

2009 TAX ROLL TURNOVER ANALYSIS

Prepared for:

CEDAR HILL INDEPENDENT SCHOOL DISTRICT



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AUGUST 2009

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MEMORANDUM

TO: Mike McSwain, Assistant Superintendent of Business/Chief Financial Officer
Cedar Hill Independent School District

FROM: Nancy Primeaux, Regional Manager *NP*

DATE: August 25, 2009

RE: **2009 TURNOVER AND ANALYSIS OF DELINQUENT TAX ROLL**

Linebarger Goggan Blair & Sampson, LLP (LGB&S) is in receipt of your jurisdiction's delinquent tax accounts for tax year 2008 and prior and we have initiated our 2009-2010 delinquent collection efforts on your behalf. This memo and the attached report entitled **2009 Tax Roll Turnover Analysis** detail the outstanding receivables for the Cedar Hill Independent School District. We hope you will find this information useful as you prepare your upcoming budget. LGB&S uses this data to customize our collection efforts on your behalf and we look forward to another successful collection cycle. As always, it is a privilege to serve your jurisdiction.

LGB&S receives the Delinquent Tax Roll Turnover at two different times in the year. On April 1, the current year personal property delinquency is turned over and we are now able to begin our collection efforts three months earlier on your behalf. On July 1, the remaining delinquent tax roll (all property types: real estate, personal property, and mobile homes) is turned over to our law firm. Our collection efforts impact both your current and prior year tax revenue.

TURNOVER DATA

JULY, 2009 TURNOVER (2008 TAX YEAR)

The current year delinquency (real, personal property and mobile homes) turned over to our law firm for collection in July 2008 vs. July 2009 is shown below:

| <u>July 2008</u> | <u>July 2009</u> | <u>Difference</u> | |
|----------------------|----------------------|-------------------|---------|
| | | \$ | % |
| 1,184 accounts | 1,252 accounts | | |
| \$1,533,281 base tax | \$1,471,808 base tax | <\$61,473> | <4.01%> |

On July 3, 2009, LGB&S received your 2008 delinquent tax roll. **On July 7, 2009, we mailed 709 demand letters that represented \$1,341,769** in 2008 and prior year delinquent tax, penalties, interest, and attorney fees due to Cedar Hill ISD. Another targeted mailing will be conducted in September.

TURNOVER VARIANCE

CHANGE IN CURRENT YEAR TURNOVER BY PROPERTY TYPE – TAX YEAR 2007 vs. 2008

As you know, the "turnover" amount represents the delinquent receivable that has not been collected by the Tax Office between October-March (Personal property) and October-June (Real property) of the same year and is considered the most collectible of the entire delinquent amount due to the School District, because it is the most recent. The breakdown of the **2008 turnover by property type as of July 1, 2009** is as follows:

| <u>As of July 1, 2009:</u> | <u>Tax Year</u> | | <u>Change from Previous Year</u> | |
|----------------------------|--------------------|--------------------|----------------------------------|----------------------|
| | <u>2007</u> | <u>2008</u> | <u>Dollars</u> | <u>Percent</u> |
| Real Estate | \$1,476,463 | \$1,382,868 | <\$93,595> | <6.34%> |
| Personal Property* | \$56,553 | \$88,648 | \$32,095 | 56.75% |
| <u>Mobile Homes</u> | <u>\$265</u> | <u>\$292</u> | <u>\$27</u> | <u>10.19%</u> |
| Total Base Tax | \$1,533,281 | \$1,471,808 | <\$61,473> | <4.01%> |

* Turned over in April 2009

EARLY PERSONAL PROPERTY COLLECTION PROGRAM

PERSONAL PROPERTY TURNOVER (2008 TAX YEAR)

In 2007 the Cedar Hill ISD Board of Trustees took action to approve the early turnover of delinquent personal property accounts to LGB&S, (Tx. Property Tax Code, Section 33.11, authorized by H.B. 2491). This allowed LGB&S to establish an **Early Personal Property Collection Program** and aggressively pursue these highly mobile personal property accounts beginning on April 1, three months earlier than the traditional date of July 1.

The current year business personal property delinquency that was turned over to LGB&S on April 1, 2008 vs. 2009 is shown below:

| <u>April 2008</u> | <u>April 2009</u> | <u>Difference</u> | |
|--------------------|--------------------|-------------------|----------|
| | | <u>\$</u> | <u>%</u> |
| 167 accounts | 201 accounts | | |
| \$138,422 base tax | \$176,699 base tax | \$38,277 | 27.65% |

LGB&S conducted mailings to these personal property accounts in April and June, 2009. **In April, we mailed 164 letters totaling \$229,604** (base tax, penalties, and interest and attorney fees) due for all delinquent years to Cedar Hill ISD. **In June, a second demand mailing was conducted** which included **83 letters totaling \$82,665** due for all years to the School District.

Our personalized “**Knock & Talk**” Program has proven highly successful in the collection of these Early Personal Property accounts, and during the period April – June, we increased the number of site visit teams to 15, putting an **additional 18 collectors** in the field. Since April 1st, we have contacted almost **1,500 businesses in Dallas County**, and have collected almost **\$5 million** for our Dallas County clients.

We continue to absorb the impact of our mailings and are targeting accounts for collection calls, additional site visits and possible litigation or seizure efforts.

REDUCTION OF PERSONAL PROPERTY TAX ROLL (APRIL – JUNE 2009)

The Early Personal Property Collection Program that we have initiated on your behalf is proving quite successful. During the three month period April – June 2009, the 2008 personal property portion of the tax roll has been reduced as shown below:

| Cedar Hill Independent School District 3 Month Reduction of Delinquent Personal Property Tax Roll April 1, 2009 - June 30, 2009 | | |
|--|----------------------------------|--|
| Month | Number of Accounts | Base Tax Due |
| April 1, 2009 | 201 | \$176,699 |
| June 30, 2009 | 147 | \$88,648 |
| Total Reduction | 54 27% of Total | \$88,051 50% of Total |

ANALYSIS OF TOTAL DELINQUENT TAX ROLL & JULY MAILING DOCUMENTATION

As of July 1, 2009, the Cedar Hill ISD’s total (all year’s base tax, penalty, interest and attorney fees) **delinquent tax roll** for all years is comprised of:

1,590 accounts
\$2,235,564 base tax
\$3,498,907 base tax, P&I, and attorney fees

Attached is an Analysis of the Delinquent Tax Roll for Cedar Hill ISD. These reports were generated to document the recent July delinquent mailing done on behalf of the School District.

The reports included are:

- Delinquent Tax Summary Details the tax roll by categories of properties.
- Size of Delinquent Accounts Details the tax roll by dollar range of delinquency.
- Degree of Delinquency Details the age and patterns of delinquencies.

- Summary of Accounts Mailed and Excluded Details the accounts mailed and those excluded from the July mailing. Also highlights the number of accounts and dollars that are not receiving a demand letter but are involved in lawsuit, bankruptcy and other means of collections, as well as accounts that are uncollectible due to reasons such as exempt, past statute of limitations, etc.

Recognizing how important it is to our clients to be able to make accurate budget projections and revenue estimates, we wanted to provide you with this tax roll data and draw this information to your attention. If it would be helpful to you to receive this information at other times, we would be happy to provide the information more frequently.

Our office uses this information to produce a customized workplan for your jurisdiction. We produce this information on a regular basis to monitor our collection program and target various categories of your delinquent tax roll. Please be assured that our law firm will continue to pursue the collection of your delinquent taxes as aggressively as possible.

As always, we appreciate the opportunity to work with you. If there is any other information we can provide, do not hesitate to call me at (469) 221-5055 or Peggy McCormick at (469) 221-5060.

cc: Horace Williams, Superintendent, Cedar Hill ISD
John R. Ames, CTA, Dallas County Tax Assessor/Collector
DeMetris A. Sampson, Managing Partner, LGB&S
Sheila Fuqua Carter, Partner, LGB&S
Tracy Pounders, Partner, LGB&S
Sandra Tei, Client Liaison, LGB&S

2009 TAX ROLL TURNOVER ANALYSIS

FOR THE

**CEDAR HILL INDEPENDENT
SCHOOL DISTRICT**

JULY 2009

CEDAR HILL INDEPENDENT SCHOOL DISTRICT
 DELINQUENT TAX SUMMARY
 JULY 2009

| TYPE OF ACCOUNT | NUMBER OF ACCOUNTS | BASE TAX | BASE TAX + P & I | 2008 BASE TAX | 2008 BASE TAX + P & I | PERCENTAGE OF BASE TAX |
|-------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|------------------------|
| REAL PROPERTY | 1,208 | \$1,910,762 | \$2,885,697 | \$1,382,868 | \$1,893,878 | 85.5% |
| PERSONAL PROPERTY | 374 | \$320,831 | \$604,557 | \$88,648 | \$120,733 | 14.4% |
| MOBILE HOMES | 8 | \$3,971 | \$8,653 | \$292 | \$413 | 0.2% |
| TOTAL | 1,590 | \$2,235,564 | \$3,498,907 | \$1,471,808 | \$2,015,024 | 100.0% |

CEDAR HILL INDEPENDENT SCHOOL DISTRICT
 SIZE OF DELINQUENT ACCOUNTS

JULY 2009

| DOLLAR AMOUNT | NUMBER OF ACCOUNTS | PERCENTAGE OF NUMBER OF ACCOUNTS | BASE TAX + P&I | PERCENTAGE OF BASE + P&I | AVERAGE SIZE OF ACCOUNTS |
|--------------------------|--------------------|----------------------------------|-----------------------|--------------------------|--------------------------|
| REAL PROPERTY | | | | | |
| 0-100 | 275 | 22.76% | \$9,657.06 | 0.33% | 35.12 |
| 101-500 | 224 | 18.54% | \$103,224.54 | 3.58% | 460.82 |
| 501-5000 | 629 | 52.07% | \$1,586,853.98 | 54.99% | 2,522.82 |
| >5000 | 80 | <u>6.62%</u> | <u>\$1,185,961.79</u> | <u>41.10%</u> | <u>14,824.52</u> |
| TOTAL | 1,208 | 100.00% | \$2,885,697.37 | 100.00% | 2,388.82 |
| PERSONAL PROPERTY | | | | | |
| 0-100 | 125 | 33.42% | \$7,479.63 | 1.24% | 59.84 |
| 101-500 | 119 | 31.82% | \$53,576.89 | 8.86% | 450.23 |
| 501-5000 | 119 | 31.82% | \$313,511.39 | 51.86% | 2,634.55 |
| >5000 | 11 | <u>2.94%</u> | <u>\$229,988.76</u> | <u>38.04%</u> | <u>20,908.07</u> |
| TOTAL | 374 | 100.00% | \$604,556.67 | 100.00% | 1,616.46 |
| MOBILE HOMES | | | | | |
| 0-100 | 3 | 37.50% | \$246.90 | 2.85% | 82.30 |
| 101-500 | 4 | 50.00% | \$1,776.81 | 20.53% | 444.20 |
| 501-5000 | 1 | 12.50% | \$6,629.18 | 76.61% | 6,629.18 |
| >5000 | 0 | 0.00% | <u>\$0.00</u> | <u>0.00%</u> | <u>0.00</u> |
| TOTAL | 8 | 100.00% | \$8,652.89 | 100.00% | 1,081.61 |
| ALL ACCOUNTS | | | | | |
| 0-100 | 403 | 25.35% | \$17,383.59 | 0.50% | 43.14 |
| 101-500 | 347 | 21.82% | \$158,578.24 | 4.53% | 457.00 |
| 501-5000 | 749 | 47.11% | \$1,906,994.55 | 54.50% | 2,546.05 |
| >5000 | <u>91</u> | <u>5.72%</u> | <u>\$1,415,950.55</u> | <u>40.47%</u> | <u>15,559.90</u> |
| TOTAL | 1,590 | 100.00% | \$3,498,906.93 | 100.00% | 2,200.57 |

CEDAR HILL INDEPENDENT SCHOOL DISTRICT
DEGREE OF DELINQUENCY

JULY 2009

| TYPE OF DELINQUENCY | NUMBER OF ACCOUNTS | BASE TAX | PERCENTAGE | AVERAGE SIZE OF ACCOUNTS |
|--|--------------------|-----------------|--------------|--------------------------|
| REAL PROPERTY | | | | |
| First Time (owes 2008 year only) | 857 | \$1,097,474 | 57.44% | 1,280.60 |
| Repeat (owes 2006, 2007 & 2008 years only) | 153 | \$413,994 | 21.67% | 2,705.84 |
| Chronic (owes 4 or more years of taxes) | 76 | \$283,054 | 14.81% | 3,724.39 |
| Not Owing Tax Year 2008 (prior years only) | 107 | \$80,075 | 4.19% | 748.36 |
| Other (A skip in 1 or more years due) | <u>15</u> | <u>\$36,165</u> | <u>1.89%</u> | <u>2,411.00</u> |
| TOTAL | 1,208 | \$1,910,762 | 100.00% | 1,581.76 |
| PERSONAL PROPERTY | | | | |
| First Time (owes 2008 year only) | 91 | \$66,637 | 20.77% | 732.27 |
| Repeat (owes 2006, 2007 & 2008 years only) | 40 | \$24,837 | 7.74% | 620.93 |
| Chronic (owes 4 or more years of taxes) | 11 | \$58,339 | 18.18% | 5,303.55 |
| Not Owing Tax Year 2008 (prior years only) | 227 | \$169,763 | 52.91% | 747.85 |
| Other (A skip in 1 or more years due) | <u>5</u> | <u>\$1,255</u> | <u>0.39%</u> | <u>251.00</u> |
| TOTAL | 374 | \$320,831 | 100.00% | 857.84 |
| MOBILE HOMES | | | | |
| First Time (owes 2008 year only) | 0 | \$0 | 0.00% | 0.00 |
| Repeat (owes 2006, 2007 & 2008 years only) | 2 | \$168 | 4.23% | 84.00 |
| Chronic (owes 4 or more years of taxes) | 2 | \$3,224 | 81.19% | 1,612.00 |
| Not Owing Tax Year 2008 (prior years only) | 4 | \$579 | 14.58% | 144.75 |
| Other (A skip in 1 or more years due) | <u>0</u> | <u>\$0</u> | <u>0.00%</u> | <u>0.00</u> |
| TOTAL | 8 | \$3,971 | 100.00% | 496.38 |
| ALL ACCOUNTS | | | | |
| First Time (owes 2008 year only) | 948 | \$1,164,111 | 52.07% | 1,227.97 |
| Repeat (owes 2006, 2007 & 2008 years only) | 195 | \$438,999 | 19.64% | 2,251.28 |
| Chronic (owes 4 or more years of taxes) | 89 | \$344,617 | 15.42% | 3,872.10 |
| Not Owing Tax Year 2008 (prior years only) | 338 | \$250,417 | 11.20% | 740.88 |
| Other (A skip in 1 or more years due) | <u>20</u> | <u>\$37,420</u> | <u>1.67%</u> | <u>1,871.00</u> |
| TOTAL | 1,590 | \$2,235,564 | 100.00% | 1,406.02 |

CHISD_AMIE
1ST LTR

CEDAR HILL INDEPENDENT SCHOOL DISTRICT
FIRST LETTER
ACCOUNTS MAILED & EXCLUDED
JULY 2009

| | NUMBER OF ACCOUNTS | BASE TAX | BASE TAX + P & I | 2008 TAX & PI | PERCENTAGE OF BASE + P&I |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| LETTERS MAILED | 709 | \$929,462.80 | \$1,341,769.05 | \$1,209,928.51 | 38.3% |
| LAWSUIT | 73 | 306,724.17 | 607,514.99 | 101,673.41 | 17.4% |
| NOT YET DELINQUENT | 137 | 244,011.82 | 296,364.23 | 224,629.82 | 8.5% |
| BAD ADDRESS | 154 | 235,183.89 | 389,133.10 | 157,077.54 | 11.1% |
| BANKRUPTCY | 81 | 234,205.41 | 351,587.00 | 211,004.59 | 10.0% |
| PAST STATUTE OF LIMITATIONS | 118 | 111,997.20 | 269,313.41 | 0.00 | 7.7% |
| OVER 65 | 84 | 82,717.91 | 110,542.43 | 58,189.54 | 3.2% |
| DISABLED | 46 | 80,779.72 | 108,914.96 | 49,556.37 | 3.1% |
| EXEMPT | 13 | 6,326.63 | 16,503.86 | 1,353.46 | 0.5% |
| REPRESENTED BY ATTORNEY | 4 | 3,725.76 | 6,540.65 | 1,333.87 | 0.2% |
| OWES LESS THAN \$15 | 171 | 428.79 | 723.25 | 277.37 | 0.0% |
| TOTAL HOLDS | 881 | \$1,306,101.30 | \$2,157,137.88 | \$805,095.97 | 61.7% |
| ALL ACCOUNTS ON FILE | 1,590 | \$2,235,564.10 | \$3,498,906.93 | \$2,015,024.48 | 100.0% |