

**ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)
DETAILED ANALYSIS**

Pursuant to the Arizona State Constitution, the Town of Prescott Valley as authorized by Resolution #2129 passed on March 26, 2020 will seek voter approval to adopt an alternative expenditure limitation (Home Rule Option) to apply to the Town for the next four years beginning in 2021-2022.

Under a Home Rule Option if approved by the voters, the city/town estimates it will be allowed to expend approximately \$88,169,629 in 2021-2022, \$83,061,880 in 2022-2023, \$76,921,630 in 2023-2024 and \$79,144,277 in 2024-2025.

With approval of the Home Rule Option, the town will utilize the expenditure authority for all local budgetary purposes including General Operations, Capital Improvements, Debt Service, and Road Construction. We estimate that the expenditures for the next four years under the Home Rule Option will be as follows:

ESTIMATED AMOUNTS TO BE EXPENDED IN SPECIFIC AREAS

Purpose	2021-2022	2022-2023	2023-2024	2024-2025
General Operations	\$ 55,685,119	\$ 58,304,484	\$ 60,199,597	\$ 66,361,990
Capital Improvements	21,745,972	11,982,334	5,136,685	3,904,149
Debt Service	6,530,687	6,535,163	5,912,003	6,278,138
Road Construction	4,207,851	6,239,899	5,673,345	2,600,000
Total Expenditures	\$ 88,169,629	\$ 83,061,880	\$ 76,921,630	\$ 79,144,277

If approved, the expenditures authorized will be funded from revenues obtained from federal, state and local sources. It is estimated that the amount of revenue from each source for the next four years will be as follows:

ESTIMATED AMOUNTS OF REVENUE FROM EACH AND ANY SOURCE

Source	2021-2022	2022-2023	2023-2024	2024-2025
Federal	\$ 3,018,777	\$ 3,543,904	\$ 1,445,000	\$ 1,450,000
State	18,956,005	19,409,200	19,971,861	21,061,377
Local	66,194,847	60,108,776	55,504,769	56,632,900
Total Revenues	\$ 88,169,629	\$ 83,061,880	\$ 76,921,630	\$ 79,144,277

In determining the revenue sources to fund the authorized additional expenditures under the alternative expenditure limitation, it is assumed that the federal, state and local revenues received by the city/town will continue to be available in 2021-2022 as they have for the past three years. Their continued availability is also assumed for the next three consecutive years following 2021-2022.

Any and all dollar figures shown in this analysis are estimated figures only and are based upon information available at the time of preparation of this report. The budgets and actual expenditures in any given year may be more or less than the figures noted above depending on available revenues. The actual expenditure limitation for each fiscal year shall be adopted as an integral part of the budget for that fiscal year.

**ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)
SUMMARY ANALYSIS**

(The voters of the Town of Prescott Valley in 2016 adopted an alternative expenditure limitation (Home Rule Option). The purpose of this election is for the continued use of the Home Rule Option.)

Pursuant to the Arizona State Constitution, the Town of Prescott Valley seeks voter approval to adopt a Home Rule Option to apply to the Town for the next four years beginning in 2021-2022. Under a Home Rule Option if approved by the voters, the Town estimates it will be allowed to expend approximately \$88,169,629 in 2021-2022, \$83,061,880 in 2022-2023, \$76,921,630 in 2023-2024 and \$79,144,277 in 2024-2025.

With approval of the Home Rule Option, the Town will utilize the expenditure authority for all local budgetary purposes including General Operations, Capital Improvements, Debt Service, and Road Construction.

Under the state-imposed limitation the Town estimates it will be allowed to expend approximately \$50,333,297 in 2021-2022, \$52,009,885 in 2022-2023, \$51,251,392 in 2023-2024 and \$53,081,896 in 2024-2025 for the operation of your local government. These expenditure estimates include expenditures of constitutionally excludable revenues.

The amount of revenue estimated to be available to fund the operation of your Town government is \$88,169,629 in 2021-2022, \$83,061,880 in 2022-2023, \$76,921,630 in 2023-2024 and \$79,144,277 in 2024-2025. These revenue estimates are the same under the Home Rule Option or the state-imposed expenditure limitation.

Any and all dollar figures presented in this summary are estimates only and are based upon information available at the time of preparation of this analysis. The budget and actual expenditures in any of the four years may be more or less than the expenditures noted above depending on available revenue.

If no alternative expenditure limitation is approved, the state-imposed expenditure limitation will apply to the Town.

**ALTERNATIVE EXPENDITURE LIMITATION
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SUMMARY ANALYSIS WORKSHEET**

POPULATION FACTOR COMPUTATION

Fiscal Year	Prior Fiscal Year Population	÷	1978 Population	=	Population Factor
2021-2022	46,800	÷	1,520	=	30.7895
2022-2023	47,200	÷	1,520	=	31.0526
2023-2024	47,500	÷	1,520	=	31.2500
2024-2025	47,900	÷	1,520	=	31.5132

STATE-IMPOSED EXPENDITURE LIMITATION

Fiscal Year	1979-80 Base Limit	x	Population Factor	x	Inflation Factor	=	Projected State-Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditures Under State-Imposed Limit
2021-2022	380,054	x	30.7895	x	3.2190	=	37,667,684	+	12,665,613	=	50,333,297
2022-2023	380,054	x	31.0526	x	3.2998	=	38,943,134	+	13,066,751	=	52,009,885
2023-2024	380,054	x	31.2500	x	3.3840	=	40,190,711	+	11,060,681	=	51,251,392
2024-2025	380,054	x	31.5132	x	3.4695	=	41,553,222	+	11,528,674	=	53,081,896