



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

Office of the Comptroller

January 15, 2008

To the Honorable
the Common Council
City of Milwaukee
City Hall - Room 205
Milwaukee, WI 53202

Dear Council Members:

I would like to request a modification to Exhibit A of file 071100 in order to permit an additional \$4 million of borrowing in 2008 for Delinquent Taxes.

Over the past few years, the amount of unpaid taxes has ranged between \$12 - \$15 million per year. The 2008 Budget allowed for \$17 million. The actual amount of unpaid taxes on 12/31/2007 that were due in 2007 is approximately \$21 million, or \$4 million more than anticipated.

The proposed change to Exhibit A would permit the City to borrow for the additional \$4 million of Delinquent Taxes pending collection of those taxes. This is the same procedure that is used for the normal \$15 million annual amount of Delinquent Taxes.

If the City does not borrow for the collectable taxes, then we would recognize the revenue short-fall in the 2007 budget, and reduce the 2007 regeneration of the Tax Stabilization Fund (TSF). When those taxes are actually collected in the future, they would be unanticipated revenues, and add to the TSF at that time.

In order to avoid the deviation to the City's budget over the next few years, we request that the change to Exhibit A be offered and approved. Since the Delinquent Tax information comes from the Treasurer's Office, we do not have information on what might have caused the significant increase.

Very truly yours,



W. MARTIN MORICS
Comptroller

WMM:RL
REF: PD-7379W.DOC