



BUDGET TIME

Prepared by

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Fiscal Year 23/24

League of Arizona
Cities AND Towns

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Introduction

In this publication we summarize key state laws that affect the preparation of city/town budgets, highlighting any recent legislative changes. We suggest review of this annual report by all persons directly involved in the municipal budget process. The report is sent directly to all city/town managers, clerks in towns without managers, finance directors, and attorneys. Please feel free to distribute this report internally as needed. This report and previous editions are also freely available on our website, www.azleague.org under [Publications](#).

City / Town Website

At several points in this document you will see a statutory requirement for something to be posted on your website. Since there are so many items required, we recommend conspicuously placing a series of links to the required reports and notices on your home page so documents can easily be found by citizens and those who wish to monitor compliance with these requirements.

Census Estimate Figures used for Shared Revenue Distribution

State shared revenue distributions are allocated to cities and towns based on the U.S. Census Bureau Population Estimate as of July 1 of the preceding year. The July 2022 estimate will be used for distributions during FY 2023/2024. These population estimates will be released by the Census Bureau in late May, 2023, at which time we will update the Shared Revenue Report that will be distributed in March. Cities and towns still have the option to conduct a mid-decade special census, but we believe utilizing the Census Bureau figures that revise population estimates annually renders a mid-decade census less valuable than it once was.

Expenditure Limitations

All cities and towns in Arizona are subject to some form of expenditure limitation. The state-imposed limitation is enshrined in the state constitution and in statute. It is based on your municipalities' actual revenues collected in 1980, adjusted annually for population growth and inflation and is calculated by the [Economic Estimates Commission \(EEC\)](#) each year. However, as of July 2022 there are 82 cities and towns that have adopted an alternative expenditure limitation, using either the Home Rule Option (43) or a Permanent Base Adjustment (39). The Home Rule Option essentially replaces the state-imposed expenditure limitation with your annual budgeted revenue figure. The Permanent Base Adjustment resets the base year for calculating your expenditure limitation from 1980 to the year approved by the voters.

Please note that Home Rule Option elections must take place at the same time as your mayor/council election. If approved, Home Rule remains in effect for four years, at which point it must be renewed by returning to the voters for approval. The League's *"Guide For Alternative Expenditure Limitation"* contains election calendars, sample reporting forms, and summaries of the requirements for adopting an alternative expenditure limit. Each city and town that

is due to hold its next Home Rule Option renewal election receives this package from the League in the year before the election. Cities and towns that are considering adopting a Home Rule Option for the first time should contact the League for assistance. If you are considering proposing a Home Rule Option for the FY 2024/2025 to voters in the Fall of 2023, you should begin your preparations now. The League's *"Municipal Budget and Finance Manual"* has additional information on each of the allowed alternative limitation options.

Primary Property Tax Levy

On or before February 10 of each year, the County Assessor is required to transmit to each city and town an estimate of the total net assessed valuation of all property in the city/town, including the value of property added to the tax roll since last year. On or before February 15, cities and towns must make the property values provided by the County Assessor available for public inspection.

On or before February 10, the County Assessor sends each city and town levying a tax a final levy limit worksheet which provides the city/town's calculated maximum levy limit for the coming fiscal year. A copy of the worksheet is also sent to Property Tax Oversight Commission (PTOC). **The city/town must notify the Commission in writing within ten (10) days of receipt of the worksheet, stating whether it agrees or disagrees with the stated levy limit. If a city or town fails to notify the Commission, it is presumed the city/town agrees with the limit.**

In early July the PTOC will request the city/town's total amount of actual property tax collections from the prior year, and collections from any property added to the rolls as "escaped property" in the prior year. This information is necessary for the PTOC to properly review the levy limit calculations.

If your actual primary property tax collections exceed your allowable levy, you must maintain the excess in a separate fund and use it to reduce the primary property tax levy in the following year. There is an Attorney General's opinion (86-031) which has been interpreted to mean a city or town can offset the amount of involuntary tort judgments which they paid during a tax year against any excess property tax collections. In other words, such judgments can reduce the amount you may have to subtract from your allowable levy due to excess tax collections. To utilize this offset, submit a copy of the court order or settlement agreement of the involuntary tort judgment and the minutes of the council meeting at which payment was approved to the PTOC by the first Monday in July.

The PTOC will again review the primary property tax levy of each city and town. Notice of any violation of the levy limit will be sent to the city/town by September 15. You have until October 1 to appeal a violation notice by requesting a hearing before the PTOC. Disputed PTOC hearing decisions may be appealed to the superior court.

Property Tax: Truth in Taxation

If a city or town is proposing a **primary tax levy** for the coming fiscal year that is greater than the **levy amount of the previous year** (excluding amounts attributable to new construction), the city/town must follow "Truth in Taxation" procedures. **It is important to note that it is the levy amount that triggers Truth in Taxation requirements, NOT the tax rate.** (Note: Truth in Taxation may also apply without increasing the levy if a town has negative "new construction" which occurs when the city or town has a lower total net assessed valuation than the prior year. This can happen when property is losing assessed value or is retired from the tax rolls.)

If your proposed levy is subject to "Truth in Taxation", the city/town must publish a notice in the paper, issue a press release concerning the increase, and hold a public hearing. The following apply to these requirements:

1. The Truth in Taxation notice must be published twice in a newspaper of general circulation in the city/town, in a location other than the classified or legal advertising section. The notice must be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width. The headline of the notice must read "Truth in Taxation Hearing – Notification of Tax Increase" in at least eighteen point type, and the text must be in substantially the same form as provided by statute in A.R.S. § 42-17107.
2. The first publication must be at least fourteen (14) but not more than twenty (20) days before the date of the hearing. The second publication must be at least seven (7) but not more than ten (10) days before the hearing.
3. The city/town is required to issue a press release with the same information that is included in the required Truth in Taxation notice, along with the name of the newspaper and the dates the notice is being published. The press release must be prominently posted on the city/town website, and it must also be included in both the tentative and final budget.
4. The truth in taxation hearing must be held at least fourteen (14) days before the adoption of the levy. The hearings for Truth in Taxation, the adoption of the levy, and the adoption of the budget may be combined into one hearing. The hearing must be held on or before the fourteenth (14) day before the day on which the governing body levies taxes, per A.R.S. § 42-17104. The Truth in Taxation hearing can be on the same council agenda as the budget adoption, but it must be held before the adoption of the budget.

5. Within three (3) days of the public hearing, the city/town must mail a copy of the Truth in Taxation notice, a statement of its publication or mailing, and the result of the council vote to the PTOC:

Property Tax Oversight Commission
Arizona Department of Revenue
Attn: Office of Economic Research and Analysis
1600 West Monroe
Phoenix, Arizona 85007

Important: If your city/town is subject to Truth in Taxation this year, you must adopt your tentative budget before the statutory deadline of July 20 in order to meet deadline for publishing the required Truth in Taxation notices (see the recommended budget calendar at the end of this report).

Note: As an alternative to publishing the notice, a city/town can mail the required notice to all registered voters in the city/town at least ten (10) but not more than twenty (20) days before the hearing on the proposed levy.

Cities and towns preparing to hold a public hearing on a property tax levy must publish a report that includes estimates of the expenditures and revenues related to the levy. This is accomplished when the Tentative Budget is published in a newspaper of local circulation for two consecutive weeks by including the Truth in Taxation calculations and the primary and secondary property tax levies. This report must be published in a newspaper, posted on the city/town's website, and made available at city/town libraries and administrative offices. The newspaper publication must include the physical address for the libraries and administrative offices, and the city/town website address. In conjunction with the publication of the tentative budget summary, you should also publish notice specifying when the public hearings will be held and when the council will adopt the final budget.

If a primary property tax levy increase is proposed, exclusive of increased property taxes received from new construction, a **roll-call vote** of the council must be taken on the matter of adoption. If the proposed levy constitutes an increase over the levy of the preceding year by **fifteen percent (15%)** or more, the motion to levy the increased property taxes must be approved by a **unanimous roll-call vote** of the council.

To reiterate, even if the primary property tax rate remains the same, if the total levy increases by more than the increase attributable to new construction, you must follow "Truth in Taxation" procedures.

Secondary Property Tax Levy

State law allows the annual levy for a secondary property tax to include projected payments of principal and interest on new debt planned for the ensuing year, as well as principal and interest for current obligations, a reasonable

delinquency factor, and an amount necessary to correct prior year errors or shortages in the levy. Statute requires the secondary property tax levy of a city or town to be net of all cash remaining from the prior year, except for 10% of the annual payments of principal and interest in the current fiscal year.

Prohibited Fees

A city or town may not levy or assess a municipality-wide tax or fee against property owners based on the size or value of the owner's real property or improvements to real property for any public service provided by the municipality except for a municipality that adopted an ordinance requiring property owners to obtain fire prevention and control services before December 31, 2013, and except as provided in A.R.S. Titles 9, 35, and 42,. (A.R.S. § 9-499.17)

Adopting New or Increased Taxes or Fees

Per A.R.S. § 9-499.15, a city or town that chooses to levy or assess any new or increased taxes or fees must post written notice of the proposed change on the home page of the municipality's website at least sixty (60) days before the date the tax or fee is considered for approval by the council. The city/town must prepare a schedule of the proposed new or increased tax or fee that includes the amount of the tax or fee and a written report or data that supports the new or increased tax or fee.

At least fifteen (15) days before consideration by the council, the city/town must post a separate notice of intent to establish or increase taxes, assessments, or fees on its website that includes the date, time, and place of the council meeting where the proposal will be considered. The city/town must also fully utilize social media to advertise the notice of intent posting. These requirements do not apply to development impact fees, water and wastewater rates, registration based classes and programs, court fees established per law, fees for public housing, and other fees set by State or Federal law. For more information on the required posts, notices, and reports, see Exhibit J in the League's *Budget and Finance Manual*.

Adopting Water Rates

A.R.S. § 9-511.01 requires a city or town to first adopt a notice of intent to increase rates before increasing water or wastewater fees. The city/town must post the notice on its website along with a report supporting the increased rate or rate component, fee, or service charge. The report must include cash flow projections showing anticipated revenues from residential and nonresidential customers and the overall expenses for providing the services. A public hearing on the proposed rate increase must occur at least 60 days after the notice of intent is adopted. After the hearing, the council may adopt, by ordinance or resolution, the proposed rate or rate component, fee or service charge increase or any lesser increase, which shall become effective not less than 30 days after adoption. The law prohibits a municipality from assessing or collecting fees on new water or wastewater service for the

purpose of recovering the cost of acquiring a public or private water or wastewater utility.

Publication of Local Budgets and Audited Financial Statements

Municipalities must prominently post on their website both the adopted tentative budgets and the adopted final budgets for at least the last five years. (At a minimum, all posted tentative and final budgets must include the forms required by the Auditor General.) These documents must be posted within seven (7) business days of adoption. State law also requires that audited financial statements must be posted no later than seven (7) business days after the date of filing the financial statements with the Auditor General, and these must also remain on the website for at least five years. The League also recommends posting at least five years of the AELR report.

If the financial statements are not filed on time, the city shall post the form on its website prescribed by the Auditor General, stating the financial statements are pending, the reasons for the delay, and the estimated date of completion. This form must also be filed with the Auditor General, Speaker of the House, and President of the Senate. If the financial statements for a city or town are not completed and filed on or before the adoption of the city/town budget in the subsequent fiscal year, the governing body must include the form prescribed by the Auditor General in the published budget for that fiscal year, stating the financial statements required to be filed with the Auditor General pursuant to A.R.S. § 41-1279.07 are pending, the reasons for the delay, and the estimated date of completion.

Budget Forms

The Auditor General's office provides the required budget forms on their website, www.azauditor.gov. Please note that attention should be given to the accurate completion of these forms due to state law that requires the forms to be posted on a municipality's website and submitted to the Auditor General. (The Auditor General's Office has informed us it is not necessary to send a copy of your complete budget book to their office.)

Transparency: Posting Revenues and Expenditures Online / ADOA Portal

Pursuant to A.R.S. § 41-725, the Arizona Department of Administration (ADOA) is responsible for maintaining a website that is searchable by the public at no cost and that contains a comprehensive database of all receipts and expenditures of state monies. The ADOA meets this requirement through the operations of the Arizona Financial Transparency Portal (the Portal), located online at openbooks.az.gov. In addition to all state agencies, the Portal houses the data for numerous participating counties, cities and towns, as well as state universities, community colleges, and local school districts. The ADOA will partner with any city or town that wishes to utilize the Portal to satisfy the requirements of this statute. Interested municipalities can find additional information [here](#).

Under this statute, all cities and towns with a population over 2,500 are also required to maintain an official website accessible at no cost to the public that contains a comprehensive reporting of all city/town revenues and expenditures over \$5,000. The information is to be provided as nearly as practicable in the same manner as the state information available on the Portal, and must be consistent with the requirements for reporting state revenues and expenditures found in the statute.

If the city/town's ACFR has been presented a **Certificate of Achievement for Excellence in Financial Reporting** from the Governmental Finance Officers Association (GFOA), the city/town may post the ACFR on its website to satisfy the requirements of the law. The League encourages all cities and towns to pursue this certification for their ACFR.

The Uniform Expenditure Reporting System (UERS)

The Auditor General's Office has transitioned the Uniform Expenditure Reporting System (UERS) into a series of **FAQs**

and the **Annual Expenditure Limitation Report (AELR)** forms and instructions. The required forms must be filed with the Auditor General's Office by all cities and towns no later than nine (9) months after the end of the fiscal year. This requirement applies even if you have adopted an alternative to the state-imposed expenditure limitation. Figures used on these forms must be audited figures. Since the time to file was lengthened to nine months, the Auditor General's Office is no longer authorized to grant extensions. The League recommends maintaining at least five years of the AELR forms on your website in proximity to the audited financial statements.

The Auditor General's Office has asked us to remind everyone that statute requires each city and town to provide the name of its designated Chief Fiscal Officer by July 31 every year, even if the name did not change from the prior year. The Chief Fiscal Officer is responsible for filing the AELR forms.

Key Expenditure Limit and UERS Dates

DATE	EVENT
February 1	Economic Estimates Commission (EEC) notifies cities and towns of their estimated expenditure limitation (see the October estimates on the EEC webpage).
March 31	AELR forms and financial statements for the FY21/22 forms are due NLT March 31, 2023
April 1	EEC determines the actual expenditure limitation for the coming fiscal year and notifies the city/town (see the March estimates on the EEC webpage).
July 31	City/Town submits the name of the Chief Fiscal Officer to the Auditor General.

Bonded Indebtedness Report

The bonded indebtedness report must be filed with the Arizona Department of Administration. See the *League's Municipal Budget and Finance Manual* for details.

Informational Pamphlet Required for Bond Elections

Current law requires that an informational pamphlet be issued in connection with bond elections. The pamphlet must provide examples of how the bond will impact the taxes for a \$250,000 home, a \$1 million commercial property and on agricultural property valued at \$100,000. This would also include a publicity pamphlet for the establishment of a new primary property tax levy.

Government Property Lease Excise Tax (GPLET)

The Government Property Lease Excise Tax (GPLET) applies to buildings which are owned by a city, town or county, but leased by a private party and occupied and used for commercial or industrial purposes. This tax is the successor

to the tax on possessory interests which was repealed in 1995. Counties must administer and collect the excise tax and distribute the revenues to the county, city, school district(s) and community college district, according to a percentage distribution formula.

GPLET leases entered into within 10 years after a development agreement, ordinance, or resolution that was approved by the governing body prior to June 1, 2010 are grandfathered in and remain subject to the statute in place prior to these changes. For all other leases, the most significant changes included: government lessors can only abate the GPLET tax for up to 8 years for a property that is located in a central business district; modifications to the definition of a central business district; and new transparency requirements for government lessors in conjunction with the Department of Revenue (DOR). For a more in-depth explanation of GPLET, please see the *League's Municipal Budget and Finance Manual*.

Development/Impact Fees

A.R.S. §9-463.05 governs municipal development fees, including requirements for infrastructure improvement plans and mandatory fee studies. A municipality may assess development fees to offset costs associated with providing certain necessary public services to new development. Development fees must be: proportionate to the burden imposed on the municipality; based on items contained in a community's Infrastructure Improvements Plan (IIP); and calculated using a fee study conducted by a qualified professional.

The law places limits on the items defined as "necessary public services" for which impact fees can be assessed. Certain categories of impact fees that were once quite common were prohibited as of January 1, 2012. The law requires municipalities to have new IIPs and new fee studies adopted in order to impose impact fees. The League created a model ordinance that can be used as a guideline for compliance with this law. To download the model ordinance, please [click here](#).

For cities and towns that adopted development impact fees in 2014 or later, if an advisory committee was not appointed then a biennial audit is required. A biennial audit of the municipality's land use assumptions, infrastructure improvements plan, and development fees shall be conducted by qualified professionals who are not employees or officials of the municipality, and who did not prepare the infrastructure improvements plan. The audit shall review the progress of the IIP, including the collection and expenditures of development fees for each project in the plan, and evaluate any inequities in implementing the plan or imposing the development fees. The municipality must post the findings of the audit on the city/town's website, and conduct a public hearing on the audit within sixty (60) days of releasing the audit to the public.

Highway User Revenue Fund (HURF)

Since 2018, the state budget has included permanent funding for the Arizona Department of Public Safety (DPS), eliminating the long-standing sweep of HURF funds. It is expected that this level of funding for DPS will be maintained in the current budget, precluding the need for any HURF sweeps.

As a reminder, in accordance with A.R.S. § 9-481 your annual audit report must include a "determination" that HURF and any other dedicated state transportation revenues are being used solely for their authorized transportation purposes. We recommend that it be a written affirmation provided in your audit.

State law specifically prohibits the use of HURF monies for law enforcement or the administration of traffic safety programs. It also gives the Auditor General authority, upon request of the Joint Legislative Audit Committee, to conduct

performance audits on cities and towns receiving HURF monies, and it establishes penalties for those jurisdictions that violate the HURF restrictions. If you have any questions about your particular city or town HURF distribution, contact the Fiscal Planning Division of the Arizona Department of Transportation at (602) 712-4637.

Jet Fuel Tax

All revenues generated by a Jet Fuel excise tax must be placed in a separate account for the exclusive expenditure for capital or operating costs at the city/town airport, the airport system, or other local airport facilities owned or operated by the municipality.

Communication Relating to Elected Officials

All expenditures for communications that promote an individual elected public official that include the official's name or physical likeness must be reported to the Arizona Department of Administration (ADOA). Communications required by statute, ordinance, or rule, and any activities conducted in the normal course of the local government's operations are exempt from this reporting requirement.

Municipal Improvement Districts Reserve Fund

Cities and towns may create reserve funds to be used for municipal improvement districts financing using the proceeds of special assessment lien bonds. For questions relating to this, please contact your financial advisor.

WIFA

The Water Infrastructure Finance Authority (WIFA) is charged with helping communities develop necessary water and wastewater infrastructure. For information on programs offered by WIFA please contact Angie Valenzuela at avalenzuela@azwifa.gov or (602) 364-1313.

Public Deposits and Pooled Collateral

The Statewide Collateral Pool Administrator has been placed in the Office of the State Treasurer. The Administrator has the responsibility to prescribe and enforce policies that fix the terms and conditions under which uninsured public deposits must be secured by collateral. Uninsured public deposits required to be secured by collateral must be deposited in an eligible depository; however, the City of Phoenix, with a written notice to the Administrator, is exempt because it is a chartered city with a population of over a million people. An eligible depository is prohibited from accepting any public deposit without the required collateral being deposited with a qualified escrow agent or the Administrator. The required collateral must be 102% of public deposits, less any applicable deposit insurance, and must be valued at current market value.

Statute establishes procedures for payment of losses and civil penalties for noncompliance. The Administrator is required to annually assess a fee on every eligible depository. The list of acceptable collateral that an eligible depository of uninsured public monies is required to deliver has expanded to include letters of credit issued by a federal home loan bank that have been delivered to the Administrator and meet other specified requirements.

Social Security and Medicare Taxes

The tax rate for Social Security is 6.2% for the employer and 6.2% for the employee for a total of 12.4%, which applies up to the wage base limit of \$160,200 for calendar year 2023. The tax rate for Medicare is 1.45% for the employer and 1.45% for the employee for a total of 2.9%, which applies to all wages because there is no maximum salary threshold for Medicare.

Wages paid to an individual in excess of \$200,000 regardless of filing status are subject to Additional Medicare Tax at a rate of 0.9%. Employers are required to begin withholding the Additional Medicare Tax in the pay period that total wages exceeds \$200,000 and continue doing so until the end of the calendar year. Additional Medicare Tax is only withheld from the employees' wages - employers do not pay the extra tax.

ASRS Contribution Rates

For employees in the Arizona State Retirement System (ASRS), the required contribution rate is evenly divided between the employee and the employer. Contribution rates for the coming fiscal year are set via legislation passed prior to the start of the fiscal year. For Fiscal Year 2022/2023 beginning July 1, 2022, employees must contribute 12.03% toward retirement benefits and 0.14% for long-term disability, for a total contribution rate of 12.17%. Employers must also contribute 12.03% and 0.14%, for a total of 12.17%.

ASRS participating employers that employ an ASRS retired member who returns to work in a position that would be considered an employee position, must pay an Alternate Contribution Rate (ACR) to the ASRS each pay period. The ACR is charged to and paid for by the employer only, and is based on the retiree's compensation, gross salary, or contract fee. The ACR applies to all ASRS retirees who return to work in any capacity including direct hires, employees of a leasing company, and independent contractors. It applies to all ASRS retirees who return to work for an ASRS employer regardless of early or normal

retirement status, and regardless of the number of hours worked in a pay period. For Fiscal Year 2022/2023 beginning July 1, 2022, the ACR rate is 9.68%.

PSPRS Contribution Rates

An employer's recommended contribution rate to the Public Safety Personnel Retirement System (PSPRS) varies by municipality and by employee, depending in part on which of the program's three Tiers the employee is in, when the employee began PSPRS employment, and the level of unfunded PSPRS liability.

As a result of the state supreme court decision in Hall v EORP, which also effectively determined the outcome of Parker v PSPRS, the employee PSPRS contribution rate remains at 7.65% for Tier 1 employees who started on or before July 19, 2011. Tier 1 employees who started on or after July 20, 2011, and Tier 2 employees (members who started between January 1, 2012 and June 30, 2017) pay 11.65%. Tier 2 employees in Non-Social Security positions also pay an additional 3% into the defined contribution plan (Hybrid). PSPRS employees hired on or after July 1, 2017 are Tier 3 members whose employee contribution rates may vary each year and for each employer.

A unique annual actuarial valuation report is posted on the PSPRS website (misc.psprs.com/actuarials.aspx) specific to each city and town that employs PSPRS members. Both the employee contribution rates and employer recommended contribution rates for FY 2022/2023 can be found in your city/town's actuarial valuation report. Refer to the "Contribution Rate Summary" table located in Section II of the report to find the employee rate (Total EE Contribution Rate) and the municipality's recommended employer rate (Total ER Contribution Rate).

If a retired PSPRS member returns to work in a PSPRS covered position, the employer is required to pay an Alternate Contribution Rate (ACR). The ACR is based on the employer's individual rates, and is found in Section II of the city/town's actuarial valuation report in the "Contribution Requirements" table. The ACR is determined annually by the

actuary and will cover the unfunded liability portion of the total contribution (note: the ACR has a minimum 8% rate).

Consumer Price Index

In preparing your budget it may be useful to compare previously budgeted items with those anticipated for the upcoming fiscal year. To aid you in doing this, listed below is the consumer price index for the United States West Urban Areas. The index is published by the United States Department of Labor, Bureau of Labor Statistics.

Using the CPI allows you to compare equivalent values of budgeted items from previous years in terms of current costs by adjusting for inflation. To convert any amount from a prior year to FY 2021/2022 dollars simply multiply the amount by the FY 2022 Factor for the prior fiscal year. For example, to convert a \$100 purchase made in FY 2013/2014 into FY 2021/2022 dollars, multiply \$100 by the FY 2022 Factor related to FY 2013/2014 in the chart below (1.30), giving you a cost of \$130.00 in FY 2021/2022 dollars.

West Urban Areas Consumer Price Index (1982-84 = 100)

Fiscal Year	Index for all items	FY 21 Factor
FY 12/13	235.824	1.32
FY 13/14	240.215	1.30
FY 14/15	243.015	1.28
FY 15/16	247.705	1.26
FY 16/17	254.738	1.24
FY 17/18	263.263	1.21
FY 18/19	270.350	1.17
FY 19/20	275.057	1.14
FY 20/21	287.494	1.07
FY 21/22	307.145	

We hope the information in this report will be of use to you in the preparation of your budget. If you have any questions, contact René Guillen, Deputy Director, at (602) 258-5786 or via email at rguillen@azleague.org

FY 2023/2024 Budget Calendar

Action	Recommended Dates w/o Property Tax	Recommended Dates WITH Property Tax
1. Distribute budget instructions and work sheets to department heads. Meet with department heads to discuss budget prep.*	January / February	
2. Compile revenue estimates for the coming fiscal year including local revenues, shared revenues, debt service requirements, etc.*	January through March	
3. Submit departmental budget estimates to appropriate officials or office for review. (Council work sessions with the department heads may be held in conjunction with this review step.)*	February / March	
4. Make any changes and prepare the tentative budget.*	March / April	
5. Deliver proposed tentative budget to city council for review. Following council review, address any changes and prepare final proposed budget.*	April / May	
6. Receive certified property values from the County Assessor necessary to calculate the property tax levy limit and the final levy limit worksheet. (A.R.S. § 42-17052)	On or before February 10	On or before February 10
7. Notify the Property Tax Oversight Commission as to agreement or disagreement with the property tax levy limit. (A.R.S. § 42-17054)	N/A	Within 10 days of receiving values
8. Make the property values provided by the County Assessor available for public inspection. (A.R.S. § 42-17055)	On or before February 15	On or before February 15
9. Post notice on the city/town website that council will consider an increase in the property tax rate on the date of the property tax levy hearing, <u>not less than 60 days before the hearing</u> (Step 16). (A.R.S. § 9-499.15)	N/A	NLT May 31
10. If necessary, submit information on involuntary tort judgments and appropriate documentation to the Property Tax Oversight Commission for consideration. (A.A.C. 15-12-202)	N/A	July 1
11. Adopt tentative budget. (A.R.S. § 42-17101)	NLT July 17	NLT July 10
12. Post tentative budget (Schedules A-G) on website within 7 business days and keep it posted for at least 60 months. (A.R.S. § 42-17105)	NLT July 26	NLT July 19

* These are suggested basic steps which may vary depending on the size of the city/town, the complexity of the budget in terms of services offered, taxes, bonds, etc., and the extent of departmental involvement in the budget process.

** Truth in Taxation is only necessary if the proposed property tax levy, excluding amounts attributable to new construction, is greater than the amount levied in the previous year. In lieu of publishing the notice, a city or town may mail the notice to all registered voters at least 10 days but not more than 20 days before the hearing.

*** This must occur on or before the day on which the Board of Supervisors levies the County tax. **Check with your County Board of Supervisors for their deadline for receiving your levy.** Dates may need to change to conform to their schedule. The statutory deadline for FY 23/24 is August 21, 2023. The date provided here is the latest date the League recommends, but most counties request advance notice of this information prior to August 1.

FY 2023/2024 Budget Calendar

Action	Recommended Dates w/o Property Tax	Recommended Dates WITH Property Tax
13. Publish a summary of the adopted tentative budget once a week for two consecutive weeks. Include the time and place of the final budget hearing and indicate where the proposed budget may be examined at the city/town hall, library, and city/town website. (A.R.S. § 42-17103)	Two consecutive weeks; Depends on newspaper publishing dates	Can be combined with TNT Notices below
14. Publish first "Truth in Taxation" (TNT) notice in a paper of general circulation in the city/town. Issue a separate press release with the same information as the published notice. (A.R.S. § 42-17107)**	N/A	Between July 11 and July 17**
15. Publish second "Truth in Taxation" (TNT) notice in a paper of general circulation in the city/town. (A.R.S. § 42-17107)**	N/A	Between July 21 and July 24**
16. Hold public hearing on final budget (and property tax levy - can also be combined with Truth in Taxation hearing). Following the hearing, convene a special meeting to adopt final budget. (A.R.S. § 42-17105)	July 31	July 31
17. Post entire final budget (Schedules A-G) on website <u>within 7 business days and keep it posted for at least 60 months.</u> (A.R.S. § 42-17105)	After final budget adoption	After final budget adoption
18. Mail a copy of the Truth in Taxation notice, a statement of its publication or mailing, and the result of the council's vote to the Property Tax Oversight Commission. (A.R.S. § 42-17151(E)) Property Tax Oversight Commission 1600 W. Monroe Phoenix, AZ 85007	N/A	August 3
19. Adopt property tax levies. (A.R.S. § 42-17151(A))	N/A	August 14***
20. Forward a certified copy of the tax levy ordinance to the County. Note: The tax levy must also be adopted by the Board of Supervisors on or before the third Monday in August. (A.R.S. § 42-17151(A))	N/A	August 15***

* These are suggested basic steps which may vary depending on the size of the city/town, the complexity of the budget in terms of services offered, taxes, bonds, etc., and the extent of departmental involvement in the budget process.

** Truth in Taxation is only necessary if the proposed property tax levy, excluding amounts attributable to new construction, is greater than the amount levied in the previous year. In lieu of publishing the notice, a city or town may mail the notice to all registered voters at least 10 days but not more than 20 days before the hearing.

*** This must occur on or before the day on which the Board of Supervisors levies the County tax. **Check with your County Board of Supervisors for their deadline for receiving your levy.** Dates may need to change to conform to their schedule. The statutory deadline for FY 23/24 is August 21, 2023. The date provided here is the latest date the League recommends, but most counties request advance notice of this information prior to August 1.