

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

Pursuant to the Arizona State Constitution, the Town of Prescott Valley as authorized by Resolution No. 1814 passed on November 1, 2012, 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 2013-2014.

Under a Home Rule Option, if approved by the voters, the Town estimates it will be allowed to expend approximately \$49,029,716 in 2013-2014, \$53,922,269 in 2014-2015, \$59,224,904 in 2015-2016 and \$71,326,584 in 2016-2017.

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	2013-2014	2014-2015	2015-2016	2016-2017
General Operations	\$35,856,000	\$37,505,312	\$38,816,000	\$40,337,000
Capital Improvements	3,306,000	6,666,000	11,680,000	22,163,000
Debt Service	7,867,716	8,237,957	7,970,904	7,995,584
Road Construction	2,000,000	1,513,000	758,000	831,000
Total Expenditures	\$49,029,716	\$53,922,269	\$59,224,904	\$71,326,584

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	2013-2014	2014-2015	2015-2016	2016-2017
Federal	\$2,363,000	\$2,363,000	\$2,363,000	\$2,363,000
State	12,071,817	12,427,188	12,797,623	13,183,795
Local	34,594,899	39,132,081	44,064,281	55,779,789
Total Revenues	\$49,029,716	\$53,922,269	\$59,224,904	\$71,326,584

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 2013-2014 as they have for the past four (4) years. Their continued availability is also assumed for the next three (3) consecutive years following 2013-2014.

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 2009 adopted an Alternative Expenditure Limitation – Home Rule Option. One of the purposes for 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 2013-2014. Under a Home Rule Option, if approved by the voters, the Town estimates it will be allowed to expend approximately \$49,029,716 in 2013-2014, \$53,922,269 in 2014-2015, \$59,224,904 in 2015-2016 and \$71,326,584 in 2016-2017.

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 \$43,295,649 in 2013-2014, \$44,621,194 in 2014-2015, \$45,466,861 in 2015-2016 and \$46,447,269 in 2016-2017 for the operation of your local government. These expenditure estimates include expenditures of constitutionally excludable revenues.

The amount of revenue estimated to be actually available to fund the operation of your Town government is \$49,029,716 in 2013-2014, \$53,922,269 in 2014-2015, \$59,224,904 in 2015-2016 and \$71,326,584 in 2016-2017. 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 upon available revenue.

If no Alternative Expenditure Limitation-Home Rule Option is approved, the state-imposed limitation will apply to the Town.

ALTERNATIVE EXPENDITURE LIMITATION

(Home Rule Option) SUMMARY ANALYSIS WORKSHEET

POPULATION FACTOR COMPUTATION

Fiscal Year	Prior Fiscal Year Population	Divided by	1978 Population	=	Population Factor
2013-2014	39,100	/	1,520	=	25.7237
2014-2015	39,700	/	1,520	=	26.1184
2015-2016	40,500	/	1,520	=	26.6447
2016-2017	41,200	/	1,520	=	27.1053

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
2013-2014	380,054	x	25.7237	x	2.8500	=	\$27,862,726	+	\$15,432,923	=	\$43,295,649
2014-2015	380,054	x	26.1184	x	2.8903	=	28,690,281	+	15,930,913	=	44,621,194
2015-2016	380,054	x	26.6447	x	2.9352	=	29,723,082	+	15,743,779	=	45,466,861
2016-2017	380,054	x	27.1053	x	2.9852	=	30,751,971	+	15,695,298	=	46,447,269