

**CUMBERLAND COUNTY  
FINANCE COMMITTEE MEETING  
THURSDAY, NOVEMBER 1, 2001, 8:30 AM**

**Present:** Kenneth Edge, Chairman  
Breedon Blackwell, Commissioner  
Jeannette Council, Commissioner  
James Martin, County Manager  
Juanita Pilgrim, Deputy County Manager  
Amy H. Cannon, Assistant County Manager  
Cliff Spiller, Assistant County Manager  
Grainger Barrett, County Attorney  
Howard Abner, Finance Department  
Aaron Donaldson, Interim Tax Administrator  
Gene Hodges, Deputy Tax Collector  
Rhonda C. Raynor, Deputy Clerk to the Board

**Others:** Press

Chairman Edge called the meeting to order.

**1. Invocation**

Commissioner Blackwell offered the Invocation.

Chairman Edge then asked that the committee move Item 4 before Item 5.

**2. Approval of Minutes: April 5, 2001.**

**MOTION:** Commissioner Council offered a motion to approve the April 5, 2001 Finance Committee meeting minutes.

**SECOND:** Commissioner Blackwell

**VOTE:** UNANIMOUS

**4. Report on Revenue and Expenditures for First Quarter of Fiscal Year 2002.**

Mr. Martin presented a revenue and obligation summary to the committee. He noted that in the most recent budget process, staff tried to anticipate that there could be some downturn in the economy. However, there was no way to anticipate the recent events in the nation. They tried to maintain a conservative base for revenue projections. He noted that some of the figures are reflective of the delay in reimbursements from the State. He noted the County has lost over \$600,000 in sales tax this year due to annexation and school funding.

Howard Abner noted the items under category 40 (Restricted Intergovernmental) is expenditure driven. All of these funds will be reimbursed.

Mr. Martin noted the Health Department is doing a better job of collecting fees compared to the previous year. That has helped increase collection for this category. He noted that the County has exceeded interest income over the past several years. However,

the county will be lucky to do that this year in light of the current economic situation. He advised this information has and will continue to be monitored. The second quarter will be a revealing indicator of the county's financial picture for the upcoming budget year. After the second quarter information is compiled, recommended actions may be needed.

Chairman Edge noted this information is very valuable to the committee as well as all the Commissioners.

Commissioner Council commended staff for the job they have done with projections for the current budget year. She does not see that there will be an upward turn in the financial picture during the second quarter. The county should have cost-saving measures in place now in order to avoid the problems faced in preparing the budget last year.

Mr. Martin advised that departments are still trying to get acclimated to the cuts in their budgets. Many departments are struggling just to keep up now. He would like to allow them time to get acclimated to the recent reductions before anything else is put on them.

Commissioner Blackwell agreed that he does not want to scare employees and project a gloomy picture if it isn't necessary. He feels they should withhold comments about the future until they see the second quarter report in January.

Mr. Martin then reviewed the Obligation Summary. He noted this information was a summary of cash expenses and purchase orders issued.

Commissioner Blackwell asked if the County should refinance any bonds at this time.

Amy Cannon advised that the Coliseum and Jail bonds have already been refinanced. At this point it would not be advantageous to refinance the school bonds. The county should refinance if it can recognize a savings of 3-5%. Right now the savings would only be 2.9%.

Chairman Edge stated this type of summary should be given to the Finance Committee each quarter.

**3. Consideration of Collection of Delinquent Tax Accounts Through Mortgage - Style Foreclosure by the County Attorney's Office.**

BACKGROUND and RECOMMENDATION: (See attached memorandum.)

Mr. Barrett stated that the County currently has 4,000 overdue cases. He believes there are 800-900 cases where the taxes are \$500.00 or more. There are approximately 325 cases where the taxes are \$1,000.00 or more. He feels this proposal would provide better service. Another issue to consider is that these outside law firms would not have access to confidential taxpayer information.

Mr. Hodges advised that following the recent staff cuts, the volume of cases being referred to the law firms has dropped. The law firms have requested more accounts to process. The law firms have offered to take on the task of sending the 10-day notice letter that is currently being forwarded by the tax office. The problem with that is the law firms would need to have access to confidential information that they do not have now. He noted that the service the County has received from these three law firms has been excellent, but there is now a bottleneck because the tax office cannot get enough accounts to them.

Mr. Donaldson noted the idea of having an attorney that could help the tax department is very appealing to him. It would be most beneficial to have someone that is familiar with real estate and collections available to them.

Commissioner Council questioned the confidentiality issue with these law firms if they are acting as a legal agent for the County. She does not understand why they could not be trusted to send out the 10-day notice letters.

Mr. Barrett noted there has been concern in the past over maintaining this confidential information. The risk is greater when a larger number of people handled this information.

Commissioner Council also noted her concern that the three firms were not receiving an equal number of cases. There is currently a huge discrepancy and she would like to see this situation corrected if they continue to use them. The County Attorney is proposing to process 40 cases per month which will still make for a backlog in processing these cases.

Commissioner Blackwell asked if information was available indicating how much fees was collected by these attorneys. He also asked if the percentage of collection for each firm was known.

Mr. Hodges advised that the tax office did not have the information on the fees collected. The information on collection percentage could be compiled.

Commissioner Blackwell stated he would like to see a comparison for each firm showing the percentage of cases collected. He advised that two of these firms have advised him that they have hired several people to handle this work for the county. He is not sure the County Attorney's office can do the work by hiring less than three people. If the law firms continue to do the work there should be a formula to distribute the cases. He asked if the tax office was given one clerk to do nothing but work on these cases, would that increase the number of referrals.

Mr. Hodges advised the addition of a clerk would help ease the "bottleneck" in referring cases.

Mr. Martin noted an additional clerk in the tax office would help, but that would not give the county an opportunity to offset the costs for that person. He noted the committee may want to consider the opportunity for a mixture of the law firms and the county processing these cases. The county could do all that is possible in-house and send the others out to the law firms.

Commissioner Blackwell asked if the processing of the 10-day letters was given to the law firms, would they charge the county for that work?

Mr. Hodges advised that all three law firms have offered to process the 10-day letters without any fee to the county.

Commissioner Blackwell stated he would like to speak with the three firms about this issue. He is not ready to make a decision at this time.

Chairman Edge asked if there was space in the County Attorney's office for the additional staff.

Mr. Martin noted the County Attorney's office did not have the space, but there may be room in the tax office.

Chairman Edge stated he was not sure about the degree of commitment these firms have to collect these taxes. As Commissioners, they have to look at ways of doing things better and getting additional revenue. The \$80,000 that could be earned by doing this work in-house would keep a library open more hours, pay for school crossing guards or pay for any number of things. He stated that he likes the idea of allowing both the County Attorney's office and the law firms to work on these cases for a trial period.

Commissioner Blackwell stated he would like to discuss this matter with the law firms at the next meeting. He would also like to have the figures on how much fees they have collected and their collection rate.

Mr. Barrett noted the reason for bringing this matter to them is to generate revenue for the county and to provide better attorney services on staff.

**MOTION:** Commissioner Blackwell offered a motion to delay action on this matter until the next meeting. The representatives from the three law firms handling delinquent tax cases for the county are to be invited to the next meeting and the tax office is to provide information on the fees collected by these three firms as well as the percentage of cases referred to them that have the taxes collected.

**SECOND:** Chairman Edge

**DISCUSSION:** Mr. Barrett asked if it was the consensus of the committee that the cases being referred to these firms be allocated equally.

The committee consensus was that the cases being referred be allocated equally to each firm.

**VOTE: UNANIMOUS**

**5. Other Committee Concerns.**

No other committee concerns were raised.

Meeting adjourned at 10:05 AM.