

## LRB-FISCAL REVIEW SECTION ANALYSIS

AUGUST 1, 2001 AGENDA

ITEM 19 FILE 010466

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #0101466 is a communication from the Comptroller's Office transmitting the Annual Financial Report of the City of Milwaukee for the year ended December 31, 2000.

### Background

The Comptroller annually submits the Annual Financial Report of the City of Milwaukee to the Common Council. The report is prepared to satisfy the City Charter requirement for the Office of the Comptroller to prepare an annual statement of revenues and expenditures and the Common Council's request for an independent examination of financial activity of the City of Milwaukee.

### Report Highlights

#### *Revenue*

1. Total revenue increased by approximately \$46.5 million or 7.9% from 1999 to 2000.
2. General Fund property and other tax revenue increased by \$11.7 million due to a property tax increase.
3. An increase in building inspection fees was primarily responsible for a \$1.1 million increase in Licenses and Permit Revenue.
4. Of the \$3 million increase in intergovernmental revenue, \$2.4 million was in grants. Funding from Milwaukee County for paramedic services is now reflected in grants at \$4.5 million. This increase was offset by a decrease in municipal health services grants of \$2.2 million due a change in the timing of payments.
5. General Fund revenue decreased by \$4.5 million due to the transfer of the paramedic program to a grant category and by \$400,000 state shared revenue.
6. The State of Wisconsin provided \$3.2 million for computer exemption aid. This state aid is in lieu of the assessment of personal property taxes on computers.
7. Charges for services increased by approximately \$7.8 million. The increase is mainly attributable to a \$11.6 million charge to the City's Employee Retirement System (ERS) as compensation for the City's administration expenditures. The increase was partially offset by a change in accounting for revenues and associated expenditures for paramedic services to Milwaukee County. Approximately \$4.5 million of revenue is now reflected in the Special Reserve Fund, whereas the charges were reflected in the General Fund in prior years.

8. Fines and Forfeitures increased by \$342,000. The increase is a result of an approximately \$700,000 increase in parking citation fines attributed to a \$5 increase in the fine schedule. The increase in fines from the citation fines was offset by a decrease of \$500,000 in Municipal Court forfeitures.
9. Actual revenue collected for 2000 for the General and Special Revenue Funds was 100.7% of estimated revenue in the City's 2000 adopted budget.

### ***Expenditures***

1. In 2000, City operating costs increased by \$57 million primarily due to the City recognizing \$38 million of expenses associated with labor contract settlements for 1999 and 2000. Snow removal costs (\$2 million increase) and health care costs (\$4.8 million) also contributed to the \$57 million increase.
2. The \$19.6 million increase in public safety costs was primarily due to labor settlements.
3. The \$9.5 million increase in public works costs was the result of snow removal and operations and labor contract settlements.

### ***Fund Balance***

1. The 2000 year end balance in the Tax Stabilization Reserve was \$23.4 million. The Common Council authorized a withdrawal of \$5.5 million for 2001 compared to \$11.2 million withdrawal for 2000.
2. The 2000 year end balance in the Public Debt Amortization Fund (PDAF) was \$74 million. This compares to a balance of \$73.8 million at the end of 1999. The Public Debt Commission authorized a withdrawal of \$11 million from the PDAF for 2001 budget purposes.

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