

# **2010 TAX ROLL TURNOVER ANALYSIS**

**Prepared for:**

## **CEDAR HILL INDEPENDENT SCHOOL DISTRICT**



**Linebarger Goggan  
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**AUGUST 2010**


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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 

DATE: August 17, 2010

RE: **2010 TURNOVER AND ANALYSIS OF DELINQUENT TAX ROLL**

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Linebarger Goggan Blair & Sampson, LLP (LGB&S) is in receipt of your jurisdiction's delinquent tax accounts for tax year 2009 and prior and we have initiated our 2010-2011 delinquent collection efforts on your behalf. This memo and the attached report entitled **2010 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 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, 2010 TURNOVER (2009 TAX YEAR)**

The current year delinquency (real, personal property and mobile homes) turned over to our law firm for collection in July 2009 vs. July 2010 is shown below:

<u>July 2009</u>	<u>July 2010</u>	<u>Difference</u>	
		\$	%
1,252 accounts	902 accounts		
\$1,471,808 base tax	\$982,111 base tax	<\$489,697>	<33.27%>

On July 7, 2010, LGB&S received your 2009 delinquent tax roll. **On July 12, 2010, we mailed 505 demand letters that represented \$1,048,214** in 2009 and prior year delinquent tax, penalties, interest, and attorney fees due to Cedar Hill ISD. The School District's tax amounts were included in a consolidated Dallas County statement which our law firm mailed on behalf of each Linebarger Goggan Blair & Sampson client. Another targeted mailing will be conducted in September.

### TURNOVER VARIANCE

#### CHANGE IN CURRENT YEAR TURNOVER BY PROPERTY TYPE – TAX YEAR 2008 vs. 2009

The "current year turnover" represents the most recent tax year's delinquent receivable that remains unpaid to the Tax Office between October-March (personal property) and October-June (Real property) and is considered the most collectible portion of the entire delinquent tax roll, because it is the most recent. The breakdown of the **2009 turnover by property type as of July 1, 2010** as compared to the prior year is as follows:

<u>As of July 1, 2010:</u>	<u>Tax Year</u>		<u>Change from Previous Year</u>	
	2008	2009	Dollars	Percent
<b>Real Estate</b>	\$1,382,868	\$876,607	<\$506,261>	<36.61%>
<b>Personal Property*</b>	\$88,648	\$105,223	\$16,575	18.70%
<b><u>Mobile Homes</u></b>	<u>\$292</u>	<u>\$281</u>	<u>&lt;\$11&gt;</u>	<u>&lt;3.77%&gt;</u>
<b>Total Base Tax</b>	<b>\$1,471,808</b>	<b>\$982,111</b>	<b>&lt;\$489,697&gt;</b>	<b>&lt;33.27%&gt;</b>

\* Turned over in April 2010

### EARLY PERSONAL PROPERTY COLLECTION PROGRAM

#### PERSONAL PROPERTY TURNOVER (2009 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, 2009 vs. 2010 is shown below:

<u>April 2009</u>	<u>April 2010</u>	<u>Difference</u>	
		\$	%
201 accounts	180 accounts		
\$176,699 base tax	\$170,100 base tax	<\$6,599>	<3.73%>



LGB&S conducted mailings to these personal property accounts in April and June, 2010. **In April, we mailed 155 letters totaling \$235,679** (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 **72 letters totaling \$80,096** 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 16 collectors** in the field. Since April 1<sup>st</sup>, we have contacted almost **2,400 businesses in Dallas County**, and have targeted almost **\$8.1 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 2010)**

The Early Personal Property Collection Program that we have initiated on your behalf is proving quite successful. During the three month period April – June 2010, the 2009 personal property portion of the tax roll has been reduced as shown below:

<b>Cedar Hill Independent School District</b>		
<b>3 Month Reduction of Delinquent Personal Property Tax Roll</b>		
<b>April 1, 2010 - June 30, 2010</b>		
<b>Month</b>	<b>Number of Accounts</b>	<b>Base Tax Due</b>
April 1, 2010	180	\$170,100
June 30, 2010	143	\$105,223
<b>Total Reduction</b>	<b>37</b>	<b>\$64,877</b>
	<b>21% of Total</b>	<b>38% of Total</b>

### **ANALYSIS OF TOTAL DELINQUENT TAX ROLL & JULY MAILING DOCUMENTATION**

As of July 1, 2010, 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:

**1,273 accounts**  
**\$1,809,280 base tax**  
**\$2,907,858 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 Carter, Partner, LGB&S  
Tracy Pounders, Partner, LGB&S  
Sandra Tei, Client Liaison, LGB&S

# **2010 TAX ROLL TURNOVER ANALYSIS**

FOR THE

## **CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

**JULY 2010**

## CEDAR HILL INDEPENDENT SCHOOL DISTRICT

## DELINQUENT TAX SUMMARY

JULY 2010

TYPE OF ACCOUNT	NUMBER OF ACCOUNTS	BASE TAX	BASE TAX + P & I	2009 BASE TAX	2009 BASE TAX + P & I	PERCENTAGE OF BASE TAX
REAL PROPERTY	929	\$1,538,876	\$2,445,580	\$876,607	\$1,226,696	85.1%
PERSONAL PROPERTY	336	\$266,170	\$452,704	\$105,223	\$148,301	14.7%
MOBILE HOMES	8	\$4,234	\$9,574	\$281	\$397	0.2%
<b>TOTAL</b>	<b>1,273</b>	<b>\$1,809,280</b>	<b>\$2,907,858</b>	<b>\$982,111</b>	<b>\$1,375,394</b>	<b>100.0%</b>

## CEDAR HILL INDEPENDENT SCHOOL DISTRICT

## SIZE OF DELINQUENT ACCOUNTS

JULY 2010

DOLLAR AMOUNT	NUMBER OF ACCOUNTS	PERCENTAGE OF NUMBER OF ACCOUNTS	BASE TAX + P&I	PERCENTAGE OF BASE + P&I	AVERAGE SIZE OF ACCOUNTS
<b>REAL PROPERTY</b>					
0-100	194	20.88%	\$5,258.48	0.22%	27.11
101-500	141	15.18%	\$56,965.20	2.33%	404.01
501-5000	527	56.73%	\$1,290,837.34	52.78%	2,449.41
>5000	67	<u>7.21%</u>	<u>\$1,092,518.70</u>	<u>44.67%</u>	<u>16,306.25</u>
TOTAL	929	100.00%	\$2,445,579.72	100.00%	2,632.49
<b>PERSONAL PROPERTY</b>					
0-100	115	34.23%	\$6,581.31	1.45%	57.23
101-500	106	31.55%	\$44,901.00	9.92%	423.59
501-5000	108	32.14%	\$232,742.27	51.41%	2,155.02
>5000	7	<u>2.08%</u>	<u>\$168,479.60</u>	<u>37.22%</u>	<u>24,068.51</u>
TOTAL	336	100.00%	\$452,704.18	100.00%	1,347.33
<b>MOBILE HOMES</b>					
0-100	3	37.50%	\$306.29	3.20%	102.10
101-500	4	50.00%	\$1,952.56	20.39%	488.14
501-5000	1	12.50%	\$7,315.72	76.41%	7,315.72
>5000	0	0.00%	<u>\$0.00</u>	<u>0.00%</u>	<u>0.00</u>
TOTAL	8	100.00%	\$9,574.57	100.00%	1,196.82
<b>ALL ACCOUNTS</b>					
0-100	312	24.51%	\$12,146.08	0.42%	38.93
101-500	251	19.72%	\$103,818.76	3.57%	413.62
501-5000	636	49.96%	\$1,530,895.33	52.65%	2,407.07
>5000	<u>74</u>	<u>5.81%</u>	<u>\$1,260,998.30</u>	<u>43.37%</u>	<u>17,040.52</u>
TOTAL	1,273	100.00%	\$2,907,858.47	100.00%	2,284.26



CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
DEGREE OF DELINQUENCY

JULY 2010

TYPE OF DELINQUENCY	NUMBER OF ACCOUNTS	BASE TAX	PERCENTAGE OF ACCOUNTS	AVERAGE SIZE OF ACCOUNTS
<b>REAL PROPERTY</b>				
First Time Repeat (owes 2007, 2008 & 2009 years only) Chronic (owes 4 or more years of taxes) Not Owing Tax Year 2009 (prior years only) Other (A skip in 1 or more years due)	454 208 86 175 <u>6</u>	\$575,423 \$502,490 \$357,873 \$92,710 <u>\$10,380</u>	37.39% 32.65% 23.26% 6.02% <u>0.67%</u>	1,267.45 2,415.82 4,161.31 529.77 <u>1,730.00</u>
TOTAL	929	\$1,538,876	100.00%	1,656.49
<b>PERSONAL PROPERTY</b>				
First Time Repeat (owes 2007, 2008 & 2009 years only) Chronic (owes 4 or more years of taxes) Not Owing Tax Year 2009 (prior years only) Other (A skip in 1 or more years due)	73 51 12 193 <u>7</u>	\$78,013 \$36,255 \$58,585 \$91,436 <u>\$1,881</u>	29.31% 13.62% 22.01% 34.35% <u>0.71%</u>	1,068.67 710.88 4,882.08 473.76 <u>268.71</u>
TOTAL	336	\$266,170	100.00%	792.17
<b>MOBILE HOMES</b>				
First Time Repeat (owes 2007, 2008 & 2009 years only) Chronic (owes 4 or more years of taxes) Not Owing Tax Year 2009 (prior years only) Other (A skip in 1 or more years due)	1 0 4 3 <u>0</u>	\$37 \$0 \$3,667 \$530 <u>\$0</u>	0.87% 0.00% 86.61% 12.52% <u>0.00%</u>	37.00 0.00 916.75 176.67 <u>0.00</u>
TOTAL	8	\$4,234	100.00%	529.25
<b>ALL ACCOUNTS</b>				
First Time Repeat (owes 2007, 2008 & 2009 years only) Chronic (owes 4 or more years of taxes) Not Owing Tax Year 2009 (prior years only) Other (A skip in 1 or more years due)	528 259 102 371 <u>13</u>	\$653,473 \$538,745 \$420,125 \$184,676 <u>\$12,261</u>	36.12% 29.78% 23.22% 10.21% <u>0.68%</u>	1,237.64 2,080.10 4,118.87 497.78 <u>943.15</u>
TOTAL	1,273	\$1,809,280	100.00%	1,421.27

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
FIRST LETTER  
ACCOUNTS MAILED & EXCLUDED  
JULY 2010

	NUMBER OF ACCOUNTS	BASE TAX	BASE TAX + P & I	2009 TAX & PI	PERCENTAGE OF BASE + P&I
<b>LETTERS MAILED</b>	<b>505</b>	<b>\$706,665.93</b>	<b>\$1,048,213.87</b>	<b>\$804,436.20</b>	<b>36.0%</b>
LAWSUIT	99	387,099.33	639,749.77	171,647.36	22.0%
UNCOLLECTIBLE	59	150,353.45	358,002.38	55,716.22	12.3%
BANKRUPTCY	61	131,919.51	197,879.76	96,425.91	6.8%
OVER 65	92	116,522.84	157,145.83	72,350.78	5.4%
DISABLED	44	89,818.84	123,978.36	49,169.86	4.3%
BAD ADDRESS	88	71,709.86	122,149.66	37,280.16	4.2%
PAYMENT ARRANGEMENT	27	45,409.38	67,252.64	36,894.12	2.3%
REPRESENTED BY ATTORNEY	37	45,067.30	69,662.13	34,433.89	2.4%
PAST STATUTE OF LIMITATIONS	80	28,802.73	64,379.27	0.00	2.2%
EXEMPT	21	15,201.14	27,949.87	2,777.35	1.0%
TEMPORARY HOLD	11	15,190.98	23,017.49	12,342.17	0.8%
NOT YET DELINQUENT	7	3,890.91	4,435.65	1,537.89	0.2%
OWNERSHIP ISSUE	1	1,145.18	3,275.53	0.00	0.1%
OWES LESS THAN \$15	<u>141</u>	<u>482.79</u>	<u>766.26</u>	<u>382.23</u>	<u>0.0%</u>
<b>TOTAL HOLDS</b>	<b>768</b>	<b>\$1,102,614.24</b>	<b>\$1,859,644.60</b>	<b>\$570,957.94</b>	<b>64.0%</b>
<b>ALL ACCOUNTS ON FILE</b>	<b>1,273</b>	<b>\$1,809,280.17</b>	<b>\$2,907,858.47</b>	<b>\$1,375,394.14</b>	<b>100.0%</b>