

city's efforts to deliver services at a competitive cost by controlling the costs of tax collection. The Treasurer's 2013 operating budget totals \$2.8 million, a 6.1% decrease from its 2012 adopted budget.

STRATEGY IMPLEMENTATION

The City Treasurer is responsible for the collection of property taxes, including delinquent taxes, for all six levies within the city. As seen in Figure 1, the Treasurer collects nearly 100% of the total city levy and an average of almost 95% of the resulting delinquent accounts after the three year collection cycle. The Treasurer's Office strives to collect all delinquent property tax accounts. One of the ways that the department has improved collection efforts is by having the city's collection agent, the Kohn Law Firm, attempt to collect delinquent real estate property taxes for the period of six months prior to the city pursuing a foreclosure action. An additional benefit of this approach has been the reduction in the number of tax delinquent parcels acquired through foreclosure, reducing the city's property management costs.

While this policy has been successful, the downturn in the housing market and the overall economy has contributed to increased foreclosure filings and tax delinquent parcels acquired. In 2011, the number of properties filed against by the city through *In Rem* foreclosure was 991 properties, with 597 of those acquired by the city. As Figure 2 shows, between 2007 and 2011, foreclosure filings increased by 606 or 157% and parcels acquired increased by 442 or 285%.

Filings and acquisitions are expected to remain at this elevated level in 2013.

RESIZE, RESTRUCTURE, AND REINVEST

***In Rem* Foreclosure Filings:** In 2013, the Treasurer's Office will carry out three separate *In Rem* foreclosure filings on tax delinquent properties instead of four that were funded in 2012. Multiple filings have become necessary in recent years in order to handle the large volume of properties filed against. One filing is being eliminated because the timing of the fourth filing would coincide with the beginning of tax collection season. The workload of the Treasurer's Office increases significantly during tax collection season, and a fourth filing in November places an undue burden on the Treasurer's staff.

Reduction in Armored Car Service: The Treasurer's Office has implemented electronic direct deposit, which in 2013 will save approximately \$19,000 in armored car service.

Figure 1

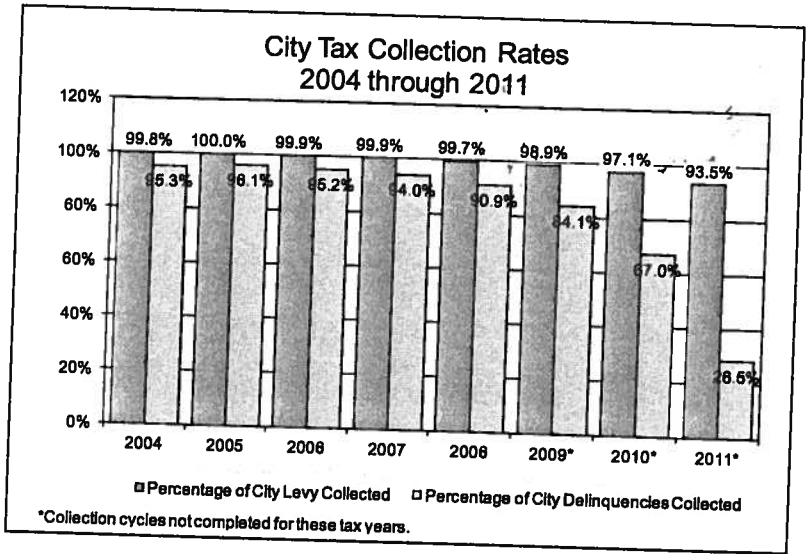
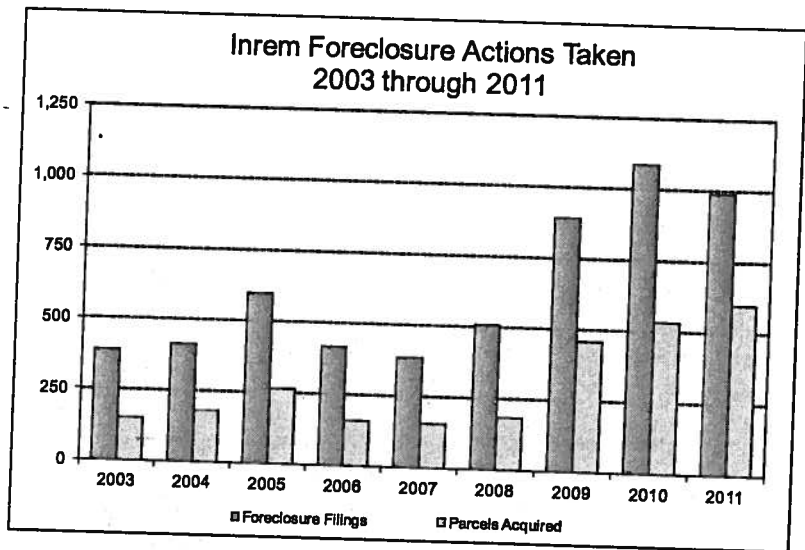


Figure 2



CITY TREASURER

EXECUTIVE SUMMARY

- MISSION:** To fulfill the duties and responsibilities of the independently elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee.
- OBJECTIVES:** Collect current and delinquent property taxes in a timely and cost effective manner.
Earn more than the State's Local Government Investment Pool through prudent investment of city funds.
- STRATEGIES:** Coordinate efforts with the city's collection agency to collect delinquent property taxes.
Maintain high quality standards in providing property tax collection services to city residents and in the accounting of city funds.

BUDGET SUMMARY

	2015 Actual Expenditures	2016 Adopted Budget	2017 Requested Budget	2017 Proposed Budget	Change 2017 Proposed Budget Versus	
					2016 Adopted	2017 Requested
Personnel						
FTEs - Operations and Maintenance	28.20	29.23	29.23	29.23	0.00	0.00
FTEs - Other	0.00	0.30	0.69	0.69	0.39	0.00
Total Positions Authorized	59	59	59	59	0	0
Expenditures						
Salaries and Wages	\$1,535,068	\$1,497,207	\$1,520,260	\$1,520,260	\$23,053	\$0
Fringe Benefits	626,082	718,859	684,117	684,117	-34,542	0
Operating Expenditures	716,157	817,810	793,400	793,400	-24,410	0
Equipment	1,790	0	7,430	5,895	5,895	-1,535
Special Funds	54,585	45,970	66,490	66,490	20,520	0
Total	\$2,933,682	\$3,079,846	\$3,071,697	\$3,070,162	-\$8,484	-\$1,535
Revenues						
Charges for Services	\$156,081	\$165,200	\$108,800	\$108,800	-\$56,400	\$0
Licenses and Permits	75,315	80,000	75,300	75,300	-4,700	0
Miscellaneous	682,765	791,100	885,200	885,200	94,100	0
Total	\$914,161	\$1,036,300	\$1,069,300	\$1,069,300	\$33,000	\$0

DEPARTMENT MISSION AND RELATIONSHIP TO COMMUNITY GOALS

The City Treasurer, under authority provided by Wisconsin State Statutes, the Milwaukee City Charter, and Code of Ordinances, receives and accounts for all monies paid to the city, makes disbursements vouchered for payment by the Comptroller, invests city funds that are not needed to meet current expenditures, collects current property taxes and delinquencies for all six tax levies within the City of Milwaukee, settles property tax collections on a prorated basis, and remits to each taxing jurisdiction their share of the monies collected.

The Treasurer's Office supports the city's efforts to improve fiscal capacity through its investment of city funds that are not needed immediately to meet current expenditures, including property taxes and lump sum revenue payments such as State Shared Revenue. In making investment decisions, the Treasurer's Office considers the safety, liquidity, and rate of return of various investment instruments. The Treasurer's Office also supports the

CITY TREASURER

city's efforts to deliver services at a competitive cost by controlling the costs of tax collection. The Treasurer's 2017 proposed operating budget totals approximately \$3.1 million, a small increase from the 2016 adopted budget. The minor increase reflects the need for additional resources to manage *in rem* tax foreclosures filings.

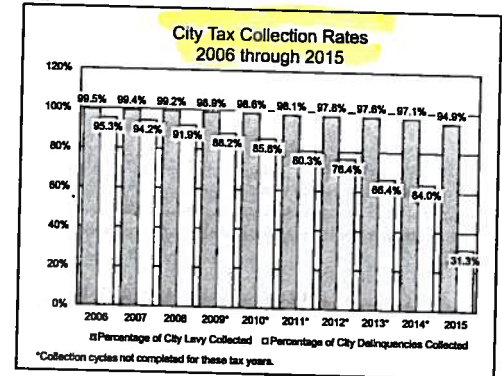
Key Performance Measures

Measure	2015 Actual	2016 Projected	2017 Planned
Cost of property tax collection as a percentage of property taxes collected.	.2789%	.02179%	.02904%
General fund investment revenue realized on short term pooled cash investments.	\$333,917	\$288,640	\$333,917
General fund investment revenue realized on long term pooled cash investments.	\$551,286	\$502,460	\$551,283

STRATEGY IMPLEMENTATION

The City Treasurer is responsible for the collection of property taxes, including delinquent taxes for all six levies within the city. As seen in Figure 1, the Treasurer collects nearly 100% of the total city levy and an average of almost 91% of the resulting delinquent accounts after the three year collection cycle. The Treasurer's Office strives to collect all delinquent property tax accounts. Collection efforts have been improved by allowing special assessments and charges to be placed on the city's ten month, interest free installment payment plan. In addition the city's collection law firm, the Kohn Law Firm, attempts to collect delinquent real estate property taxes for a period of 12 months, instead of six months, prior to the city pursuing a foreclosure action. These two changes lower taxpayers' monthly amounts due, which helps prevent *in rem* tax foreclosure.

Figure 1



Despite these changes, the economic and housing market downturn continues to contribute to a substantial number of foreclosure filings and tax delinquent parcels acquired. In 2015, the city filed against 1,507 properties through *in rem* foreclosure; the most since 2002. The city acquired 937 of those properties. Figure 2 shows 2015 *in rem* filings were higher than any year since the down turn in the housing market. Filings and acquisitions are expected to remain at an elevated level in 2016 and 2017.

RESIZE, RESTRUCTURE, AND REINVEST

In Rem Tax Foreclosure Filings: The 2017 proposed budget provides funding for five separate *in rem* tax foreclosure filings. Multiple filings have become necessary in recent years in order to manage the large volume of properties entering foreclosure.

The 2017 proposed budget also includes funding for the accelerated *in rem* foreclosure process approved in 2015 in Common Council File Number 150164. The goal of this program is to acquire vacant and abandoned properties sooner to expedite sale to a private owner while preventing the properties from being vandalized or becoming a nuisance to the neighborhood. Through the first foreclosure filings of 2016, the city has filed against 190 properties and acquired 32 of these properties. This program is expected to play a significant role in stabilizing neighborhoods.

Position Changes and Reductions: The 2017 proposed budget includes no new or reclassified positions.

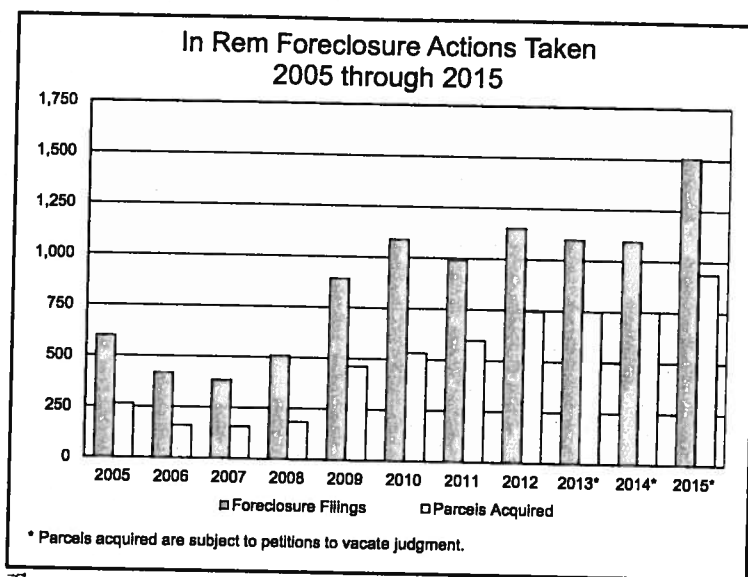
Tax Collection System Replacement: The 2015 and 2016 capital budgets included funding for the replacement of the city's legacy tax collection system, which is over 30 years old. This project requires the dedication of staff resources to system development and extensive parallel testing to assure success. The system is expected to be fully operational by December of 2017.

Once fully installed the new tax collection system will:

- Automate tasks that are currently being completed manually.
- Create greater staff efficiency.
- Allow staff to provide better customer service.
- Integrate more efficiently with other software used by the City of Milwaukee.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES - None

Figure 2



M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

- MISSION:** Provide appropriation authority to purchase County of Milwaukee delinquent property taxes.
- OBJECTIVES:** Provide a funding mechanism to purchase delinquent county property taxes without affecting the city's tax levy.
- STRATEGIES:** Return tax delinquent properties to the tax rolls and increase future city revenue.

SUMMARY OF EXPENDITURES

	2015 Actual Expenditures	2016 Adopted Budget	2017 Requested Budget	2017 Proposed Budget	Change 2017 Proposed Budget Versus	
					2016 Adopted	2017 Requested
Purchase of Delinquent County Taxes	\$8,213,958	\$9,500,000	\$8,215,000	\$8,215,000	\$-1,285,000	\$0
Total	\$8,213,958	\$9,500,000	\$8,215,000	\$8,215,000	\$-1,285,000	\$0

SOURCE OF FUNDS

	2015 Actual Expenditures	2016 Adopted Budget	2017 Requested Budget	2017 Proposed Budget	Change 2017 Proposed Budget Versus	
					2016 Adopted	2017 Requested
County Delinquent Taxes Collected	\$8,213,958	\$9,500,000	\$8,215,000	\$8,215,000	\$-1,285,000	\$0
Total	\$8,213,958	\$9,500,000	\$8,215,000	\$8,215,000	\$-1,285,000	\$0

In accordance with s. 74.83 Wis. Stats., the City of Milwaukee is authorized to enter into an agreement with the County of Milwaukee to purchase county delinquent personal property taxes and real estate tax certificates. The initial agreement was executed in December 1987.

The authority to collect county delinquent property taxes enables the City Treasurer to consolidate the collection of delinquent taxes. Consolidation of the delinquent taxes provides a more efficient and effective tax collection administration by eliminating the burden of duplicate collections by the city and county.

The city purchases the county's delinquent personal property and real estate taxes at the close of the current tax collection period each February. In addition, the city also purchases the county's real estate taxes that become delinquent during the installment collection cycle each month. The city acquires an asset, delinquent county property taxes receivable, and generates revenue by keeping the interest and penalty charges collected on the delinquent taxes outstanding.

This account is the city's mechanism to purchase the county's delinquent property taxes. It is related to other delinquent tax collection efforts in the city debt budget.