

ARTICLE VI (Continued):

Section 12 - Appropriations lapse at end of year

All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

Section 13 - Claims or demands against the City

The council shall prescribe by ordinance the manner in which claims or demands against the city shall be presented, audited and paid.

Section 14 - Transfer of sums from any funds to interest funds

Whenever there shall not be sufficient moneys, in any of the interest funds for the bonded indebtedness of the city to pay the interest on such bonded indebtedness when due, the council shall direct the transfer from the general or any other fund having moneys therein to such interest funds the necessary amounts of money to pay the interest on said bonded indebtedness, and the amount so transferred shall be returned to the respective funds from which such transfer was made whenever sufficient moneys shall accrue in said bonded indebtedness funds, from the regular tax levied therefor.

Section 15 - Independent annual audit

The council shall designate certified public accountants who, as of the end of the fiscal year, shall make an independent audit of the city government and shall submit their report to the council and to the city manager. Such accountants shall have no personal interest, direct or indirect, in the fiscal affairs of the city government or of any of its officers. They shall not maintain any accounts or records of the city business, but, shall post-audit the books and documents kept by the city and any separate or subordinate accounts kept by any other office, department or agency of the city government. No firm shall make this audit more than three consecutive years. (Amended December 11, 1979; September 7, 1999)

Section 16 - Voter approval for certain high-value projects (Taxpayer Protection Initiative)

A. Definitions:

1. "City" is defined as the City of Prescott, Arizona.

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2. “Project” is defined as a group of related activities undertaken for the purpose of performing a discrete function or set of functions or creating interrelated infrastructure, including but not limited to:
 - a. The acquisition of land and the design and construction of transportation infrastructure;
 - b. The acquisition of land and the design and construction of infrastructure to accomplish withdrawal and transportation of water from a remote location;
 - c. The transfer or sale of assets; or
 - d. The design and construction of a single physical facility or complex.

 3. “Project Value” is defined as the City’s share of past and estimated future expenditures, obligations, or conveyances related to said Project, regardless of when or how the expenditures, obligations or conveyances are allocated in the budget process of the City, or in any related contract or agreement, if a vote of the City Council will be required to continue the City’s participation in the Project. Estimated future expenditures, obligations or conveyances shall include an allowance for possible cost over runs. The Project Value shall be calculated with respect to the total combined values of all portions or subcontracts of said Project and shall include the operating costs for the first five years of the Project and all planning and study costs for the project. For expenditures financed using borrowed funds, Project Value includes the greater of either total expenditures of borrowed funds or total amount borrowed, and will not include interest payments.
- B. Applicability:
1. The City may not, without prior voter approval through a Proposition as described herein, enter into one or more agreements or contracts relating to a single Project that:
 - a. Authorizes expenditures of City funds; or
 - b. Imposes direct or contingent obligations on the City or its residents, including long term contractual payment obligations or guarantees of future payments; or

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- c. Conveys ownership or control of property or resources owned or controlled by the City, including any resource rights owned or assigned to the City but transported, sold or used by another party; or
 - d. Conveys rights to use property or resources owned or controlled by the City or to be a provider of any category of services currently provided by the City; and that, when combined with any previously authorized expenditures, obligations or conveyances related to the same project, would have an aggregate Project Value of Forty Million Dollars (\$40,000,000) or greater. Beginning in 2011, the value threshold will be adjusted once every year by the percentage change in the Bureau of Labor Statistics Consumer Price Index for All Urban Workers during the immediately preceding calendar year.
 2. Approval by the voters shall be required irrespective of whether funds have been spent on a Project before passage of this initiative. If a future council vote is required to facilitate any furtherance of a Project, authorize participation by other parties in such a Project, or authorize City participation, then the voter approval requirements of this initiative apply.
 3. Approval by the voters shall be required if at any time the Project Value reaches the value threshold in Section B.1. Where the Project Value is initially determined to be less than the threshold amount in Section B.1., the City may conduct a Proposition in accordance with this initiative to ensure that the requirement of this Section does not result in the need for a Proposition at a later date.
- C. Exceptions:
 1. In order to assure the Health and Safety of the City's residents, the following Projects shall not require a public vote:
 - a. Replacement or repair of existing sewer and water lines, or
 - b. Replacement or repair of wastewater treatment systems, or
 - c. Projects mandated by state or federal law or court order.

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2. Approval by the voters shall not be required for initial funding of feasibility studies or conceptual designs, or other expenses in aggregate less than Five Million Dollars (\$5 million). Design plans and specifications or construction of any kind shall not be included in this exception. This amount shall be adjusted annually by the same percentage rate as the threshold is adjusted in Section B.1.

D. Proposition Content:

1. The wording of the mandated Proposition, seeking voter approval for a Project, shall include at minimum the following:
 - a. Description of the Project;
 - b. Estimated total amount of payments or guarantees to be made by the City, entities controlled by the City, City residents, or ratepayers; and estimated amount per household;
 - c. The Project Value, and enumeration of all projected financing costs including interest; and estimated specific costs, including, but not limited to, likely and potential legal, litigation, or remedial costs;
 - d. Detailed description of the City’s possible funding mechanisms and repayment methods with each mechanism’s estimated share of total funding, or declaration that the specific funding and repayment sources are not determined; and
 - e. Specific location(s) of the subject Project.

2. There shall be printed on the official ballot immediately below the number of the measure and the official title of each measure:

A “yes” vote shall have the effect of _____.

A “no” vote shall have the effect of _____.

The blank spaces shall be filled with a brief phrase, approved by the City Attorney, stating the essential changes depending on the outcome of the vote including the estimated per household cost of the Project.

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E. Voter Information:

1. Prior to the Proposition vote on a proposed Project, all households with a registered voter will receive an election pamphlet containing the five points in Section D.1. In addition, ballot statements both pro and con shall be published in the pamphlet. Individuals or organizations may submit statements of up to 300 words at a cost of One Hundred Dollars (\$100) per statement, up until a date specified by the City Clerk. The statements shall also be posted on the City's web site, with a link from the home page. The City shall mail one copy of the publicity pamphlet to every household that contains a registered voter. This pamphlet may be combined with another voter pamphlet covering other ballot questions. The mailings may be made over a period of days but shall be mailed in order to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the Proposition vote.
2. Prior to the Proposition vote, the City shall hold or cause to be held at minimum two public hearings on the ballot measure. The hearings shall provide an opportunity for proponents, opponents and the general public to provide testimony and request information.

F. Sponsoring Campaign Committee:

The sponsoring campaign committee of this initiative, the Taxpayer Protection Committee, shall have standing in all legal actions related to the initiative and future implementation of any section of this initiative.

G. Severability:

If any provision of this initiative is found to be unenforceable by a court of law, the remainder of the initiative shall remain in effect.

(Added November 3, 2009)