees for renting facilities such as park shelters.

The amount of revenue generated by fees and the proportion of a department's budget they fund vary widely. For example, the office of the register of deeds funds its entire operating budget through the various fees it charges and, as a result of a change effective July 1, 2002, the health department anticipates recovering approximately 90.0 percent of its licensing program expenses through fees, an increase from 66.7 percent at current fee levels. However, many of Brown County's departments have not determined the extent to which program expenses are offset by their respective fees, or they have determined it for only a limited number of services. In order to better generate appropriate amounts of revenue through user charges, Brown County officials may wish to direct county departments to collect information that would provide for a more detailed analysis of the extent to which fees cover the expenses of programs for which they are collected.

### **Raising the Property Tax Levy Cap**

Beginning with county tax levies payable in 1994, Wisconsin statutes provide that no county may have an operating levy rate that exceeds \$1.00 per \$1,000 of equalized value or that exceeds the county's operating levy rate in 1993, whichever is greater. Therefore, counties are restricted in the extent to which they can increase their levies to raise additional revenue. However, statutes provide that counties may make two adjustments to raise the operating levy rate above the imposed limits:

- adjustments are allowed for services transferred between the county and other local governments; and
- a county may increase its operating levy above the allowable amount through referendum.

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**Brown County has not used its entire available tax levy in recent years.**

Brown County's operating levy rate limit is \$4.305 per \$1,000 of equalized value. Since the equalized value of property within Brown County continues to increase, the operating levy has also increased. As shown in Table 38, Brown County's actual operating levy increased from \$29.9 million in 1995 to \$48.3 million in 2001, while the allowable operating levy under the rate limit increased from \$31.0 million to \$48.7 million over the same period. As a result, since 1995, Brown County has had the capacity to collect an average of \$702,208 in additional revenue each year, which it has not assessed in an effort to limit residents' tax liability.

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Table 38

**Brown County's Annual Operating Levy**

<u>Year</u>	<u>Allowable</u>	<u>Actual</u>	<u>Unused Portion of Allowable Levy</u>
1995	\$30,999,359	\$29,946,305	\$1,053,054
1996	33,847,287	33,752,469	94,818
1997	37,404,900	37,166,224	238,676
1998	40,456,866	39,527,665	929,201
1999	43,126,548	42,137,066	989,482
2000	45,561,798	44,295,137	1,266,661
2001	48,669,356	48,325,794	343,562

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As noted, the 2001 Budget Task Force recommended that the county attempt to increase its operating levy through a voter referendum if question two of the football stadium district referendum failed. However, Brown County officials have given no indication that this is an option they intend to pursue, and no Wisconsin county has successfully used the referendum process to increase its property tax rate limit.

## **Implementing a Sales and Use Tax**

If other options are unsuccessful and additional revenue is necessary, Brown County could impose a sales and use tax of 0.5 percent. As of August 2001, 54 counties had enacted this tax. It should also be noted that Brown County was the first county to enact a sales and use tax in 1985, but the tax was repealed before it was implemented as a result of lobbying efforts by local businesses and citizens.

Although not a popular option, a sales and use tax would likely be the most significant single source of revenue available to the county. A consulting firm has estimated that implementing a sales and use tax in Brown County may raise \$17.6 million in 2001, which may increase to \$21.9 million in 2010.

Brown County officials indicate it is unlikely that the county will implement a sales and use tax in the near future. First, they note that many surrounding counties (Outagamie, Kewaunee, Winnebago, and Calumet) do not have a sales and use tax. Second, the strong retail base of Outagamie County already draws Brown County residents, and Brown County officials believe that instituting a Brown County sales and use tax would increase that draw. Third, the failure of a referendum option that would have allowed the county to use excess funds generated by the Green Bay/Brown County Professional Football Stadium District tax for county government operations demonstrates that county taxpayers do not support such a tax. Finally, because a 0.5 percent sales and use tax for the Green Bay/Brown County Professional Football Stadium District has been implemented, adding an additional 0.5 percent county tax would bring the total sales and use tax within Brown County to 6.0 percent, making it the highest in the state.

Currently, Wisconsin law permits counties to implement only a full 0.5 percent sales and use tax. However, because Brown County is unique in having a professional football stadium district with its own 0.5 percent sales and use tax, some believe that the Legislature should afford Brown County the option of implementing a sales and use tax ranging anywhere from 0.1 percent to 0.5 percent, at the county's discretion. Currently, three counties—Milwaukee, Washington, and Ozaukee—have a sales and use tax of 5.6 percent, which includes the state sales and use tax, the county sales and use tax, and the Local Professional Baseball Park District tax for construction of Miller Park. If Brown County were permitted to implement a 0.1 percent sales tax, it would have a tax rate comparable to these three counties'.

## Budget Task Force Recommendations

In addition to the recommendations discussed earlier, Brown County's 2001 Budget Task Force made a number of recommendations to reduce costs and generate revenue. First, they recommended investigating further outsourcing of services. The county contracted for \$46.6 million in services in 1999 and has budgeted to contract for \$54.6 million in 2001, an increase of 17.1 percent. In 2001, the largest area of contracted services is health and human services, which account for \$46.4 million, or 85.0 percent of the total. The Budget Task Force did not identify additional areas of potential outsourcing.

Second, the Budget Task Force recommended that Brown County consider the sale of land, which would both generate revenue and place land back on the tax rolls. However, the Budget Task Force did not identify any specific parcels for consideration. Although the county has not recently identified excess land for potential sale, county officials indicated that there is excess land at the golf course, near the mental health center, and near the airport. However, there are either potential plans to develop those properties for county use or there is no serious interest in selling the property.

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**Brown County is attempting to coordinate recycling with Winnebago and Outagamie counties.**

Finally, the Budget Task Force recommended attempting to better coordinate services with other local governments. Brown County has been working with Winnebago and Outagamie counties to coordinate the handling of recycled materials. In a proposal currently under consideration, Winnebago County would process recyclable containers from all three counties, Outagamie county would recycle paper from Winnebago County, and Brown County would continue to recycle its own paper. A consultant hired to review the plan estimates that Brown County would save \$74,000 annually under such an arrangement. However, legal issues regarding Winnebago County's use of prison inmates to process recyclable materials and the potential termination of a contract with a company Brown County hired to process recyclable materials have delayed implementation of this arrangement.

\*\*\*\*

Appendix 1

Shared Revenue for Wisconsin Counties

<u>County</u>	<u>1995</u>	<u>2000</u>	<u>Percentage</u> <u>Change</u>	<u>Per Capita</u>
Adams	\$ 119,327	\$ 115,203	(3.5)%	\$ 6
Ashland	1,020,841	1,209,391	18.5	72
Barron	1,793,342	2,044,596	14.0	45
Bayfield	186,270	162,829	(12.6)	11
<b>Brown</b>	<b>6,697,854</b>	<b>5,698,141</b>	<b>(14.9)</b>	<b>25</b>
Buffalo	788,315	848,871	7.7	61
Burnett	121,412	115,748	(4.7)	7
Calumet	1,050,642	1,086,238	3.4	27
Chippewa	2,957,359	3,110,808	5.2	56
Clark	1,887,404	2,173,045	15.1	65
Columbia	1,559,415	1,341,587	(14.0)	26
Crawford	884,851	1,018,281	15.1	59
Dane	5,462,712	4,884,805	(10.6)	11
Dodge	3,679,420	3,389,990	(7.9)	39
Door	185,182	181,868	(1.8)	7
Douglas	3,276,679	3,200,386	(2.3)	74
Dunn	2,316,150	2,672,298	15.4	67
Eau Claire	4,773,666	3,991,661	(16.4)	43
Florence	78,163	167,814	114.7	33
Fond du Lac	3,366,981	2,959,156	(12.1)	30
Forest	288,676	249,775	(13.5)	25
Grant	2,224,799	2,538,737	14.1	51
Green	606,004	567,957	(6.3)	17
Green Lake	247,758	215,675	(12.9)	11
Iowa	383,428	327,135	(14.7)	14
Iron	219,915	187,637	(14.7)	27
Jackson	984,899	1,139,879	15.7	60
Jefferson	3,389,931	3,186,629	(6.0)	43
Juneau	1,195,041	1,362,608	14.0	56
Kenosha	4,570,723	3,970,064	(13.1)	27
Kewaunee	1,767,809	1,847,655	4.5	92
La Crosse	4,303,497	4,920,046	14.3	46
Lafayette	206,125	230,554	11.9	14
Langlade	1,323,909	1,126,674	(14.9)	54
Lincoln	2,021,709	1,603,018	(20.7)	54
Manitowoc	4,735,030	4,486,057	(5.3)	54
Marathon	7,563,101	6,935,367	(8.3)	55
Marinette	2,114,306	2,069,715	(2.1)	48
Marquette	198,142	172,313	(13.0)	11
Menominee	483,121	512,105	6.0	112

<u>County</u>	<u>1995</u>	<u>2000</u>	<u>Percentage Change</u>	<u>Per Capita</u>
Milwaukee	49,771,303	57,054,372*	14.6	61
Monroe	2,248,143	2,584,222	14.9	63
Oconto	1,106,018	1,001,261	(9.5)	28
Oneida	252,382	243,076	(3.7)	7
Outagamie	4,193,829	3,292,258	(21.5)	20
Ozaukee	772,273	684,951	(11.3)	8
Pepin	695,051	660,370	(5.0)	92
Pierce	1,905,602	1,647,542	(13.5)	45
Polk	1,050,734	926,231	(11.8)	22
Portage	2,693,024	2,679,057	(0.5)	40
Price	811,498	814,480	0.4	51
Racine	5,465,563	4,435,679	(18.8)	23
Richland	1,166,108	1,340,079	14.9	75
Rock	6,272,449	5,524,027	(11.9)	36
Rusk	1,442,967	1,450,755	0.5	95
Sauk	1,312,426	1,084,089	(17.4)	20
Sawyer	144,607	137,684	(4.8)	9
Shawano	1,671,212	1,642,973	(1.7)	40
Sheboygan	4,831,825	3,962,013	(18.0)	35
St. Croix	1,117,332	981,102	(12.2)	16
Taylor	1,443,252	1,497,491	3.8	76
Trempealeau	1,647,769	1,904,527	15.6	71
Vernon	1,142,299	1,317,886	15.4	47
Vilas	125,870	120,293	(4.4)	6
Walworth	569,128	551,157	(3.2)	6
Washburn	325,349	270,131	(17.0)	17
Washington	1,312,487	1,191,679	(9.2)	10
Waukesha	2,810,440	2,569,066	(8.6)	7
Waupaca	1,606,188	1,843,097	14.7	36
Waushara	215,350	200,341	(7.0)	9
Winnebago	4,324,138	4,091,341	(5.4)	26
Wood	<u>3,659,617</u>	<u>4,020,057</u>	9.8	53
Total	\$189,140,141	\$189,745,603		
Statewide median			(4.7%)	\$36

\* Includes \$20.1 million in shared revenue that was allocated to Milwaukee County but withheld by the State for administration of child welfare services.

EXECUTIVE

Brown County

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NANCY J. NUSBAUM

COUNTY EXECUTIVE

PHONE (920) 448-4001 FAX (920) 448-4003

September 11, 2001

Janice Mueller, State Auditor  
Legislative Audit Bureau  
22 East Mifflin Street, Suite 500  
Madison, Wisconsin 53703

Dear Ms. Mueller:

Thank you for the opportunity to review and respond to the Legislative Audit Bureau's review of Brown County's financial condition. We appreciate your staff's cooperation and professionalism in performing this audit.

As we anticipated, the audit shows that Brown County is in sound financial condition. Our award-winning budget process and the second highest bond rating attainable from Moody's Investor's Service are clear indicators of that strength.

The following summary and response are intended to highlight significant points in your audit report.

**INTRODUCTION**

For the last several years, Brown County has always been near the top in state population growth. While that growth has been appreciated in equalized value increases, it has also caused greater and greater service demands from an ever-growing population.

This audit ranks Brown County favorably in per capita figures that relate to property tax and total tax burden. While Brown County is the fourth largest county in the state, we rank 9<sup>th</sup> out of 13 in per capita expenditures of counties with populations over 100,000 people. The statewide median for county expenditures is \$883. Brown County, with all of the services provided, ranks well below the state median with a per capita expenditure level of \$717 per person (1999). Only 10 of Wisconsin's 72 counties spent less per capita than Brown County.



The tax rate for Brown County has gone from \$5.13 in the 1996 budget to \$5.22 in the 2001 budget. This represents only a \$9 increase on a \$100,000 home or a 1.75% increase.

As stated in the audit, Brown County's share of state shared revenue has dropped over \$1 million dollars between 1995 and 2001 resulting in additional pressures to our property tax levy.

### **LEVEL OF SERVICE**

The report summarizes many facts and figures that, for many, will be a fresh look at the depth of services provided in Brown County. The reader will note that Brown County is 1 of 4 that report financial assistance for a zoo, 1 of 6 counties that operate a museum, 1 of 8 counties that operate a consolidated library system, and 1 of 4 counties that fund handicapped education for children with disabilities. However, Brown County is the only county that does it all! Brown County provides this unmatched level of service with per capita expenditures and property tax levy below the statewide median and with no sales tax.

### **BUDGET PROJECTIONS**

Like any successful organization, Brown County performs financial projections to ensure that the executive and board are aware of trends in service levels provided versus the ability to continue to fund those services and balance the budget. The audit presents a side-by-side table presenting county budget forecasts from mid-2000 and from mid-2001.

The underlying trend in these assumptions shows clearly that Brown County will have to make a decision on the level of services provided in the ongoing years. Either expenditure reduction or revenue enhancement may be required to meet the allowable levy portion of this budget.

During deliberations by the Budget Task Force in the summer of 2000, a \$3.9 million deficit was projected using a conservative 5% equalized valuation estimate. When actual growth for the 2001 budget was 6.8%, the deficit obviously decreased from this projection but was still approximately \$3 million.

The deficit was resolved by borrowing \$2 million for jail completion shifting an equal amount in project reserve to the operating budget; \$800,000 was applied from the general fund reserves and delayed hiring was enacted. In addition, many proactive expenditure measures (hiring freeze, outlay cuts, IS cuts, travel reduction) were instituted to ensure a 2000-year end balance in our general fund to secure against future deficit trends. These were fiscally prudent and appropriate steps.

Again in August 2001, we calculated budget trends for the 2002 budget. The same model was used to calculate the trends but many of the factors had changed, thus changing the level of deficit projection.

- We used our known equalized value growth received in August 2001 of 7.16% for 2002, then estimated 6% growth in the outgoing years.
- New annual revenue from the Oneida service agreements of \$500,000 are assumed in 2002 and ongoing.
- New annual cost savings of \$500,000 that was in the final 2001 budget from delaying hiring are assumed to continue.

As a result, we have \$1 million in ongoing revenue increases/expenditure reduction built into the base. The Legislative Audit Bureau chose to compare the 2001 projection to one that used only 5% growth assumption in each year. These factors very clearly explain the difference in the two projections.

However, at the end of the day, our message has been consistent: as a county, we are required to balance our budget and through one-time revenue applications or cost savings, we have maintained the county's sound financial strength and balanced our budgets.

#### **FINANCIAL STRENGTH/BUDGET PROCESS**

We are very proud of the financial strength of Brown County. As the report indicates, Brown County has received the "Distinguished Budget Presentation Award" from the Government Finance Officers Association (GFOA) since 1994. Since 1992, Brown County has received the GFOA award for "Achievement for Excellence in Financial Reporting" for our Comprehensive Annual Financial Report (CAFR). We have also received the annual "Award for Popular Reporting" from the GFOA for our Annual Report since 1996.

To achieve these prestigious awards, Brown County must meet strict criteria, have a strong financial basis and solid budget management. Receiving all three awards speaks volumes about our review and presentation of each department's positions, outlay, fees, revenues and expenditures.

#### **OUTSTANDING DEBT AND CAPITAL PROJECTS**

As the Legislative Audit Bureau reports, Brown County is well below the statutory debt limit for county governments. In the 2001 budget, the statutory debt limit for Brown County (5% of equalized valuation) was \$583 million. At \$66 million, Brown County has 88% of the debt limit still available under state statute.

All Brown County bonding projects must have a useful life of 20 or more years and cost more than \$250,000. Our bonding proposal process requires detailed information on total costs/revenues, other options considered and, as importantly, the annual operating impact should we move forward on the project. These requirements direct bonding funds only to long-term projects with a clear picture of all future costs and operations.

### **BOND RATING**

As noted by the audit report, Brown County has a “favorable” bond rating. In fact our **Aa1** rating is the second highest rating attainable from Moody’s Investor’s Service. Our rating is also higher than 67 counties and the State of Wisconsin.

Moody’s points to four factors when giving Brown County the second highest rating: strong overall management of the county, the local economy, the county’s financial condition and the debt ratio. In light of recent bond rating news concerning the State of Wisconsin, it is clear that our strong bond rating has provided significant savings to our taxpayers.

### **THE STATE-LOCAL PARTNERSHIP**

Counties serve as an arm of state government in delivering services, specifically human services and the circuit court system, in an effort to maintain equitable funding and uniformity across the state. Governor Thompson’s Blue Ribbon Commission on State-Local Partnerships for the 21<sup>st</sup> Century concluded that these are state responsibilities and should not be funded by property taxes at the local level.

#### **State Courts and Public Safety**

According to the Wisconsin Counties Association, if the state fully funded the state court system, \$70 million would be removed from county property taxes statewide. In Brown County, the property tax levy for the court system (Clerk of Courts, District Attorney and Circuit Courts) is \$3.4 million.

#### **Human Services**

According to the Wisconsin Counties Association, counties currently subsidize Human Services expenditures with over \$220 million in property taxes. At the same time, federal revenue for these programs has increased substantially but has not been transferred to counties. For example, between 1987 and 1998, county tax levy for human services increased from \$49.2 million to \$221.8 million statewide.

## **BROWN COUNTY INNOVATIONS AND PARTNERSHIPS**

Brown County is proud of its private-public partnerships and cooperative agreements with area local governments and the Oneida Tribe. The State has asked local governments to be more innovative and efficient and Brown County has a long list.

- County Wide Health Programs produced greater efficiency and equitable service.
- Coordinated Public Safety Communications was created to gain efficiencies and enhanced emergency response.
- Joint Human Resources with the City of Green Bay streamlined two operations.
- Our Tri-County Recycling and Solid Waste Management proposal regionalizes a critical service to provide savings through efficiencies.
- MECCA (Metropolitan Executives for the Convention Center and Arena) – This partnership with the Village of Allouez, the Town of Bellevue, the City of Green Bay, the City of De Pere, the Village of Ashwaubenon and the Lodging Association was successful in building a convention center and an arena with no increase in property tax monies.
- Combining the Port and Solid Waste Departments created administrative efficiencies.
- Our County-Wide Consolidated Library System accomplishes material and administrative sharing efficiencies as well as money saving management over a municipal library system. Brown County recently organized a fundraising campaign that raised almost \$4 million in private funds to build two new libraries in the system.
- Consolidated Tax Collection provides cost savings for many municipalities in Brown County.
- Our Regional Medical Examiner provides services to the benefit of neighboring counties.
- Multi Jurisdictional Drug Unit combines resources to fight drug crimes across jurisdictional boundaries.
- Our Countywide Arson Task Force provides a team of highly trained investigators utilizing members of many different local departments.
- Multi County Bomb Squad provides regional service for a large portion of Northeastern Wisconsin.
- The Sheriff contracts services for local communities to avoid duplication of resources and the creation of multiple separate departments.
- The EMS Council provides all of Brown County with standardized protocol, mutual aid in emergencies and coordination efficiencies in providing paramedic services.
- FoxComm is an innovative multi-county effort to share public safety data and communication information.

## **CORRECTION SERVICES**

The LAB appropriately indicates that building a new jail was the best option available to Brown County. The cost of housing inmates in other counties grew by 462%. The old jail was overcrowded, out of code and faced severe security and legal problems. Kimme and Associates performed an exhaustive review and analysis process in 1995. The county was presented with several life cycle cost scenarios including a “do nothing” option. That “do nothing” option was the most expensive.

The \$51/day for correctional costs at the old jail, cited by the audit, is not an accurate cost measure. This cost is artificially low because the state allowed us to ignore code violations and serious overcrowding at the old jail only because they knew we were in the process of building a new facility.

It is also misleading to compare this artificially low cost to the cost of \$71/day for the new jail. This cost is based on a snapshot of a new facility that has been open for 2 months with a staffing component that is based upon full occupancy. The cost per day of this facility is anticipated to decrease as the county implements the rental of beds to other counties and the state.

It must be noted that the staffing levels allow for occupancy growth and full shift relief of all correctional positions, while achieving the civilianization of the correctional staff. Two complete staffing studies were performed; the first study by Kimme and Associates, the second study by Peter Rich Consulting, commissioned by the County Board. It should be noted that the two studies confirmed each other with minor differences.

### **Mental Health Center**

The Mental Health Center cares for a population of patients that are often considered too aggressive or troubled for private care homes. Counties are required to care for these individuals either in their own facilities or to pay for their care in other institutions.

The LAB report shows modest increases in costs at the Mental Health Center but an increasing reliance on county levy funds. Statewide, county nursing home deficits increased from \$43.1 million to \$66.6 million between 1993 and 1999. Deficits generated by county-owned facilities are covered by the federal government through Intergovernmental Transfer Funds sent to the state for disbursement. Although federal monies to the state increased from \$5.4 million to \$58.3 million from 1993 to 1999, the state’s share to nursing homes actually dropped by 30.4% (according to the Legislative Audit Bureau’s County Nursing Home Funding Audit, January 2000). This drop has resulted in many counties increasing their levy for nursing homes.

## Highway

In order to keep pace with the maintenance of our system, the Highway Department has set a standard of 17 miles of routine maintenance annually. We maintain that standard averaging about 16.6 miles each year in order to stay ahead in the maintenance game. At the same time, we meet the recommended state standard of no more than 25% of our road system in need of improvement.

It is also important to note that while we are maintaining our current highways, we work with local communities on new building projects like roads to new schools and links to industrial parks. These needs are especially important in a high growth area like Brown County. We have attached **Table A** which shows our growth in Highway needs.

## **FUTURE CONSIDERATIONS**

### Manage Staff and Health Care Costs

The increase in staffing levels is largely explainable by three factors; the new jail, cooperative programs, and revenue supported programs.

- New Jail position increase of 114.2 FTE'S in Sheriff's budget, 9 FTE's in Facilities and 15 FTE's in the Mental Health Center.
- Cooperative Programs - Combining Human Resources with the City of Green Bay added 9.5 FTE's, phase I of the combined dispatch center increased 19.5 FTE's. Brown County actively seeks cooperative and regional coverage programs. While these innovations create administrative and other efficiencies, what is often overlooked is that former FTE's leave a local unit of government and are shifted to county government.
- Revenue Supported - 11.6 FTE's were added for Child Support to carry out the KIDS program and 27.2 FTE's were added to Community Programs in Human Services.

The County, in partnership with its employees, has taken various actions to deal with insurance costs (e.g. introduction of Preferred Provider Organizations, increased deductibles, etc.). The LAB calculates that a 1% increase in employee paid insurance would reduce county costs by just over \$100,000 but without doubt, there would be a corresponding cost elsewhere to bargain this agreement with the employee unions. Brown County's sound risk management has actually kept health care costs increases below many area governments and even the private sector.

## REVENUE SOURCES

### Oneida Nation Agreements

Brown County recently signed a service agreement with the Oneida Nation but combined efforts between local governments and the Tribe have been ongoing for years. The County has several long-standing agreements with the Oneidas on roads, parking lots and county-owned lands near the casino.

### Fees for Service

Every year as part of the budget process, Brown County reviews every fee to determine changes in market value or changes in cost of producing information. Each fee (current year and preceding year) is listed in the budget book for public review. It is important to note that many fees charged by the county are limited by public information laws to actual cost so no extra revenue can be collected for county operations. Our budget system of calculating indirect costs and chargebacks from service departments allows us to maximize cost reimbursement for department activities.

### Raising the Property Tax Levy Cap

Brown County has had the capacity to collect, on average, \$702,208 more annually under the levy cap, according to the Legislative Audit Bureau. Instead, we have controlled expenditures to limit the tax liability of our residents and businesses. Since no county has successfully used the referendum process to increase our property tax rate limit, it is not an option on which Brown County can depend.

### Implementing a Sales and Use Tax

As the Audit Bureau pointed out, implementing a Sales and Use Tax in Brown County, to 6%, would make us the highest in the state. Combined with the fact that most surrounding counties have not imposed a sales tax, that option has been unattractive to our citizens and businesses.

While raising the sales tax and a referendum on the property tax levy are, by definition, "options," they are not new and currently are not embraced by the citizens of Brown County.

Again, thank you for your efforts and thoughtfulness in this process.

Sincerely,

Nancy J. Nusbaum  
Brown County Executive

**TABLE A**

**BROWN COUNTY HIGHWAY DEPARTMENT  
1980 TO 2001 COMPARISONS**

	<u>1980</u>	<u>2001</u>	<u>PERCENT CHANGE</u>
<b>A. POPULATION &amp; TRAFFIC:</b>			
1. Brown County Population:.....	175,280	222,878	+ 27.2%
2. Traffic Volumes (ADT):			
STH 172 Bridge.....	18,870	61,100	+223.8%
USH 41 @ Lombardi Avenue.....	19,260	63,900	+231.8%
CTH "EB"/Packerland Drive @ W. Mason Street.....	3,250	13,800	+324.6%
CTH "AAA"/Oneida Street @ STH 172 .....	6,810	25,800	+278.8%
<b>B. HIGHWAY DEPARTMENT OPERATIONS:</b>			
1. Highway Lane Miles Maintained:			
State Highways .....	467	608	+ 30.2%
County Highways .....	724	765	+ 5.7%
Local Roads & Streets.....	1,310	1,044	- 20.3%
<b>Total</b> .....	<b>2,501</b>	<b>2,417</b>	<b>- 3.4%</b>
2. Traffic Signals Maintained:.....	1	48	+4,700%
<b>C. FINANCES &amp; EMPLOYEES:</b>			
1. County Levy Funds: .....	\$1,787,447	\$1,964,524	+ 9.9%
2. Levy Dollars per County Resident:.....	\$10.20	\$8.81	-13.6%
3. Highway Employees.....	116.0	96.8	-16.6%