

City of Milwaukee

Outstanding Receivables Report



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Comptroller

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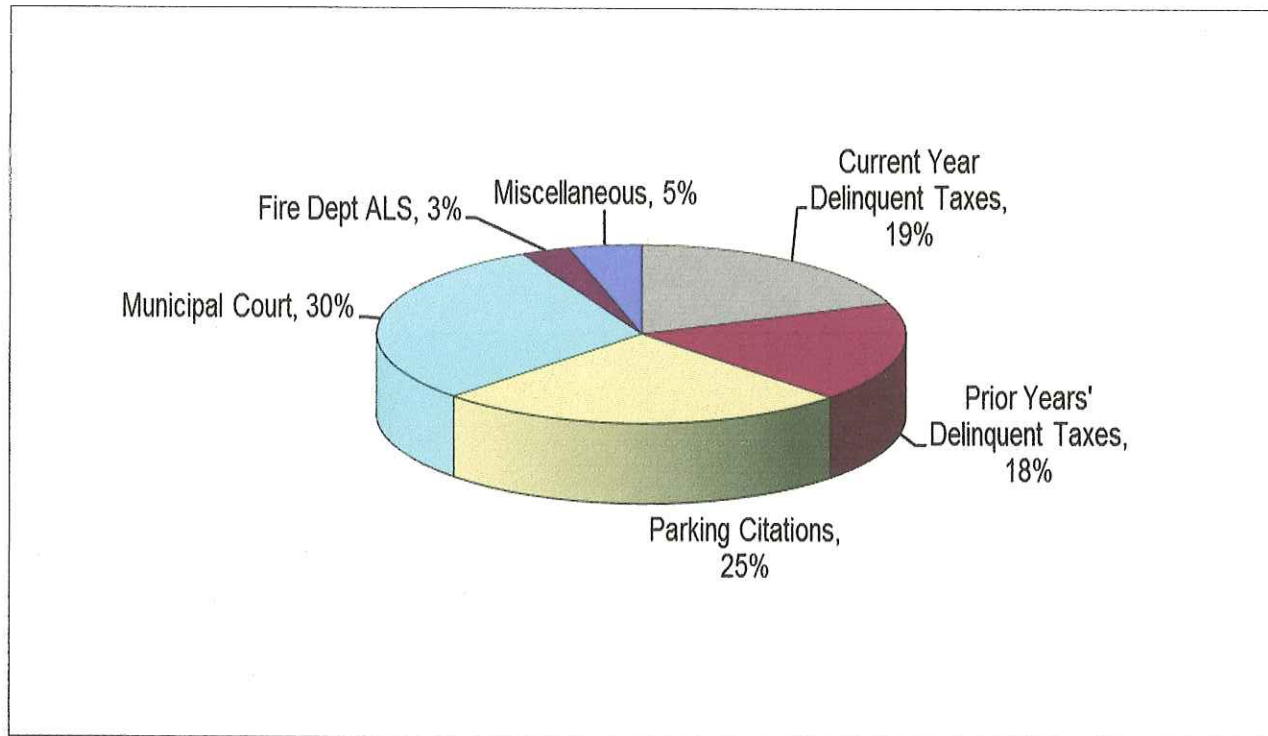
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Introduction

The Comptroller's 2016 Report on Outstanding Receivables as of December 31, 2015, (unaudited) is being issued as required by Ordinances 304-3-3 and 304-1-5. Ordinance 304-1-5 requires the Comptroller to submit an annual report analyzing delinquent outstanding debt. Sections II through V of this report provide summary information on City outstanding receivables including Delinquent Taxes, Parking Fund Citations, Municipal Court Judgments, Miscellaneous Accounts Receivable, and the Fire Department Advanced Life Support (ALS) Billings.

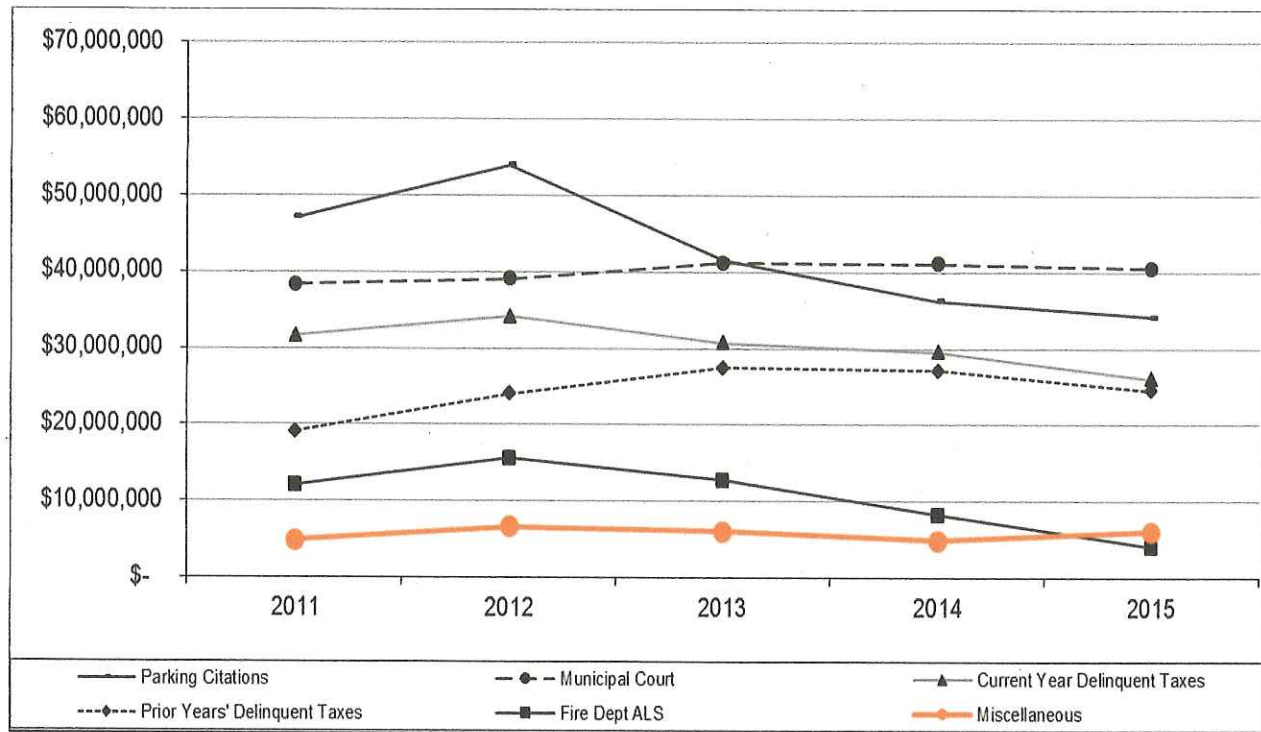
Ordinance 304-3-3 requires the Comptroller to submit an annual report listing all cancellations and adjustments of City claims. Section VI of this report presents account cancellations and adjustments for 2015.

Outstanding Receivables as of December 31, 2015



Outstanding receivables for the City of Milwaukee as of December 31, 2015, total \$135.5 million. The largest category of outstanding receivables is Delinquent Taxes, totaling 37%. Current Year Delinquent Taxes (2014 taxes for 2015 purposes) account for 19% of this total, while Prior Years' Delinquent Taxes (2013 taxes and prior) total 18%. Municipal Court outstanding judgments and Parking Citations are the next largest categories, 30% and 25% respectively. Miscellaneous Accounts Receivable totals 5% while Fire Department Advanced Life Support (ALS) Billings is the smallest category totalling 3%.

Outstanding Receivables at Year End 2011 – 2015



	2011	2012	2013	2014	2015
Parking Citations	\$ 47,150,000	\$ 53,965,000	\$ 41,537,000	\$ 36,252,000	\$ 34,139,000
Municipal Court	38,319,000	39,101,000	41,186,000	41,131,000	40,556,000
Current Year Delinquent Taxes	31,590,000	34,146,000	30,717,000	29,548,000	26,096,000
Prior Years' Delinquent Taxes	19,080,000	24,081,000	27,489,000	27,156,000	24,588,000
Fire Department ALS Billings	12,114,000	15,584,000	12,766,000	8,267,000	4,054,000
Miscellaneous	4,878,000	6,622,000	6,058,000	4,909,000	6,115,000
Total	\$ 153,131,000	\$ 173,499,000	\$ 159,753,000	\$ 147,263,000	\$ 135,548,000

Outstanding receivables, by category from 2011 through 2015, are shown in the chart and table above. Total 2015 receivables decreased \$11.7 million compared to 2014.

Prior years' delinquent taxes decreased \$2.6 million from 2014 to 2015 and this category has been on a continual decline since 2013. Current year delinquent taxes also continues to decline, decreasing \$3.5 million in 2015 compared to 2014.

Municipal Court receivables decreased \$575,000 from 2014 to 2015.

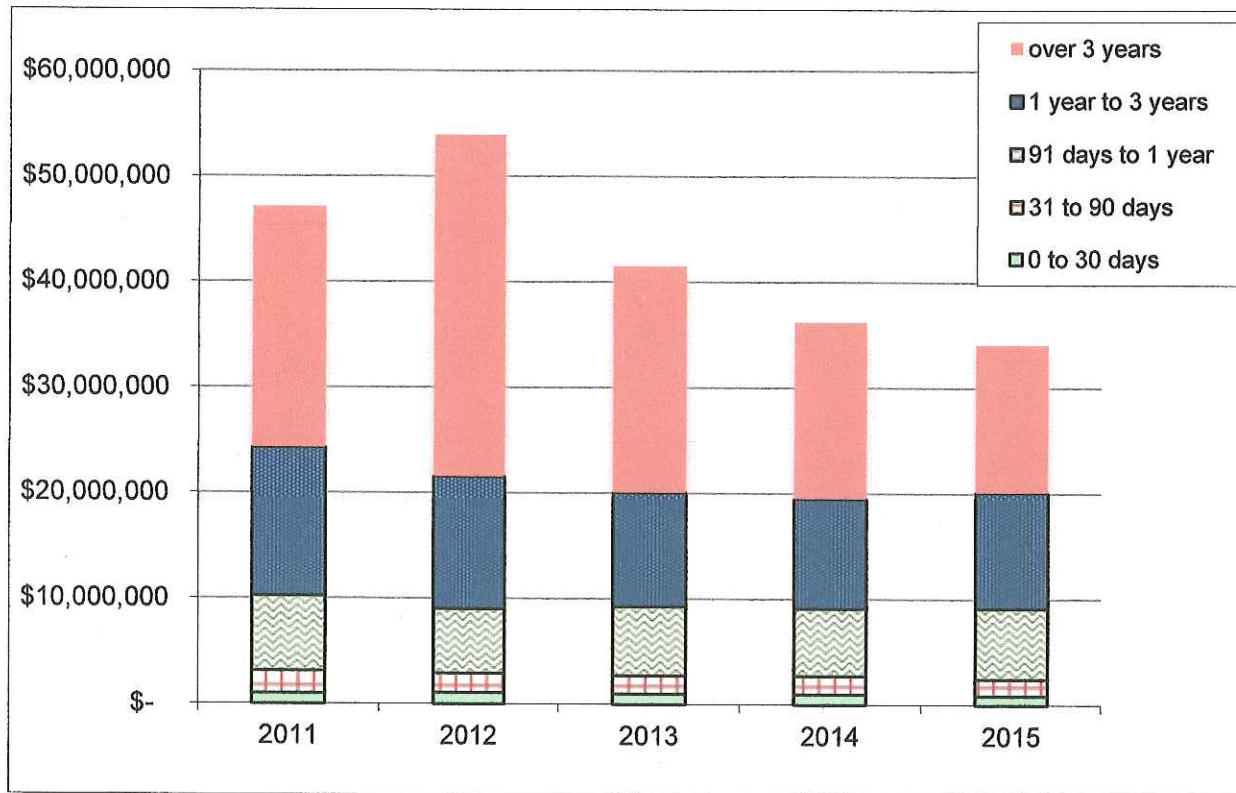
Parking citations decreased from \$47.1 million in 2011 to \$34.1 million in 2015, a \$13 million drop. This reduction is due mostly to the write-off of uncollectible receivables along with the use of the State Tax Refund Intercept Program (TRIP). Outstanding 2015 parking citations, decreased \$2.1 million compared to 2014.

The balance of Fire Department ALS billings decreased \$4.2 million, from \$8.3 million in 2014 to \$4.1 million in 2015.

Miscellaneous accounts receivable, which includes billings from various general city departments, increased 24.5% from \$4.9 million in 2014 to \$6.1 million in 2015. This \$1.2 million increase is comprised mainly of increases of \$1.9 million and \$704,000 in DPW and Port receivables, respectively, along with a decrease of \$1.6 million in Police receivables.

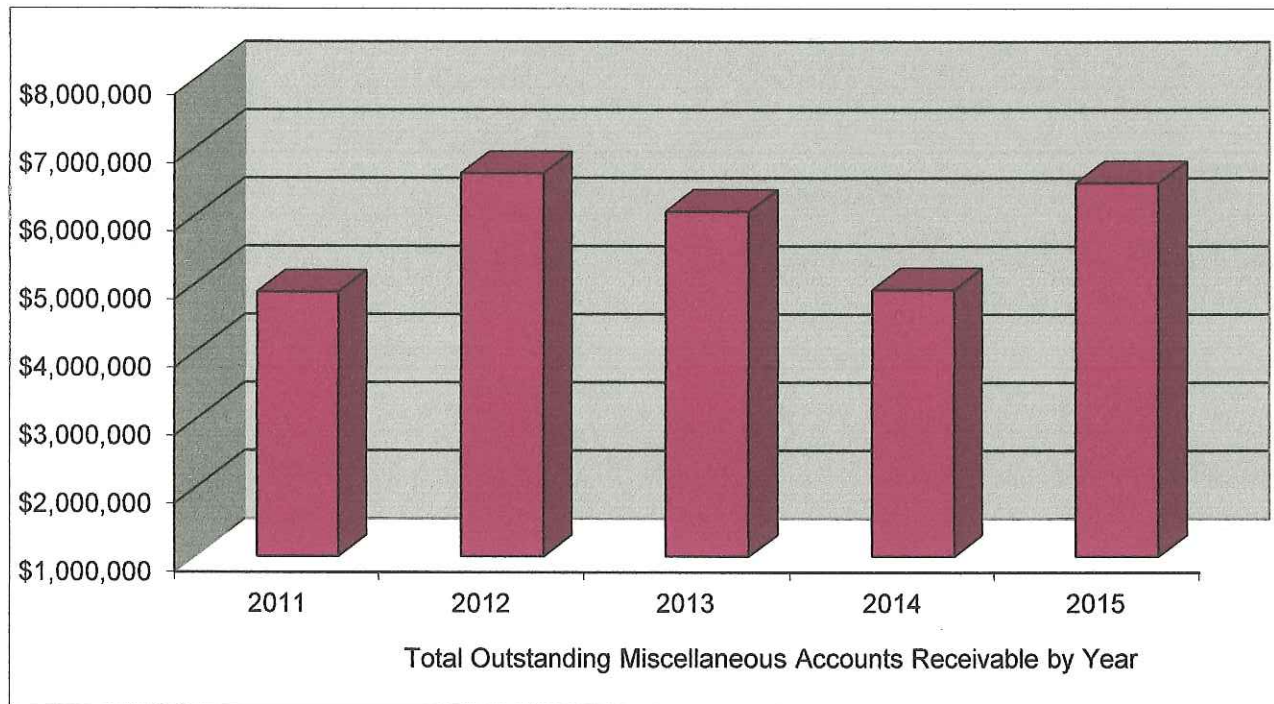
The Parking Fund writes off delinquencies that are six years or older, due to the statute of limitations rendering these uncollectible. Miscellaneous receivables and tax delinquencies of \$5,000 or more may be cancelled or adjusted through Common Council action. An interdepartmental process is followed 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 Citation Receivables Aging



The chart above shows the aging of parking citation outstanding receivables from 2011 to 2015. Of the current outstanding balance, \$24.6 million or 74%, has been outstanding for one year or longer.

Outstanding Miscellaneous Accounts Receivable



	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Clerk	\$ 1,000	\$ 28,000	\$ 66,000	\$ 28,000	\$ 27,000
City Attorney	-	-	137,000	48,000	124,000
City Development	297,000	297,000	29,000	30,000	8,000
Comptroller	255,000	268,000	311,000	270,000	269,000
Employee Relations	443,000	1,835,000	565,000	261,000	535,000
Dept of Administration	23,000	23,000	218,000	159,000	123,000
Fire Department	48,000	112,000	73,000	196,000	223,000
Health Department	89,000	60,000	45,000	53,000	32,000
Police Department*	1,641,000	1,641,000	1,641,000	1,641,000	5,000
Port of Milwaukee	929,000	838,000	800,000	709,000	1,413,000
Public Works	1,152,000	1,508,000	2,166,000	1,498,000	3,353,000
Treasurer	-	12,000	7,000	16,000	3,000
TOTAL	\$ 4,878,000	\$ 6,622,000	\$ 6,058,000	\$ 4,909,000	\$ 6,115,000

* \$1.636 million of the Police Department receivable was written off through Council resolution #141792 adopted 3-31-15.

The above chart and table show the change in outstanding miscellaneous accounts receivable by year for various City departments. Miscellaneous accounts receivable includes a variety of billings, such as damages to City property, leasing of City property, and employee health care costs to non-City agencies such as the Wisconsin Center District. In total, the year-end balance for outstanding miscellaneous receivables increased \$1.2 million, or 25%, from 2011 to 2015.

Cancellations and Adjustments for 2015

	<u>Uncollectible</u>	<u>Billing Error</u>	<u>Rebilled</u>	<u>Total</u>
DPW	\$ 269,835	\$ 7,979	\$ 289,148	\$ 566,962
Fire	2,544	-	-	2,544
Health	7,895	41	10,345	18,281
Parking	-	210	-	210
Police	1,636,278	-	-	1,636,278
Port	30,959	20,829	13,645	65,433
Treasurer	-	12,454	-	12,454
Totals	\$ 1,947,511	\$ 41,513	\$ 313,138	\$ 2,302,162

Cancellations can be grouped into three categories; uncollectible, billing errors and rebilled. Accounts deemed uncollectible are due to bankruptcy, the cost of litigation exceeding the balance, attainment of a judgment, settlements and the account is over 7 years old. Billing errors include wrong amount billed, incorrect responsible party and payment made in full prior to issuance of invoice. Rebilled invoices are due to incorrect amount charged, wrong customer billed, incorrect project number on invoice and charges placed on the tax roll.