

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

Pursuant to the Arizona State Constitution, the Town of Prescott Valley as authorized by Resolution No. 1957 passed on April 28, 2016, 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 2017-2018.

Under a Home Rule Option, if approved by the voters, the Town estimates it will be allowed to expend approximately \$76,621,695 in 2017-2018, \$77,820,914 in 2018-2019, \$76,265,886 in 2019-2020 and \$77,837,304 in 2020-2021.

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	2017-2018	2018-2019	2019-2020	2020-2021
General Operations	\$50,861,161	\$53,038,321	\$55,321,813	\$57,896,466
Capital Improvements	11,085,968	10,453,437	10,682,367	8,023,382
Debt Service	7,822,451	5,932,604	5,939,004	5,946,492
Road Construction	6,852,115	8,396,552	4,322,702	5,970,964
Total Expenditures	\$76,621,695	\$77,820,914	\$76,265,886	\$77,837,304

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	2017-2018	2018-2019	2019-2020	2020-2021
Federal	\$3,782,638	\$2,292,063	\$2,492,013	\$2,546,933
State	14,301,248	14,778,447	15,272,118	\$15,782,847
Local	58,537,809	60,750,404	58,501,755	59,507,524
Total Revenues	\$76,621,695	\$77,820,914	\$76,265,886	\$77,837,304

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 Town will continue to be available in 2017-2018 as they have for the past three years. Their continued availability is also assumed for the next three consecutive years following 2017-2018.

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 2013 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 2017-2018. Under a Home Rule Option, if approved by the voters, the Town estimates it will be allowed to expend approximately \$76,621,695 in 2017-2018, \$77,820,914 in 2018-2019, \$76,265,886 in 2019-2020 and \$77,837,304 in 2020-2021.

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 \$43,432,644 in 2017-2018, \$42,820,172 in 2018-2019, \$44,044,810 in 2019-2020 and \$45,275,537 in 2020-2021 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 \$76,621,695 in 2017-2018, \$77,820,914 in 2018-2019, \$76,265,886 in 2019-2020 and \$77,837,304 in 2020-2021. 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
2017-2018	40,690	)	1,520	=	26.7697
2018-2019	40,924	)	1,520	=	26.9237
2019-2020	41,230	)	1,520	=	27.1250
2020-2021	41,690	)	1,520	=	27.4276

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
2017-2018	380,054	x	26.7697	x	2.9594	=	30,108,733	+	\$13,323,911	=	\$43,432,644
2018-2019	380,054	x	26.9237	x	3.0179	=	30,880,541	+	\$11,939,631	=	\$42,820,172
2019-2020	380,054	x	27.1250	x	3.0813	=	31,765,013	+	\$12,279,797	=	\$44,044,810
2020-2021	380,054	x	27.4276	x	3.1467	=	32,801,104	+	\$12,474,433	=	\$45,275,537