



Office of the Comptroller

August 23, 2011

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Comptroller

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To the Honorable, The Common Council
City of Milwaukee

RE: Annual Outstanding Receivables Report

Dear Council Members:

Attached you will find the Comptroller's 2011 Report on Outstanding Receivables as of December 31, 2010. This is the third annual report being issued as required by Ordinance 304-1-5. The report provides summary information on City outstanding receivables. These receivables include:

- Delinquent Taxes;
- Parking Violations;
- Municipal Court Judgments; and
- Miscellaneous Accounts Receivable.

Miscellaneous Accounts Receivable includes various billings by general city departments with the exception of Fire Department Advanced Life Support (ALS) billings. ALS billings, which were handled by Milwaukee County prior to 2007, are currently handled by an outside vendor under contract with the City. ALS receivables are not currently accounted for as City receivables. The Comptroller's Office will be conducting an audit of this contract and associated billings in 2012, which in part will determine the level of outstanding receivables related to this function.

Should you have any questions or need further information, please feel free to contact Craig Kammholz of my staff at extension 2304.

Sincerely,

W. MARTIN MORICS
Comptroller

CC: Alderman Terry L. Witkowski



City of Milwaukee
Outstanding Receivables Report



W. Martin Morics
Comptroller

August 2011

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Introduction

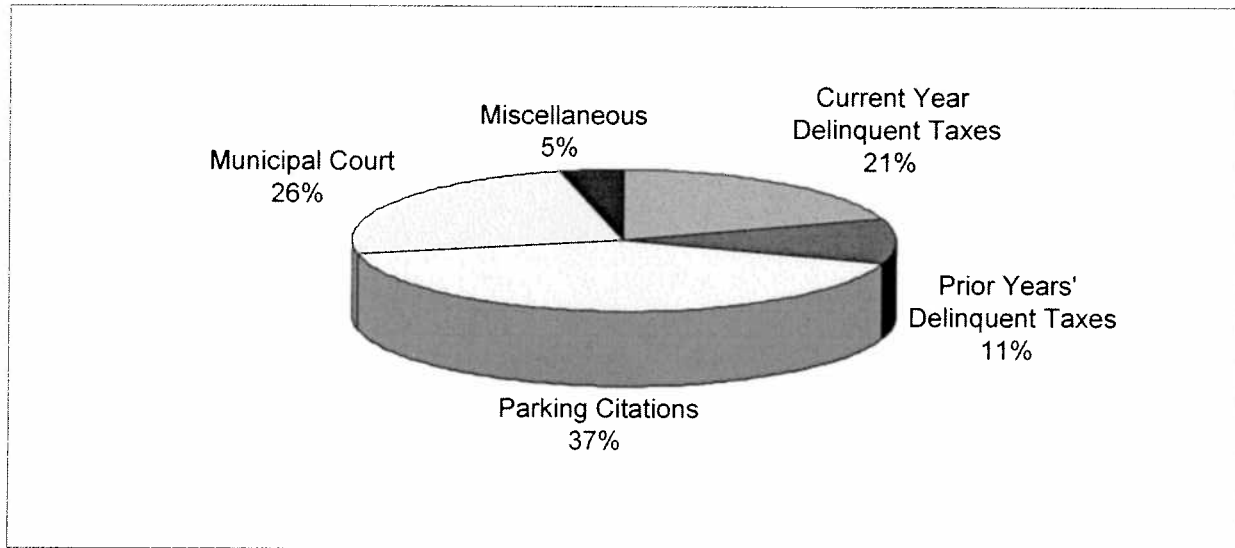
The City of Milwaukee Outstanding Debt Task Force was created in April 2005, by Common Council File Number 041446, to evaluate and make recommendations related to the collection of delinquent taxes, forfeitures, judgments and fees owed to the City. The Task Force submitted its final report and recommendations, contained in File 051098, to the Common Council in December 2005.

The report included a recommendation that the Comptroller's Office provide reports annually analyzing delinquent outstanding debt. This recommendation resulted in the adoption of ordinance 304-1-5, which requires the City Comptroller to submit a written annual report to the Common Council analyzing outstanding delinquent debt.

The Comptroller's 2011 Report on Outstanding Receivables as of December 31, 2010, is being issued as required by Ordinance 304-1-5. The report provides summary information on City outstanding receivables including Delinquent Taxes; Parking Fund Citations; Municipal Court Judgments; and Miscellaneous Accounts Receivable.

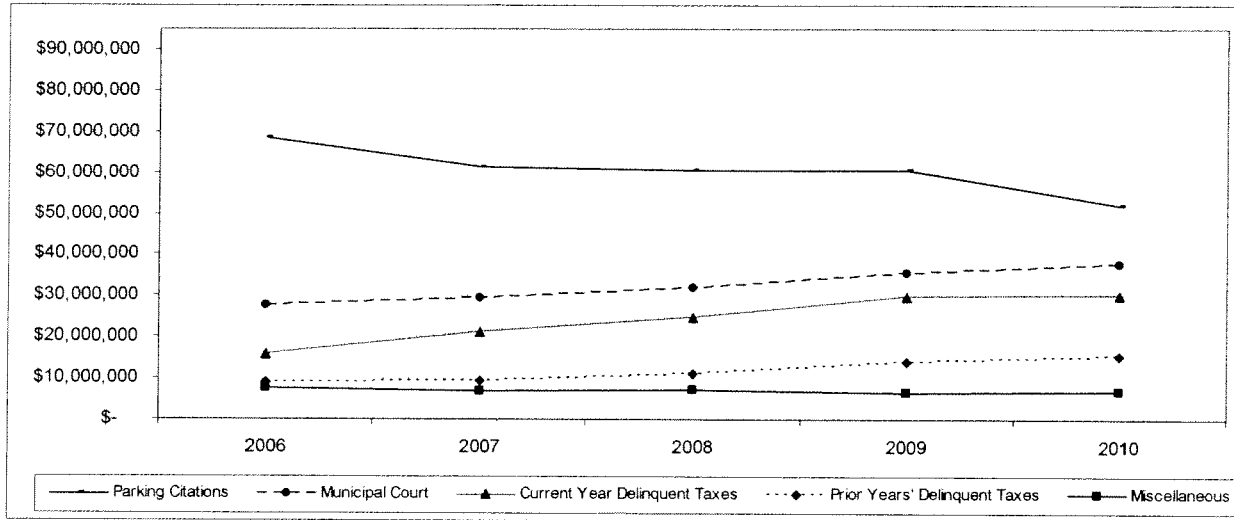
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Outstanding Receivables as of December 31, 2010



Outstanding receivables for the City of Milwaukee as of December 31, 2010, total approximately \$142.1 million. The largest category of outstanding receivables is Parking Citations at 37%, followed by Delinquent Taxes totaling 32%. Of the Delinquent Taxes total, 21% is related to current year Delinquent Taxes (2009 taxes for 2010 purposes) and 11% to prior years' Delinquent Taxes (2008 taxes and prior). Municipal Court outstanding judgments make up 26% of total outstanding receivables. Miscellaneous Accounts Receivable is the smallest category totaling 5%.

Outstanding Receivables at Year End 2006-2010

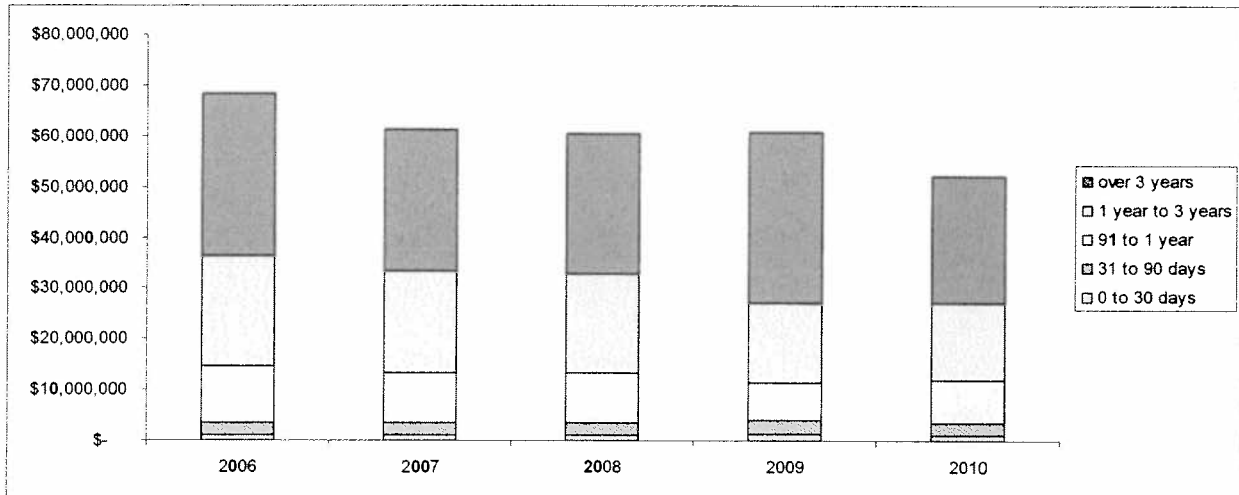


The chart and table above show outstanding receivables by category from 2006 through 2010. Current year delinquent tax receivables have increased at the greatest rate over time, going from \$15.6 million in 2006 to \$30.2 million in 2010. Prior years' delinquent taxes have also increased over time, but at a slower rate, going from \$8.9 million in 2006 to \$15.5 million in 2010. Outstanding Municipal Court judgments including fees, fines and forfeitures increased from \$27.7 million in 2006 to \$37.5 million in 2010.

Miscellaneous accounts receivable, which include various billings by general city departments, have decreased from \$7.5 million in 2006 to \$6.7 million in 2010. Parking citation outstanding receivables decreased from \$68.4 million in 2006 to \$52.2 million in 2010. Parking receivables are down considerably in 2010 due to the lowering of the threshold from \$45 to \$40 for outstanding citations submitted to the Department of Revenue for the Tax Refund Interception Program (TRIP). This change resulted in an additional \$3 million in TRIP revenue for outstanding parking citations in 2010.

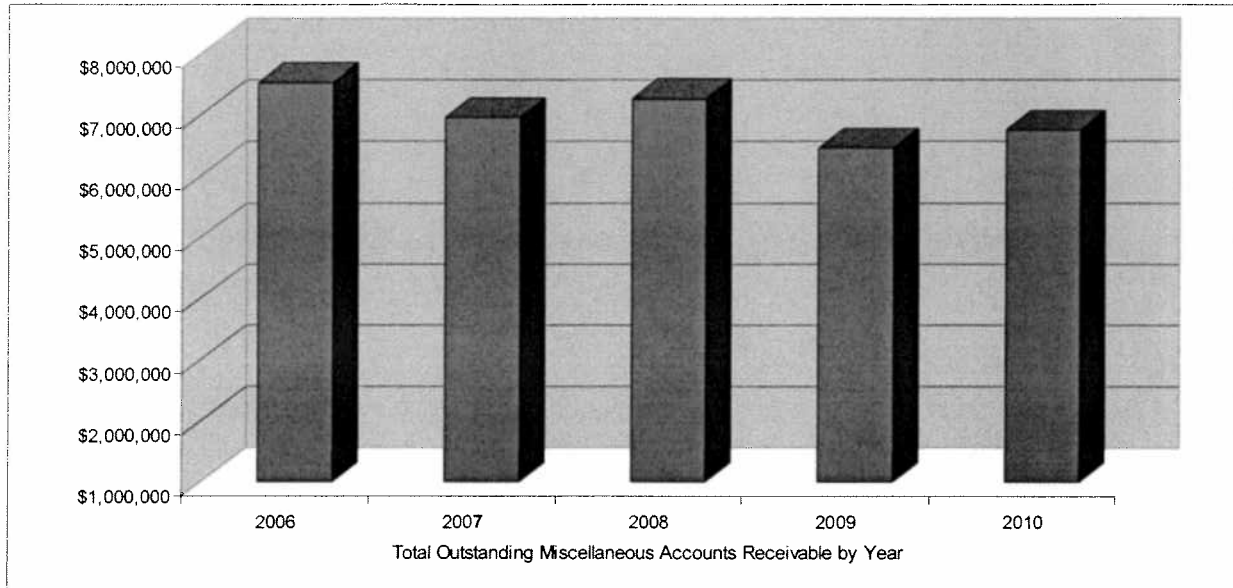
The Parking Fund writes off delinquencies that are six years old or older, due to the statute of limitations rendering these uncollectible. Miscellaneous accounts receivable and tax delinquencies of \$5,000 may be cancelled or adjusted through Common Council action. An interdepartmental process is followed for delinquencies less than \$5,000. Municipal Court judgments are settled either through cash fines, jail time or community service. Judgments that are at least seven years old, and meet City Attorney criteria, may be written off pursuant to Common Council resolution authorizing such write-offs.

Parking Fund Receivables Aging



The chart above shows the aging of parking citation outstanding receivables from 2006 through 2010. More than half of the current outstanding balance for parking citation receivables is considered uncollectible due to lack of registered owner information, citations issued to out of state vehicles, and the age of outstanding citations.

Outstanding Miscellaneous Accounts Receivable



	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Change 2006-2010</u>
City Clerk	\$ -	\$ 151,000	\$ 60,000	\$ -	\$ 1,000	\$ 1,000
City Attorney	128,000	78,000	-	38,000	83,000	(45,000)
City Development	299,000	297,000	297,000	297,000	297,000	(2,000)
Comptroller	105,000	258,000	195,000	193,000	222,000	117,000
Employee Relations	1,011,000	598,000	352,000	920,000	1,269,000	258,000
Dept of Administration	29,000	21,000	23,000	94,000	22,000	(7,000)
Fire Department	97,000	88,000	137,000	92,000	60,000	(37,000)
Health Department	857,000	193,000	92,000	101,000	101,000	(756,000)
Police Department	1,645,000	1,645,000	1,652,000	1,640,000	1,640,000	(5,000)
Port of Milwaukee	919,000	1,602,000	2,234,000	994,000	957,000	38,000
Public Works	2,409,000	1,998,000	2,198,000	2,055,000	2,066,000	(343,000)
Treasurer	9,000	8,000	10,000	15,000	16,000	7,000
TOTAL	\$ 7,508,000	\$ 6,937,000	\$ 7,250,000	\$ 6,439,000	\$ 6,734,000	\$ (774,000)

The above chart and table show the change in outstanding miscellaneous accounts receivable by year for various city departments. In total, the year end balance for outstanding miscellaneous receivables decreased by approximately \$774,000, or 10%, from 2006 to 2010.

Outstanding miscellaneous receivable balances decreased for most city departments between 2006 and 2010. The largest decrease between 2006 and 2010 was in the Health Department. The Department of Public Works also had a significant decrease from 2006 to 2010. These decreases were due to substantial write offs of uncollectible invoices. The miscellaneous accounts receivable balance for the Comptroller's Office and the Department of Employee Relations increased overall from 2006 to 2010. These increases were mainly due to invoices issued late in 2010, with associated payments not received until the following year.