



Staff Report

Agenda Item: **PUBLIC HEARING REGARDING THE FISCAL YEAR 2010-2011 PRIMARY TAX LEVY AND FINAL BUDGET-** A hearing to receive public input regarding the Town of Clarkdale's proposed primary tax levy, property tax collection, and final budget for fiscal year 2010-2011.

Staff Contact: Kathy Bainbridge, Finance Director/Town Clerk

Meeting Date: July 27, 2010

Background: In previous years the Town had to notify the property taxpayers of its intention to raise the primary property taxes over the previous years level in order to stay in compliance with Section 42-17107, Arizona Revised Statutes.

The 2010-2011 adopted preliminary budget and proposed final budget includes a property tax levy of \$412,724 with the same levy rate of \$0.9121 as in the 2009-2010 budget. The current year net assessed real and personal property values for the Town of Clarkdale are \$45,249,916. The Property Tax Oversight Commission informed the Town of Clarkdale that they would only need to hold a truth in taxation hearing if the Town intended to levy a tax rate greater than \$.09256.

On June 22, 2010, Town Council adopted the preliminary budget for the Town of Clarkdale which set the maximum limits the Town could spend for fiscal year 2010-2011. All cities and towns in Arizona are subject to some form of expenditure limitation (the amount they can spend in a fiscal year). The Town of Clarkdale has adopted an alternative expenditure limitation in the form of a pure home rule option. This option states that each year the Council will, after a public hearing, set the coming year's expenditure limitation (the fiscal year budget).

The final budget of \$29,583,717 on the Summary of Estimated Revenues and Expenditures/Expenses includes the expenditures for the following major funds:

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| General Fund (Department Budgets & Donations) | \$ 2,594,098 |
| Special Revenue Funds (Streets, Grants, Impact Fee, Developers) | \$19,896,907 |
| Capital Projects | \$ 678,211 |
| Permanent Funds (Cemetery Perpetual Care Funds) | \$ 3,500 |
| Enterprise Funds (Water, Wastewater, Sanitation, Cemetery) | \$ 6,411,000 |

Included in the Special Revenue Funds budget is \$16,748,202 for grants of which, at this time, we are aware of the possibility of being awarded approximately \$4,500,000. By budgeting for the additional funds, if funds are received from grant sources, the municipality will be able to expend these funds.

The only change in the Final Budget from the Preliminary Budget is the revenue amount for Primary Property Tax Revenues which inadvertently calculated at the maximum allowable levy of \$427,250 instead of the actual levy amount of \$412,724.

The public hearing is to allow the public a chance to speak in favor, or against the proposed budget and the Primary Tax Levy. The complete budget has been published in the newspaper and is available at the Town Hall for inspection. The only deadline for adoption of the final budget is triggered by the statutory adoption date of the third Monday in August of the property tax levy. The property tax levy must be adopted at the August 10, 2010 Council meeting.

Recommendation: This is a Public Hearing only and no action is required.