



Aycha Sawa, CPA, CIA
Comptroller

Joshua Benson
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

January 7, 2022

Members of the Finance & Personnel Committee
City of Milwaukee
City Hall, Room 205
Milwaukee, WI 53202

RE: Accounting Process for Local Personal Property Value Equalization Error

Dear Chair Murphy and Committee Members:

I am writing to provide an explanation of the accounting process that will be used related to the local personal property value equalization error of which Steve Miner, City Assessor, made you aware.

Mr. Miner advised our office that local personal property values produced by the Assessor's Office and used for calculation of the 2021 combined property tax rate should have been equalized in the same manner as manufacturing property, but were not. This error was not discovered until after tax bills were distributed. As a result, personal property tax bills were calculated using higher than appropriate personal property values, which resulted in higher property tax bills for those properties.

The total levy number used in calculation of the tax rate was correct. However, the incorrect local personal property values resulted in a relative overpayment of local personal property taxes and underpayment of all other property taxes.

Correcting these bills would have an impact on the City's general fund. Adjustments related to tax bills are booked to a general revenue account, Omitted Taxes and Adjustments. Property tax bill refunds and adjustments to address this error, if authorized by council, would result in a reduction of general fund revenue in 2022. The total liability reported by the Assessor is approximately \$1.2 million.

The Assessor has indicated that, based on discussions with the State Department of Revenue, the portion of taxes billed in error remitted to other taxing jurisdictions would be eligible to chargeback to those taxing jurisdictions (MPS, Milwaukee County, MATC and MMSD). This would reduce the City's total liability related to this error from approximately \$1.2 million to \$400,000-\$500,000.

Although no additional appropriation is required to make the corrections, the Council may want to consider reserving an amount equal to the City's total liability for the error, once that amount is calculated by the Assessor's Office. This could be reserved in the Contingent Fund to revert to fund balance at the close of 2022.

Please contact me with any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aycha Sawa', with a stylized flourish at the end.

Aycha Sawa, CPA, CIA
Comptroller

CC: Dennis Yaccarino, Steve Miner, Spencer Coggs

AS:TB