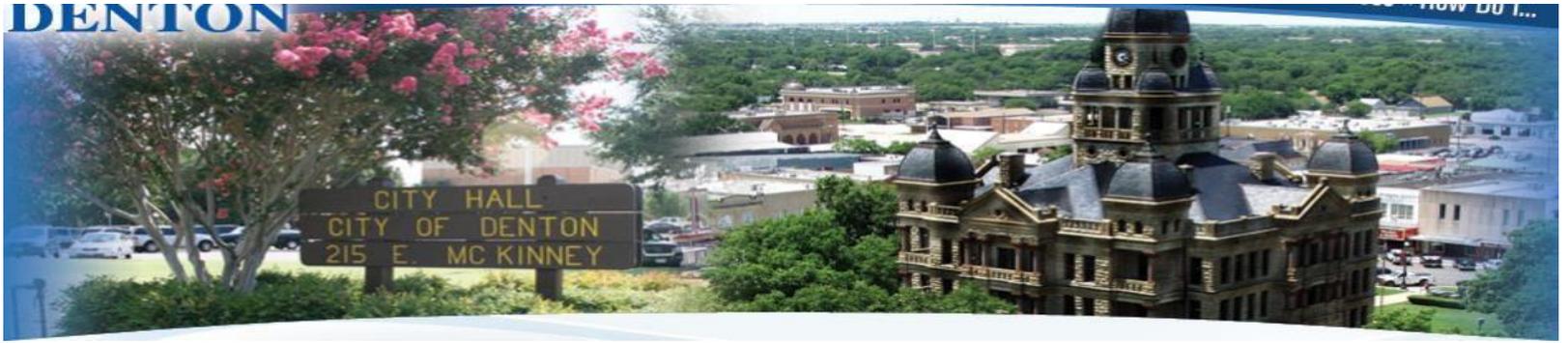


**DENTON**



# FY 2017-18 Budget Discussions

# Budgetary Work Session

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- Budgetary response memorandum
- Current General Fund projection
- Additional information on cash funding of vehicles
- Additional information on tax limitation impact estimates

# Current General Fund Projection

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	<b>Proposed Budget 2017-18</b>
<b>Beginning Fund Balance</b>	<b>\$ 28,168,485</b>
Revenues	\$ 119,545,372
<b>SAFER Grant Reimbursement</b>	<b>\$ 419,971</b>
<b>No Transfer to Downtown Fund</b>	<b>\$ 100,000</b>
Expenditures	\$ 119,546,051
<b>Fire - Explosive Magazine &amp; Security</b>	<b>\$ 14,000</b>
<b>Fire - Early Warning Sirens</b>	<b>\$ 92,225</b>
<b>Vehicle Funding - for discussion</b>	<b>300,000</b>
Total Anticipated Expenditures	119,952,276
Ending Fund Balance	\$ 28,281,552
<b>Change in Fund Balance</b>	<b>\$ 113,067</b>
Fund Balance as % of Expend.	23.6%

# Vehicle Cash Funding - Future Impact

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Year	Debt Service Savings	Cash Funding
2019	\$ 64,200	\$ 300,000
2020	\$ 128,400	\$ 300,000
2021	\$ 192,600	\$ 300,000
2022	\$ 256,800	\$ 300,000
2023	\$ 321,900	\$ 300,000
2024	\$ 321,900	\$ 300,000
2025	\$ 321,900	\$ 300,000
2026	\$ 321,900	\$ 300,000
2027	\$ 321,900	\$ 300,000
2028	\$ 321,900	\$ 300,000
2029	\$ 257,700	\$ -
2030	\$ 193,500	\$ -
2031	\$ 129,300	\$ -
2032	\$ 65,100	\$ -
<b>Totals</b>	<b>\$ 3,219,000</b>	<b>\$ 3,000,000</b>

- Assumes 5-year debt at 3.0% and ten years of cash funding
- Allows for additional 20-year debt capacity for future bond elections

## Over 65 and Disabled Person Tax Limitation (Tax Freeze)

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- ❑ Impacts homestead (owner occupied) property of those that are over 65 or disabled under state law
- ❑ Disabled is based on qualification for disability insurance benefits under Social Security
- ❑ The tax year in which the limitation is enacted (current tax year) sets the **maximum** property tax dollar amount paid to the jurisdiction (example \$500.00)
- ❑ Limitation is based on actual tax paid after any other exemptions are taken (homestead, over-65, disabled)

## Over 65 and Disabled Person Tax Limitation (Tax Freeze)

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- ❑ Qualifying property owner may pay less than limitation in any given year, but not more
- ❑ Tax limitation may be passed to surviving spouse if disabled or 55 or older when the qualifying individual dies
- ❑ Qualifying property owner may transfer tax limitation to new property in the same jurisdiction based on a proportional formula
- ❑ The revenue impact to the City will be incremental and grow over time, but the exact long-term impact is very difficult to estimate
- ❑ Factors to consider in the long-term impact:
  - change in home property values
  - change in property ownership (turnover rate)
  - growth in new exemptions

## Average Value of Properties Receiving Exemptions

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	Number of Records	Low Value	High Value	Average
2008	4,502	\$9,489	\$1,043,860	\$157,965
2009	4,710	\$9,621	\$1,233,172	\$160,726
2010	4,801	\$10,217	\$1,356,489	\$162,688
2011	5,106	\$9,835	\$1,271,868	\$165,362
2012	5,485	\$1,329	\$1,252,393	\$165,427
2013	5,745	\$1,329	\$1,242,387	\$168,398
2014	6,085	\$1,329	\$1,313,877	\$179,239
2015	6,404	\$1,329	\$1,375,957	\$192,317
2016	6,646	\$1,329	\$1,438,933	\$209,247
2017	7,259	\$844	\$1,492,628	\$221,210

Exemption totals vary from DCAD report totals due to properties still under protest. Average value increase since 2008 is 3.86% and the average increase in number of exemptions is 5.47%.

# Tax Limitation Example

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Year 1 Limitation Enacted	
Assessed Value	\$ 221,210
Homestead Exemption	\$ (5,000)
Over 65 Exemption	\$ (50,000)
Taxable Value	\$ 166,210
City Tax (at \$0.637856)	<b>\$ 1,060.18</b>

Year 2 (2.0% Increase in Value)	
Assessed Value	\$ 225,634
Homestead Exemption	\$ (5,000)
Over 65 Exemption	\$ (50,000)
Taxable Value	\$ 170,634
City Tax (at \$0.637856)	\$ 1,088.40
<b>Tax Limitation*</b>	<b>\$ 1,060.18</b>
<b>Difference</b>	<b>\$ 28.22</b>

\* The property owner can owe less than the tax limitation due to decline in property values or an increase in exemptions, but they can never owe more than the limitation.

# Tax Limitation Estimated Impact

City of Lewisville Tax Freeze History							
Year	Accounts	Taxable Value	Tax without Freeze	Actual Tax	Loss in Revenue	Tax Rate	Loss of Value
2008	2,095	\$317,856,809	\$718,488	\$641,151	\$77,336	\$0.440500	\$17,556,488
2009	2,288	\$317,856,809	\$783,494	\$713,291	\$70,202	\$0.440210	\$15,947,461
2010	2,413	\$313,856,809	\$834,877	\$762,680	\$72,197	\$0.440210	\$16,400,489
2011	2,528	\$317,856,809	\$899,584	\$817,451	\$82,132	\$0.440210	\$18,657,565
2012	2,667	\$317,856,809	\$915,164	\$848,970	\$66,194	\$0.440210	\$15,036,935
2013	2,815	\$317,856,809	\$1,000,517	\$923,587	\$76,931	\$0.440210	\$17,475,960
2014	2,991	\$317,856,809	\$1,177,641	\$1,021,488	\$156,153	\$0.440210	\$35,472,443
2015	3,136	\$317,856,809	\$1,386,129	\$1,118,040	\$268,089	\$0.436086	\$61,476,097
2016	3,265	\$382,609,365	\$1,668,506	\$1,217,467	\$451,039	\$0.436086	\$103,428,882
2017	3,426	\$456,977,594	\$1,992,815	\$1,344,051	\$648,764	\$0.436086	\$148,769,809

City of Denton Tax Freeze Projection (Based on Lewisville History)						
Year	Accounts	Lost Revenue	Projected Loss in Revenue		Tax Rate	Loss of Value
2008	4,754	\$ 175,493	\$265,538		\$0.666520	<b>\$39,839,401</b>
2009	4,966	\$ 152,371	\$230,704		\$0.666520	<b>\$34,613,240</b>
2010	5,155	\$ 154,237	\$233,529		\$0.666520	<b>\$35,037,099</b>
2011	5,331	\$ 173,199	\$271,380		\$0.689750	<b>\$39,344,731</b>
2012	5,735	\$ 142,341	\$223,029		\$0.689750	<b>\$32,334,766</b>
2013	5,962	\$ 162,935	\$255,297		\$0.689750	<b>\$37,013,028</b>
2014	6,405	\$ 334,390	\$523,945		\$0.689750	<b>\$75,961,551</b>
2015	6,734	\$ 575,673	\$910,532		\$0.689750	<b>\$132,008,941</b>
2016	7,134	\$ 985,516	\$1,544,289		\$0.683340	<b>\$225,991,316</b>
2017	7,504	\$ 1,420,995	\$2,078,466		\$0.637856	<b>\$325,851,912</b>

# Tax Limitation Estimated Impact

Tax Year (FY)	Number of Exemptions	Taxable Value	Net Taxable	Value Reduction	Property Tax Reduction
2016 (FY 2016-17)	7,134	\$ 209,247	\$ 154,247		
2017 (FY 2017-18)	7,504	\$ 221,210	\$ 166,210	<b>Base Year of Freeze</b>	
2018 (FY 2018-19)	7,729	\$ 225,634	\$ 170,634	\$ 33,199,197	\$ 211,763
2019 (FY 2019-20)	7,961	\$ 230,147	\$ 175,147	\$ 68,078,273	\$ 434,241
2020 (FY 2020-21)	8,200	\$ 234,750	\$ 179,750	\$ 104,722,230	\$ 667,977
2021 (FY 2021-22)	8,446	\$ 239,445	\$ 184,445	\$ 143,220,372	\$ 913,540
2022 (FY 2022-23)	8,699	\$ 244,234	\$ 189,234	\$ 183,666,520	\$ 1,171,528
2023 (FY 2023-24)	8,960	\$ 249,118	\$ 194,118	\$ 226,159,242	\$ 1,442,570
2024 (FY 2024-25)	9,229	\$ 254,101	\$ 199,101	\$ 270,802,097	\$ 1,727,327
2025 (FY 2025-26)	9,506	\$ 259,183	\$ 204,183	\$ 317,744,862	\$ 2,026,755
2026 (FY 2026-27)	9,791	\$ 264,366	\$ 209,366	\$ 367,104,733	\$ 2,341,600
2027 (FY 2027-28)	10,085	\$ 269,654	\$ 214,654	\$ 419,004,851	\$ 2,672,648

Exemptions were increased at 3.0% per year (versus 5.5 % average) and values at 2.0% per year (versus 3.9% average) to attempt to adjust for turnover factors. This analysis does not represent the maximum property tax impact. This figure can continue to change as a result of property values and will likely increase after 2027.

# Questions?

