

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

Pursuant to the Arizona State Constitution, the Town of Prescott Valley as authorized by Resolution #2023-2365 passed on March 28, 2024, 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 2025-2026.

Under a Home Rule Option if approved by the voters, the city/town estimates it will be allowed to expend approximately \$153,314,717 in 2025-2026, \$137,421,350 in 2026-2027, \$111,209,566 in 2028-2029 and \$173,030,394 in 2029-2030.

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	2025-2026	2026-2027	2027-2028	2028-2029
General Operations	\$ 75,683,118	\$ 78,837,106	\$ 81,677,366	\$ 87,896,794
Capital Improvements	64,915,000	34,695,000	16,560,000	55,760,000
Debt Service	6,366,599	5,259,244	4,072,200	4,073,600
Road Construction	6,350,000	18,630,000	8,900,000	25,300,000
Total Expenditures	\$ 153,314,717	\$ 137,421,350	\$ 111,209,566	\$ 173,030,394

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	2025-2026	2026-2027	2027-2028	2028-2029
Federal	\$ 2,850,000	\$ 2,850,000	\$ 2,850,000	\$ 2,850,000
State	26,866,000	26,620,080	26,152,466	25,803,096
Local	123,598,717	107,951,270	82,207,100	144,377,298
Total Revenues	\$ 153,314,717	\$ 137,421,350	\$ 111,209,566	\$ 173,030,394

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 2025-2026 as they have for the past three years. Their continued availability is also assumed for the next three consecutive years following 2025-2026.

All dollar amounts 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.

If no Alternative Expenditure Limitation is approved, the State-imposed expenditure limitation will apply to the city/town.

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

The voters of the Town of Prescott Valley in 2020 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 2025-2026. Under a Home Rule Option if approved by the voters, the Town estimates it will be allowed to expend approximately \$153,314,717 in 2025-2026, \$137,421,350 in 2026-2027, \$111,209,566 in 2028-2029 and \$173,030,394 in 2029-2030.

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 \$61,230,284 in 2025-2026, \$62,908,672 in 2026-2027, \$63,905,153 in 2027-2028 and \$66,018,139 in 2028-2029 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 \$153,314,717 in 2025-2026, \$137,421,350 in 2026-2027, \$111,209,566 in 2028-2029 and \$173,030,394 in 2029-2030. These revenue estimates are the same under the Home Rule Option or the state-imposed expenditure limitation.

All dollar amounts 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
2025-2026	50,122	÷	1,520	=	32.9750
2026-2027	51,481	÷	1,520	=	33.8691
2027-2028	52,629	÷	1,520	=	34.6243
2028-2029	53,687	÷	1,520	=	35.3204

STATE-IMPOSED EXPENDITURE LIMITATION

Fiscal Year	1979-80 Base Limit		Population Factor		Inflation Factor*	=	Projected State- Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditures Under State- Imposed Limit
2025-2026	380,054	x	32.9750	x	3.7559	=	47,069,993	+	14,160,291	=	61,230,284
2026-2027	380,054	x	33.8691	x	3.8340	=	49,351,581	+	13,557,091	=	62,908,672
2027-2028	380,054	x	34.6243	x	3.9135	=	51,498,152	+	12,407,001	=	63,905,153
2028-2029	380,054	x	35.3204	x	3.9933	=	53,604,699	+	12,413,440	=	66,018,139

*As of the November 20, 2023 Expenditure Limit Inflation Factors provided by the Arizona Department of Revenue.