



Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

October 12, 2006

To the Honorable,
Judiciary and Legislation Committee
City Hall, Room 205
Milwaukee, Wisconsin 53202

Re: File 060638 - Status of Recommendations from the Outstanding Debt Task Force

Dear Committee Members:

The main efforts of the Comptroller's Office regarding the recommendations of the Outstanding Debt Task Force have focused on the implementation of a Citywide miscellaneous accounts receivable and billing system. Although the system is now being used by many City departments to prepare invoices, the current efforts are focused on project billings and the automation of dunning notices on delinquent accounts. The Department of Public Works, DOA-ITMD, and the Treasurer's Office have also played important roles in the development of the improvements to the PeopleSoft accounts receivable and billing system. Once the project billing features and dunning functions are fully operational, the system and data will be available to address recommendations one through four from the Outstanding Debt Task Force. The system should be fully implemented by year end, 2006. My general comments on the status of the recommendations are as follows:

Recommendation 1. - That the City Comptroller and City Treasurer develop a revenue collection policy for miscellaneous accounts receivable. The revenue collection policy would exclude property taxes, municipal court revenues, and parking fines.

The September 26th, 2006 letter from the City Treasurer and Comptroller indicated that once the FMIS A/R module is up and running, the collection policy can be addressed and implemented during 2007. The general guidelines for this policy will include:

- Miscellaneous accounts receivable are due 30 days after billing.
- Statements on outstanding invoices will be issued 30 days after original invoice for all unpaid invoices.
- Letter sent 45 days after billings will indicate the invoice will be sent to the City's collection agency if not paid within 60 days of original invoice date.
- Delinquent invoices should be sent to the City's collection agency on day 61 after invoice is issued.

The guidelines would not apply if there are specific terms in a contract or an agreement regarding a billing and billings issued to other governmental units.

Recommendation 2. - That the City Comptroller and City Treasurer work to implement late payment fines, if appropriate.

Once the project billing system is fully implemented in PeopleSoft, data on most delinquent miscellaneous accounts receivable will be centralized. My office would then be able to perform a cost/benefit analysis of implementing late payment fines. At this time next year, there should be enough data to estimate the potential revenues from late payment fees vs. the cost of implementing this additional charge. The Treasurer's Office and our Office would expect to make a specific recommendation on this issue by April, 2007.

Recommendation 3. - That the Comptroller's Office and the City Attorney work together to develop a policy in regard to writing off the debt that does not fall within the statute of limitations.

The City's requirement for the cancellation of City debt is governed by City Ordinance 304-3. My office has reviewed this ordinance and feels it meets the City needs for writing off delinquent accounts. The Ordinance does require that a cancellation of \$5,000 or more needs Common Council action. Common Council action is not currently required for cancellation or adjustments due to any billing errors. The Common Council may want to consider increasing the \$5,000 threshold for Common Council action. Our Office would like to examine this matter further and comment to your Committee early next year.

Recommendation 4. - That the Comptroller's Office work with other departments to investigate the increased use of standard costs.

To date, no progress has been made on investigating the increased use of standard costs by the Comptroller's Office. Once the PeopleSoft billing and accounts receivable system is fully implemented, data will be readily available to identify the variance in bills for given services that are currently billed on actual cost. Services that show small variances in the billing amounts are among the potential candidates for the application of standard costs. As this information becomes available, my office will work with City departments to develop and apply standard costs where appropriate.

Attached is the annual report to the Common Council analyzing delinquent outstanding debt. If you need any additional information, please contact my office.

Very truly yours,


W. MARTIN MORICS
Comptroller

WMM:JME
Ref: 051297R

TAX DELINQUENCIES*

<u>Delinquent Tax Fund @ 12/31/2005</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>% Change</u>
Total Del Tax Rec 1993-2003	\$9,943,846.11	\$9,939,330.79	-0.05%
Less Chargebacks	(\$449,276.66)	(\$483,434.66)	7.60%
Less Reserve for Uncollectable			
Net Delinquent Tax Collectable	\$9,494,569.45	\$9,455,896.13	-0.41%
Add back Reserve for Uncollectable			
Total Outstanding Balance 1993-2003	\$9,494,569.45	\$9,455,896.13	-0.41%
<u>General fund @ 12/31/05</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	
2004 Delinquent Real Estate	\$11,666,825.18	\$12,289,069.67	5.33%
2004 Delinquent Personal Property	\$420,505.54	\$438,834.67	4.36%
2004 Delinquent County RE & PP	\$1,867,433.42	\$1,879,772.23	0.66%
2004 Taxes Rec-PP-County-Del		\$126,471.67	
1985 Taxes Rec-Occ-Delinquent		\$684.99	
Tax Rec-Collections Del RE		\$6,924.34	
2004 Total Delinquencies	\$13,954,764.14	\$14,741,757.57	5.64%
Total All Delinquencies	\$23,449,333.59	\$24,197,653.70	3.19%

PARKING CITATION DELINQUENCIES**

	<u>3/29/2005</u>	<u>9/26/2006</u>	
	<u>Total</u>	<u>Total</u>	
<u>In State Drivers</u>			
Numbers	1,676,030	1,101,186	-34.30%
Dollars	\$63,909,021	\$47,804,959	-25.20%
<u>Out of State Drivers</u>			
Numbers	794,560	389,770	-50.95%
Dollars	\$30,934,910	\$17,799,265	-42.46%
<u>Total-All Drivers</u>			
Numbers	2,470,590	1,490,896	-39.65%
Dollars	\$94,843,931	\$65,604,224	-30.83%

OUTSTANDING MUNICIPAL FINES ***

	<u>2005 Jan. - Aug.</u>	<u>2006 Jan. - Aug.</u>	
TOTAL OUTSTANDING MUNICIPAL FINES, FORFEITURES, JUDGEMENTS	\$15,447,775	\$13,463,262	-12.85%

Of the total fines, forfeitures, judgements, per the court, the entire amount is in one way or another settled.
Some fines are paid in cash others are settled with jail time or community service in lieu of payment.

*** SOURCE: Elaine Allen, Municipal Court as of 8/30/06