



City of Dunwoody *Georgia*

Millage Rate Hearings

June/July 2022

Today's Purpose

- State law requires three public hearings if a city, county, or school system raises its property taxes. The official ones will be June 17 (8 a.m.); July 11 (8 a.m.) and July 11 (6 p.m.) Though, the city will also have discussions at other meetings.
- The City of Dunwoody has proposed raising the tax rate to 3.040 mills from 2.740 mills.
- For a newly purchased \$500,000 house, the tax bill would go from \$321 a year to \$378 a year, a \$57 increase.
- For a \$500,000 house that was purchased years ago and its assessment frozen at \$375,000, the tax bill would go from \$234 a year to \$276 a year, a \$42 increase.

Why the tax increase?

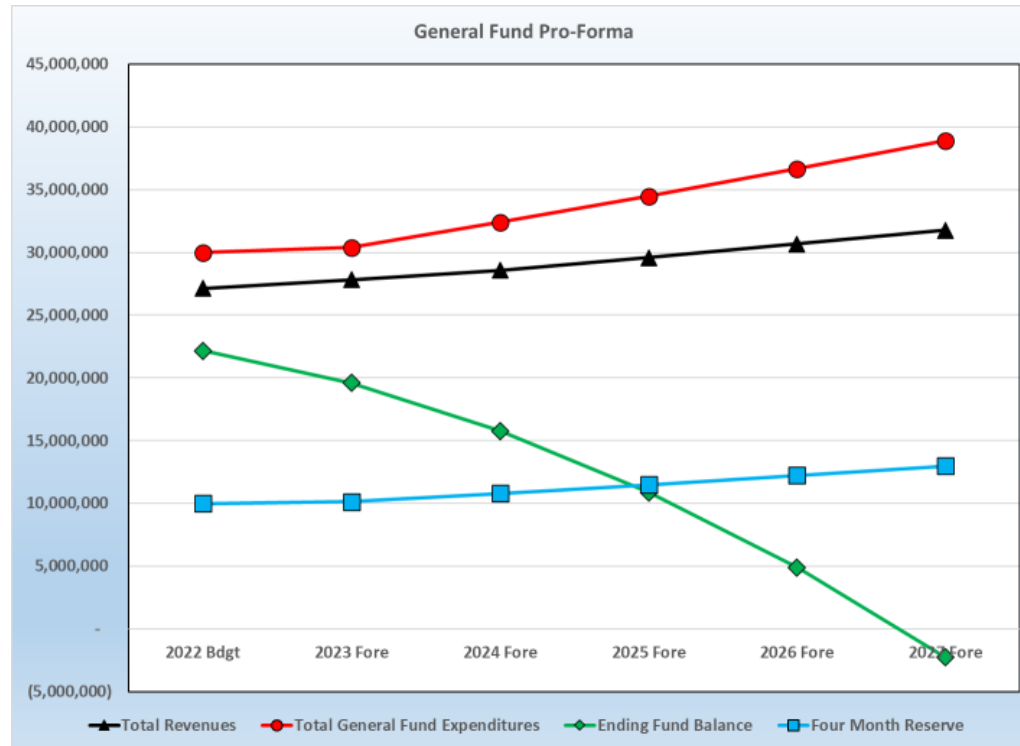
- The most obvious question is, “If the city is financially healthy, why does it need a tax increase?”
- *The answer: The fund balance (reserves) the city has is almost twice the minimum recommended for our size, but the current ongoing revenues do not project in the long term to cover future ongoing expense.*

General Fund 2022

FY2022 Original Budget		FY2022 at 2.740 mills		FY2022 at 3.040 mills	
Starting Balance	\$ 22.5	Starting Balance	\$ 22.5	Starting Balance	\$ 22.5
Taxes	\$ 19.7	Taxes (*)	\$ 20.6	Taxes (*)	\$ 21.7
Other Revenue	\$ 4.5	Other Revenue	\$ 5.4	Other Revenue	\$ 5.4
Total Revenue	\$ 24.2	Total Revenue	\$ 26.1	Total Revenue	\$ 27.1
Expenses	\$ 28.1	Expenses (**)	\$ 30.3	Expenses (**)	\$ 30.3
Ending Balance	\$ 18.6	Ending Balance	\$ 18.3	Ending Balance	\$ 19.4
(Use)/Gain of Fund Balance	\$ (3.9)	(Use)/Gain of Fund Balance	\$ (4.2)	(Use)/Gain of Fund Balance	\$ (3.1)
Req. Four Month Reserve	\$ 9.4	Req. Four Month Reserve	\$ 10.1	Req. Four Month Reserve	\$ 10.1
Months Reserved	7.91	Months Reserved	7.25	Months Reserved	7.67
Structural Deficit	\$ (3.9)	Structural Deficit	\$ (2.2)	Structural Deficit	\$ (1.1)

- This chart shows the original 2022 budget, a revision based on new revenue and 2.740 mills, and an option at 3.040 mills.
- The structural deficit with the 3.040 mill rate is small enough where a 3% swing in revenues/expenses could make the actual use of fund balance nil.

Short-Term Forecast



- The city also has five year operating forecasts. In those forecast, the goal is to make sure that there are adequate reserves five years out; however, given the conservative nature of the revenue projections, three years out on a projection still gives the city time to take corrective actions should the economy take an excessive downturn.

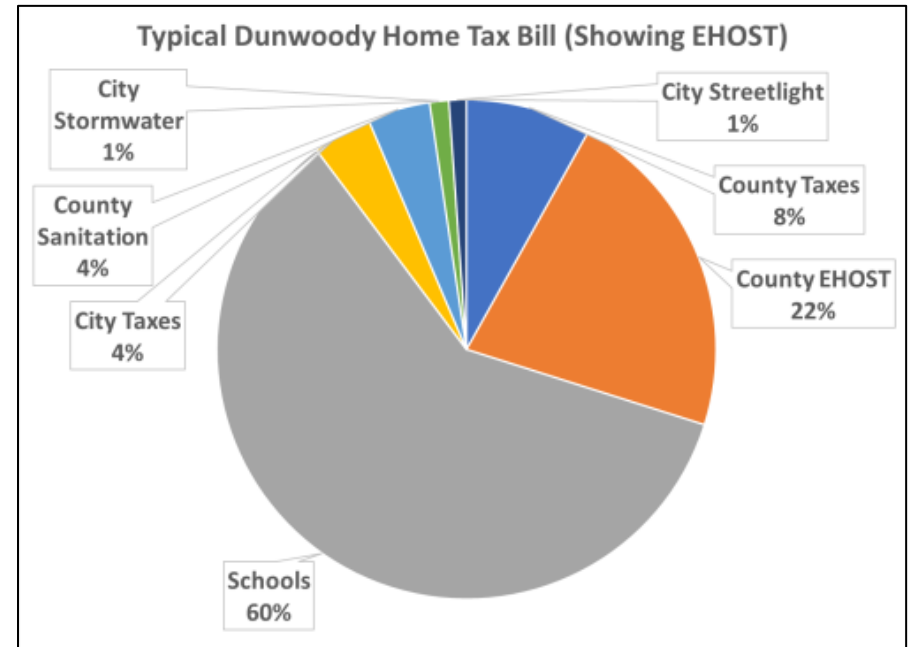
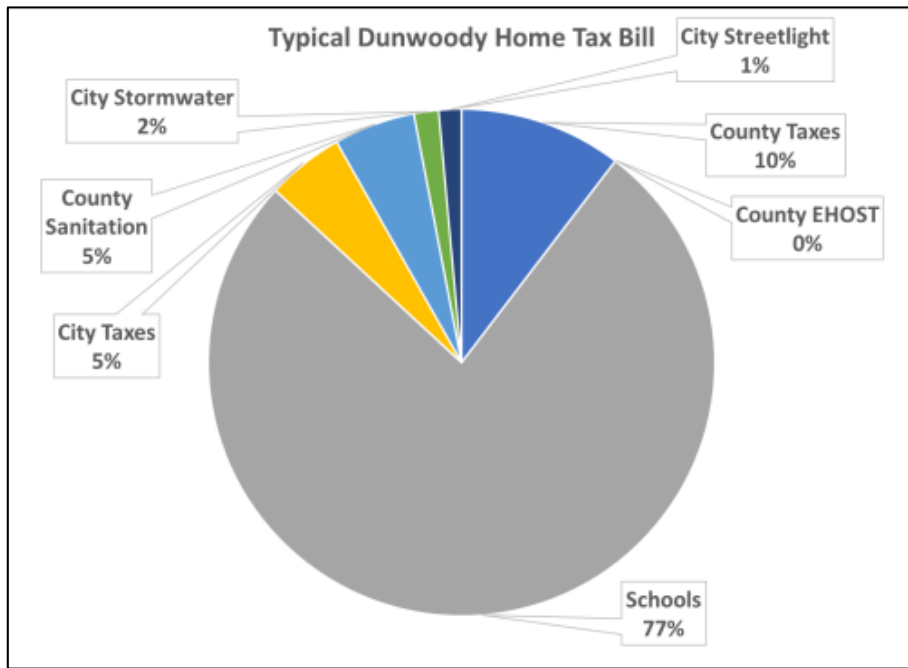
The Real Impact

Current House Value	Frozen House Value	Tax at 2.740	Tax at 3.040	Change
\$ 400,000	\$ 300,000	\$ 181	\$ 214	\$ 33
\$ 500,000	\$ 375,000	\$ 234	\$ 276	\$ 42
\$ 600,000	\$ 450,000	\$ 286	\$ 337	\$ 51
\$ 400,000	\$ 400,000	\$ 251	\$ 296	\$ 45
\$ 500,000	\$ 500,000	\$ 321	\$ 378	\$ 57
\$ 600,000	\$ 600,000	\$ 390	\$ 459	\$ 69

- The proposal before City Council has an impact on typical Dunwoody homes of between \$33 and \$69 a year.
- The freeze has made it so many houses are still paying in 2022 what they were paying in 2009.

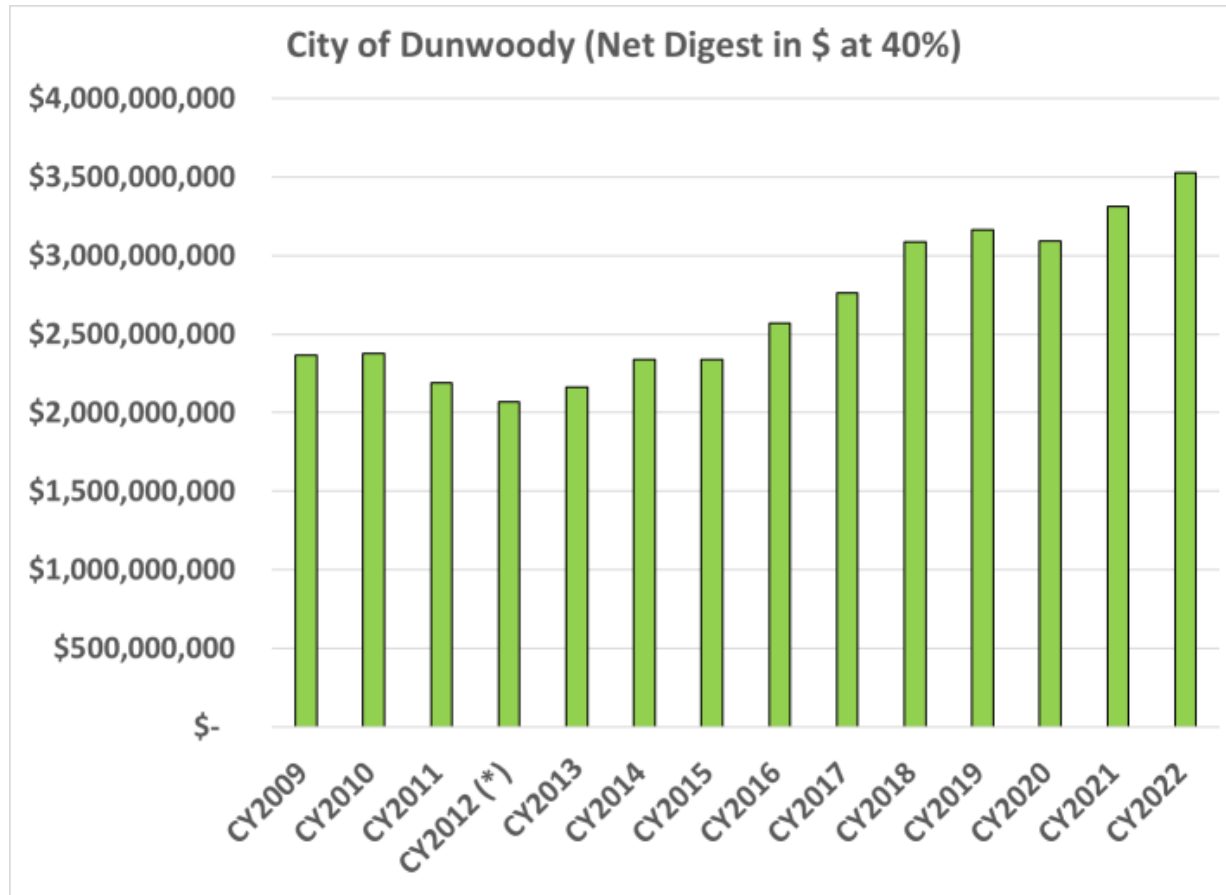
Your Typical Tax Bill (Two Views)

Depending on how one counts the EHOST credit (currently only given to countywide taxes), city taxes are 4 to 5% of a typical total bill.



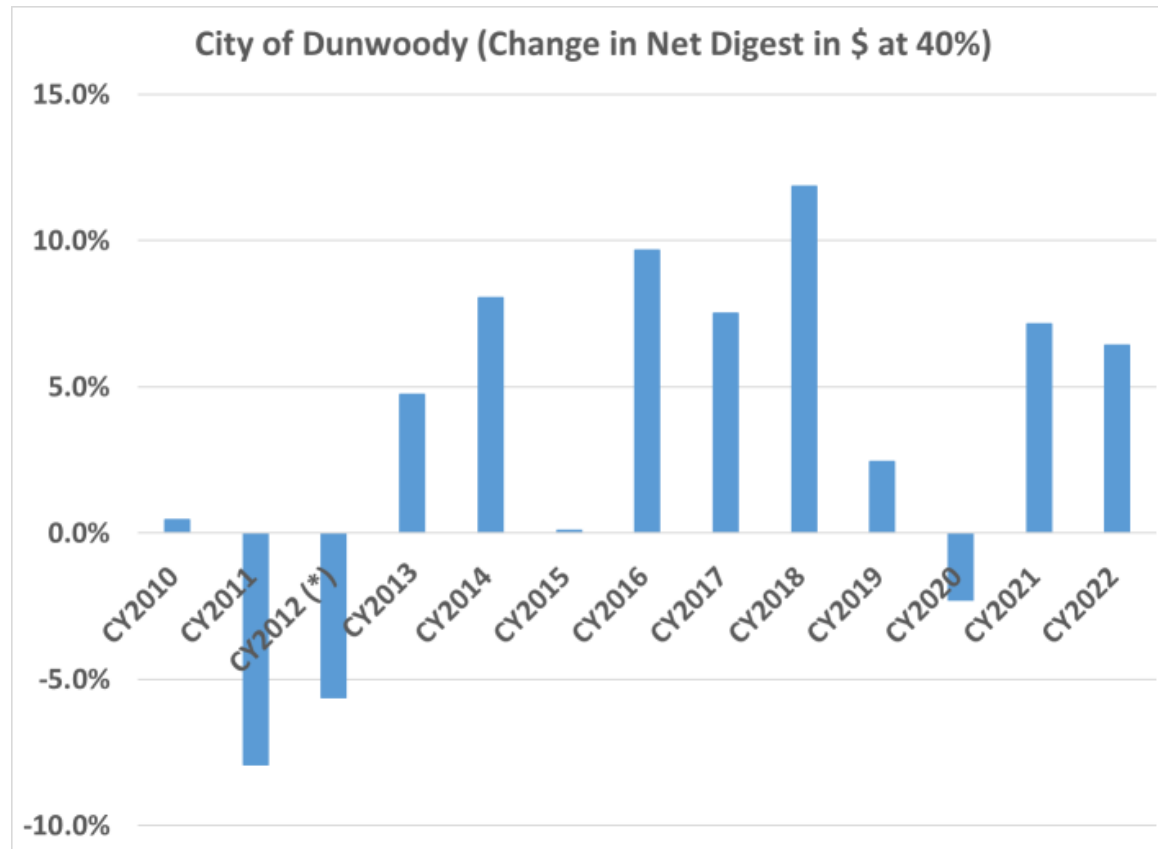
Schools are between 60-77% of the bill and the county is between 10-32%. Again, depending on how to count the EHOST credit.

Driving the Revenue



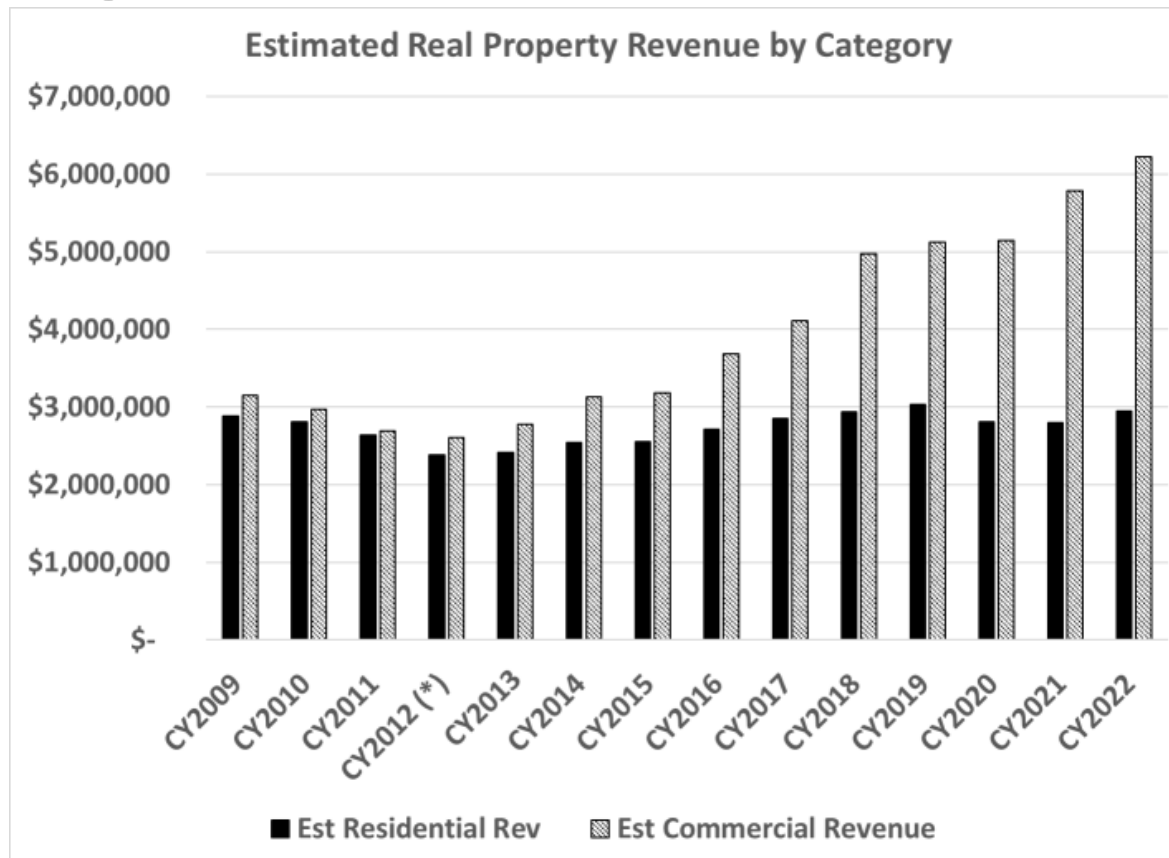
While the general trend of the digest (the city's main revenue source) has been up, the picture has not been perfect.

Driving the Revenue



In three years of the city's existence, values have gone down and two more years basically zero growth.

Driving the Revenue



But the most glaring trend is that at the start, city residents and businesses paid about the same amount in taxes. Over thirteen years, the residents pay the same amount and businesses are double.

So, what's the goal...

- The main goal of raising the millage rate to the statutory cap is to have ongoing revenue and ongoing expenses move closer to each other.
- With new parks on the horizon and residential tax bills frozen since incorporation, the most direct action that the city can take is moving the rate to the cap created by the city's founders.
- Projections show that raising to the cap will significantly mitigate the structural deficit and give room for some service growth in the short term.