



CITY OF  
**SAN LUIS**  
A R I Z O N A

San Luis City Hall

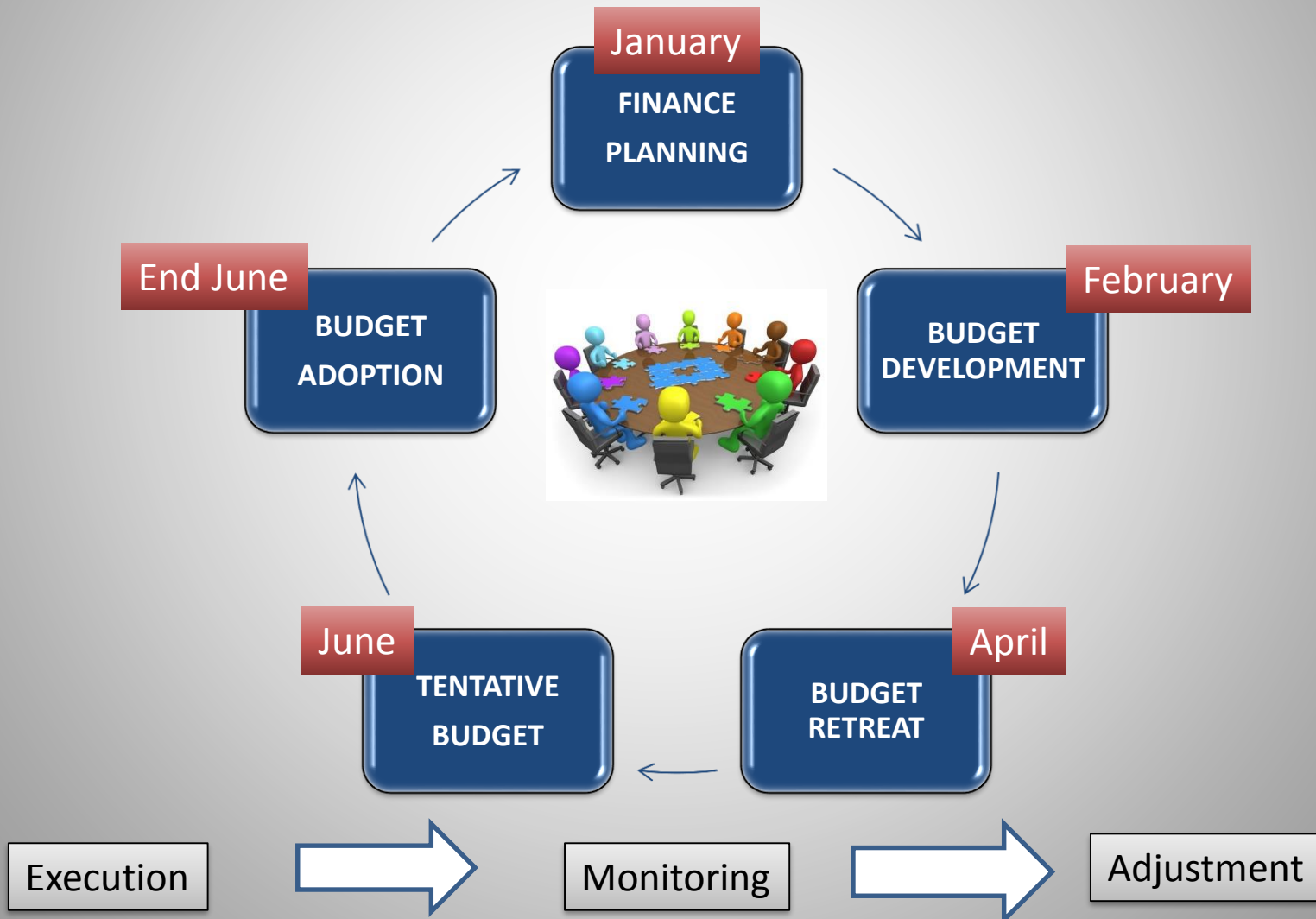
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# BUDGET OVERVIEW

**FISCAL YEAR 2022**

# City of San Luis BUDGET PROCESS

Allocation of resources to programs, services and capital infrastructure.





# Budget Retreat Objectives

Presents highlights of the proposed budget.

Provides an overview of expenses and revenues for Fiscal year 2022.

Department heads will provide an overview of their departments, and proposed requests.

Obtain council input about the information presented, and what do you expect from the budget.

The proposed FY 2022 budget addresses the following priorities:





# Revenues



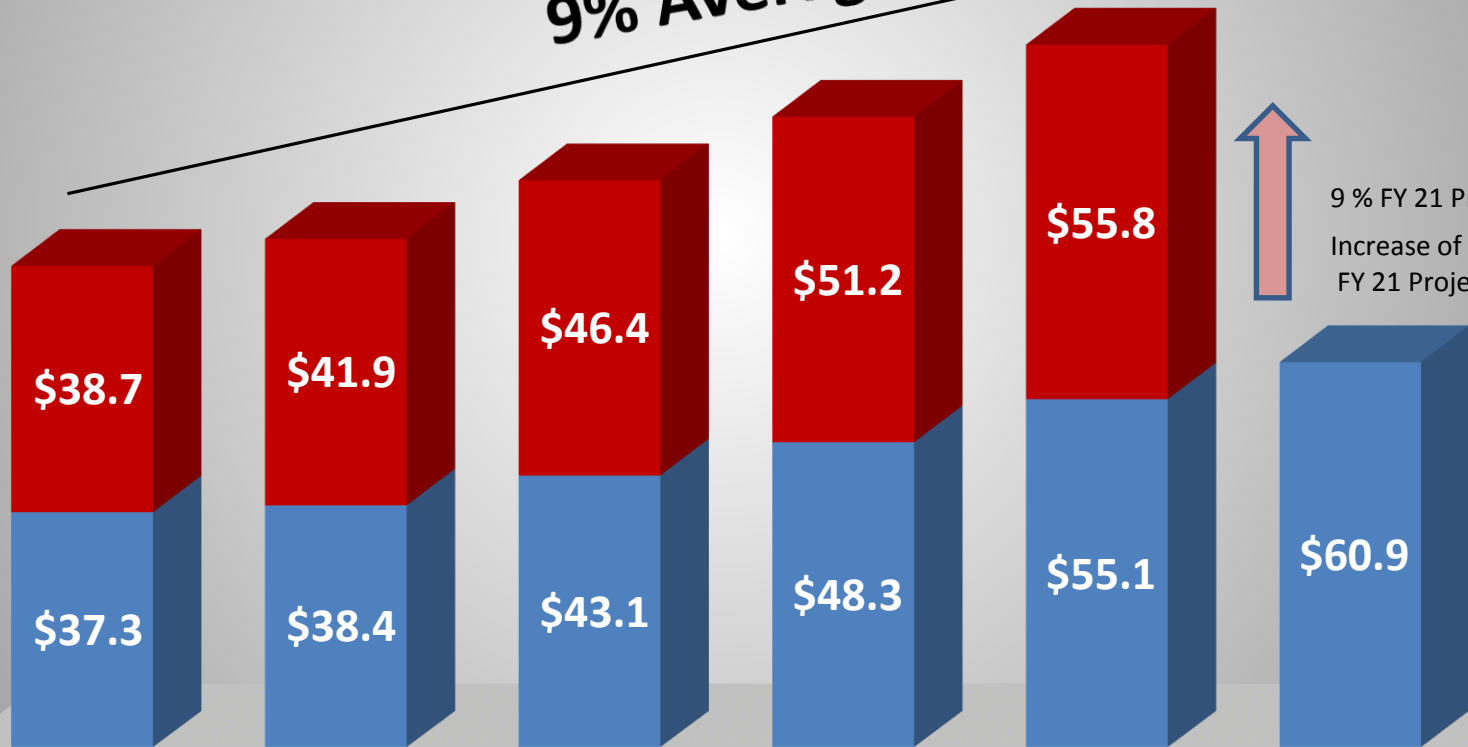
# REVENUE COMPARISON

In Millions

Budget Actual

\* Projection

9% Average



9 % FY 21 Projection  
Increase of 5.1 M  
FY 21 Projection

FY 2017

FY 2018

FY 2019

FY 2020

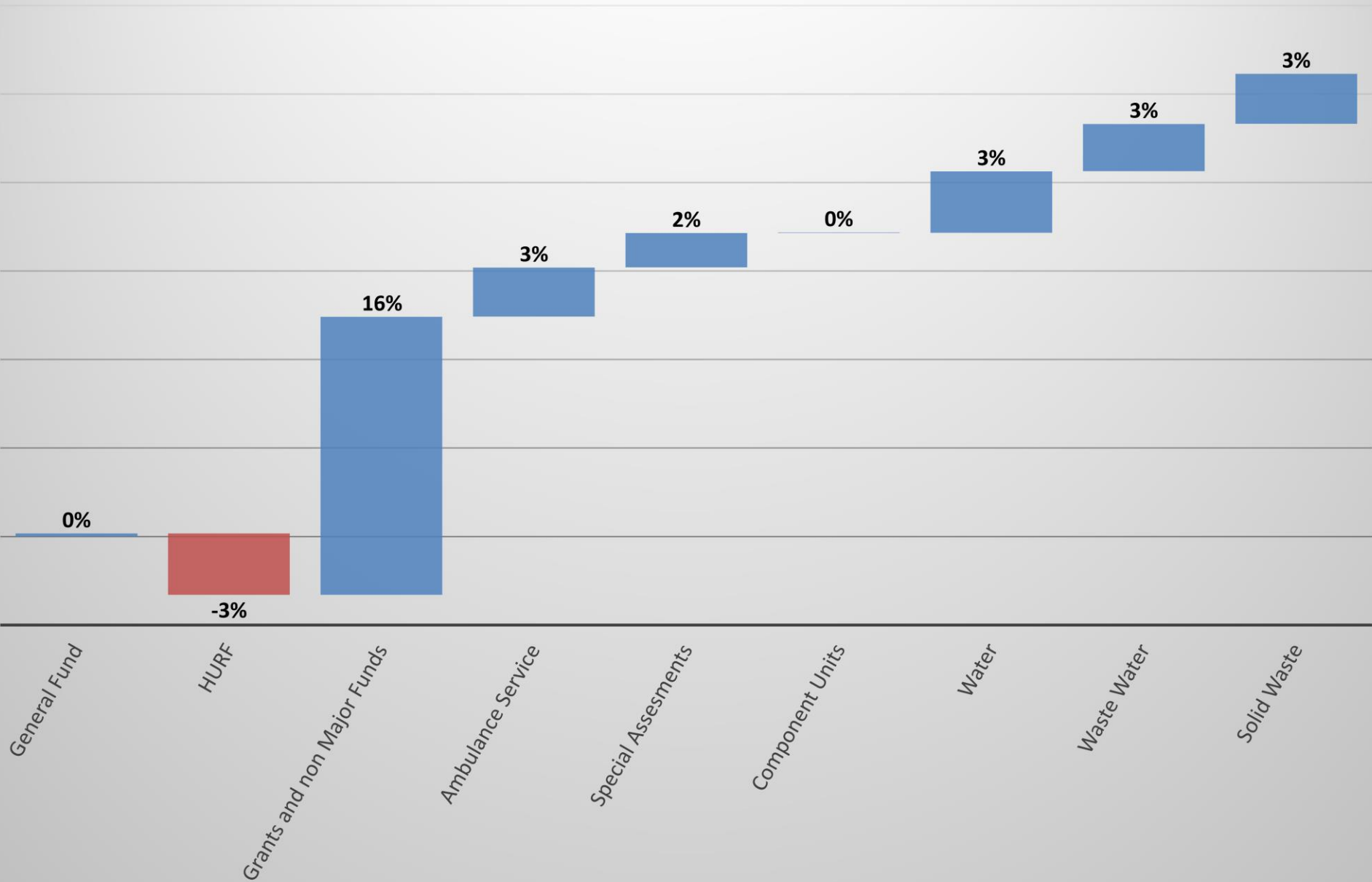
FY 2021\*

FY 2022

# FY 2022 Budget Vs FY 2021 Projection

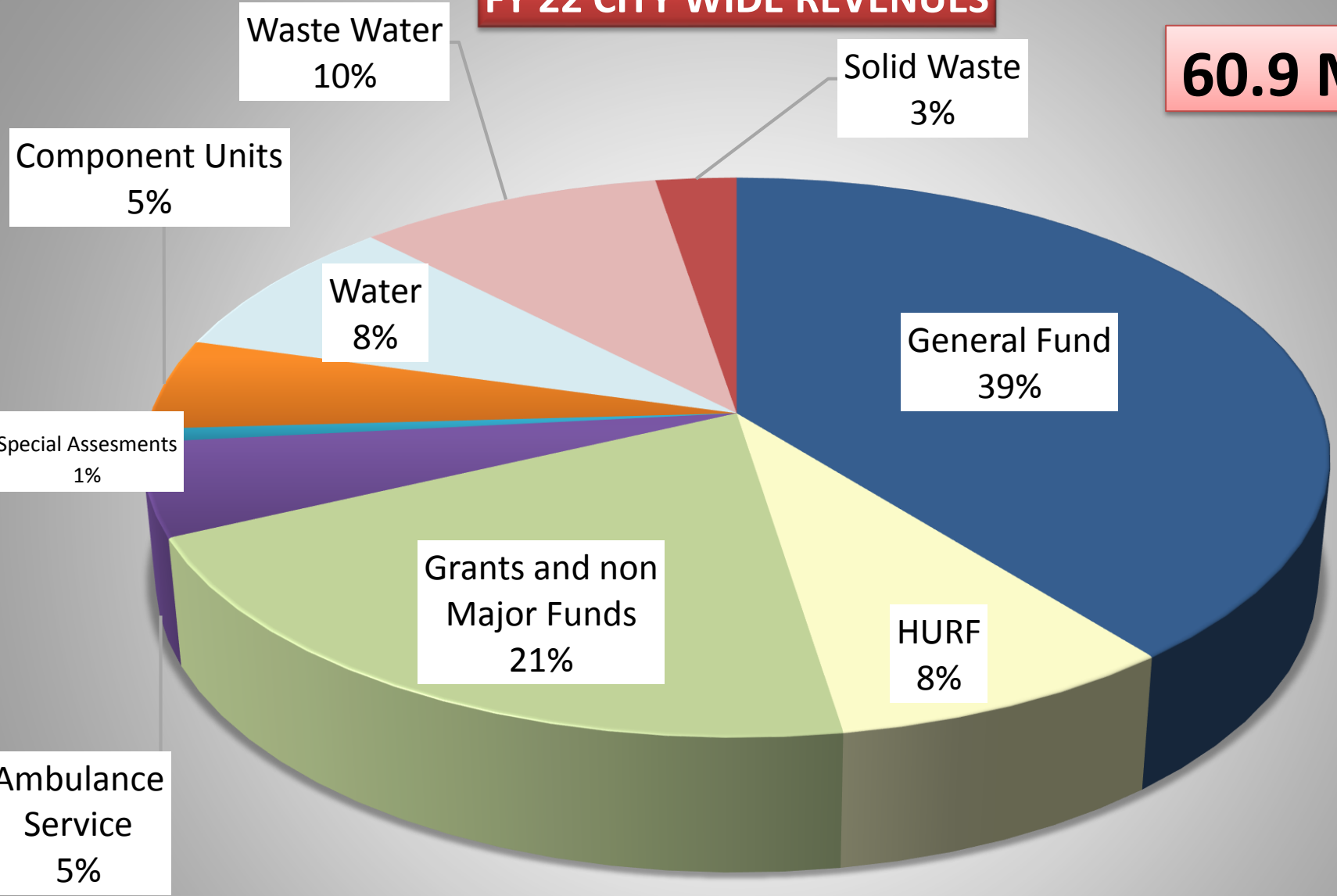
■ Increase ■ Decrease

Revenue % Change



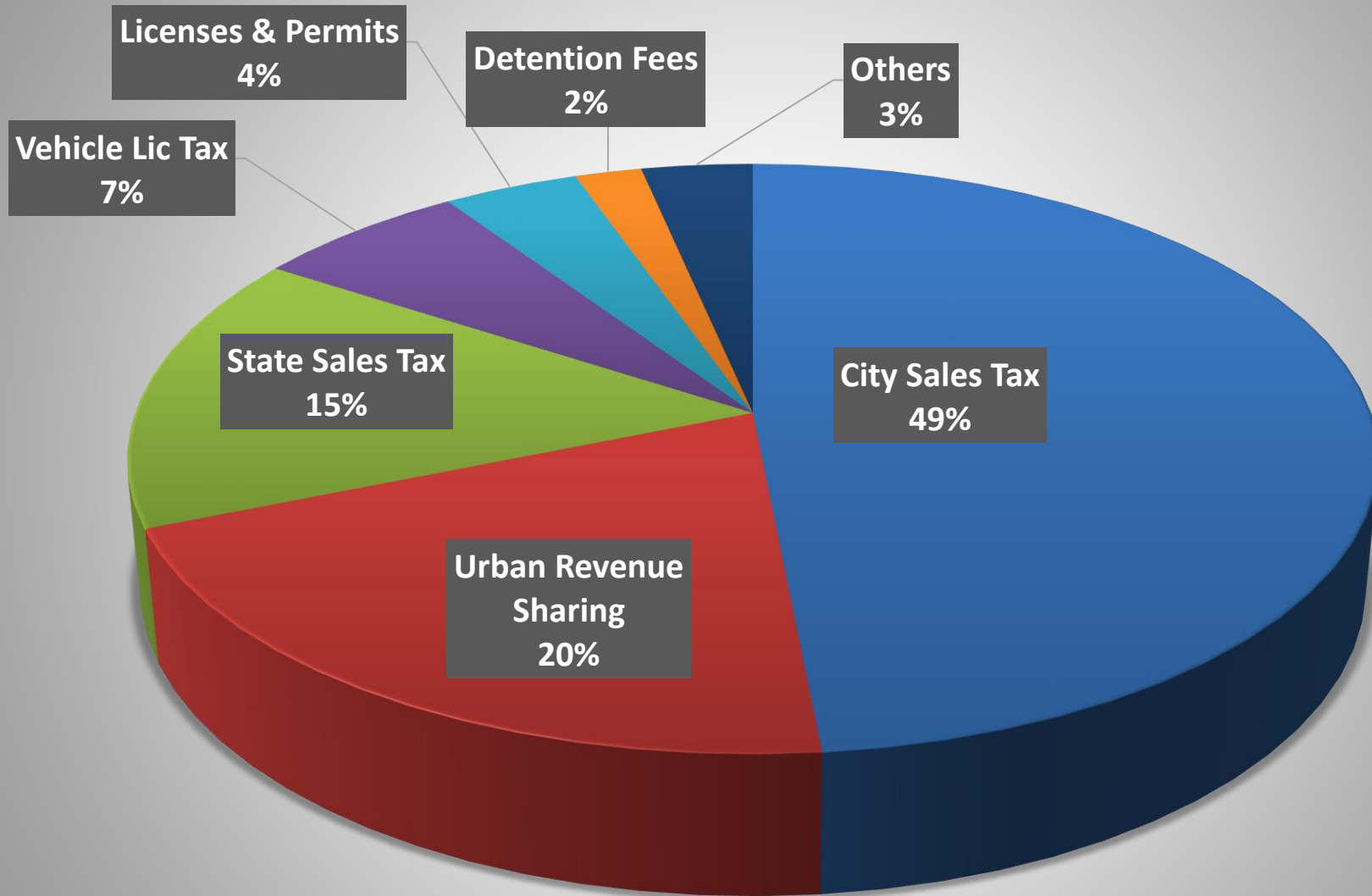
# FY 22 CITY WIDE REVENUES

**60.9 M**



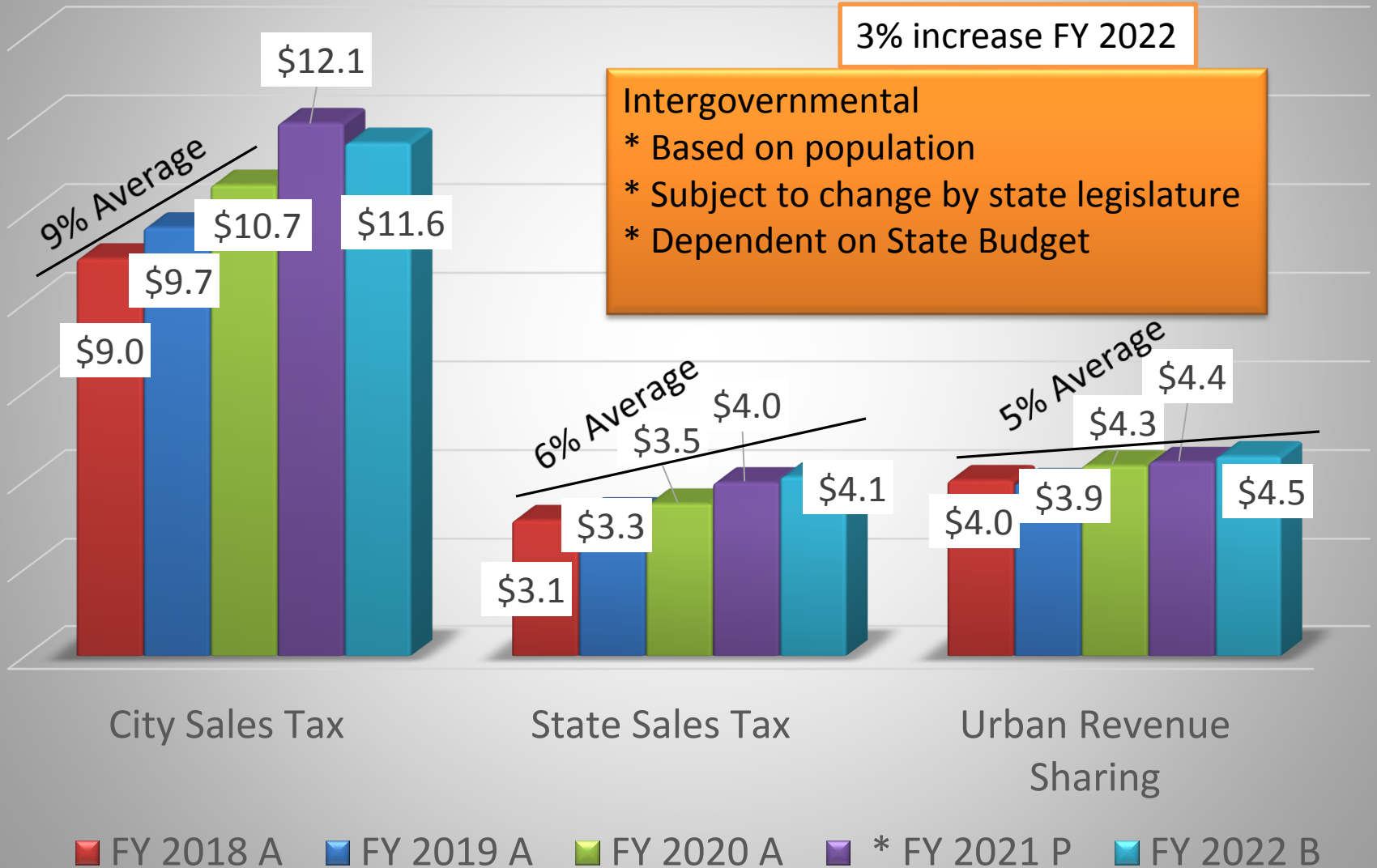
**WHERE THE MONEY COMES FROM?**

# FY 22 GENERAL FUND SOURCES



# Revenue Historical Data

## Major Revenue Sources-Government





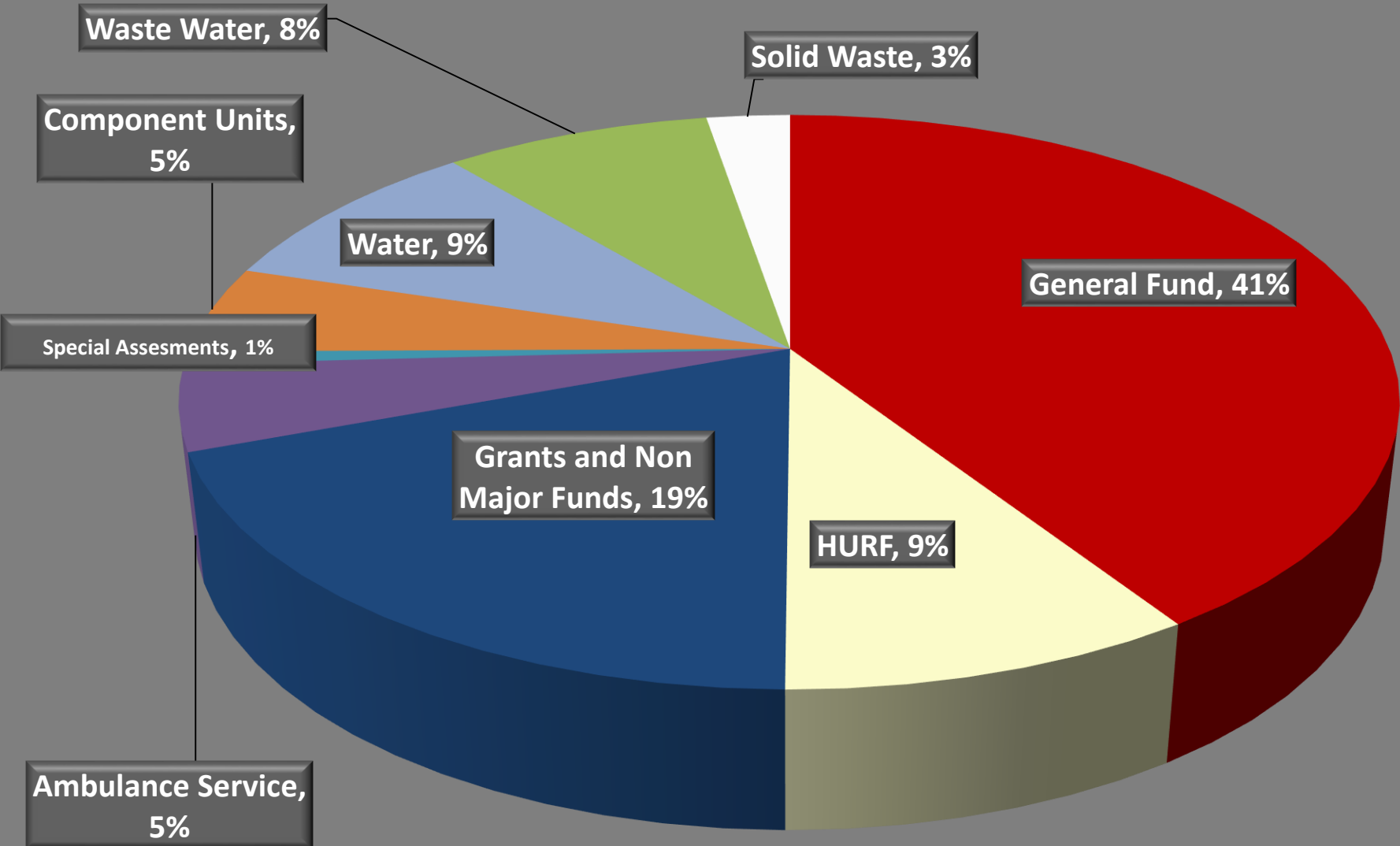
# Expenses



# FY 22 EXPENSES DISTRIBUTION

## City Wide

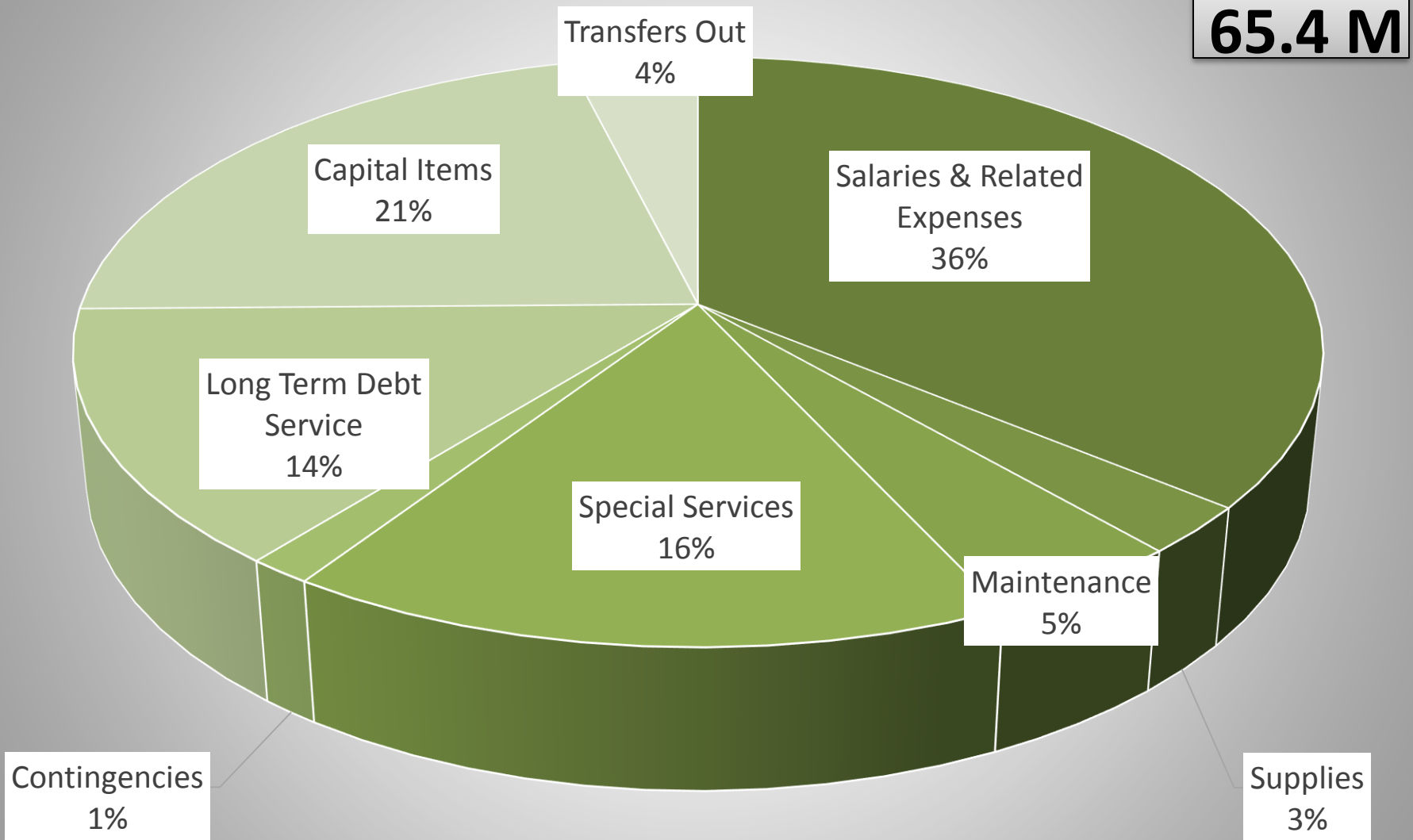
**65.4 M**



**WHERE IS THE MONEY USED?**

# FY BUDGET 22 EXPENSES BY CATEGORY

**65.4 M**

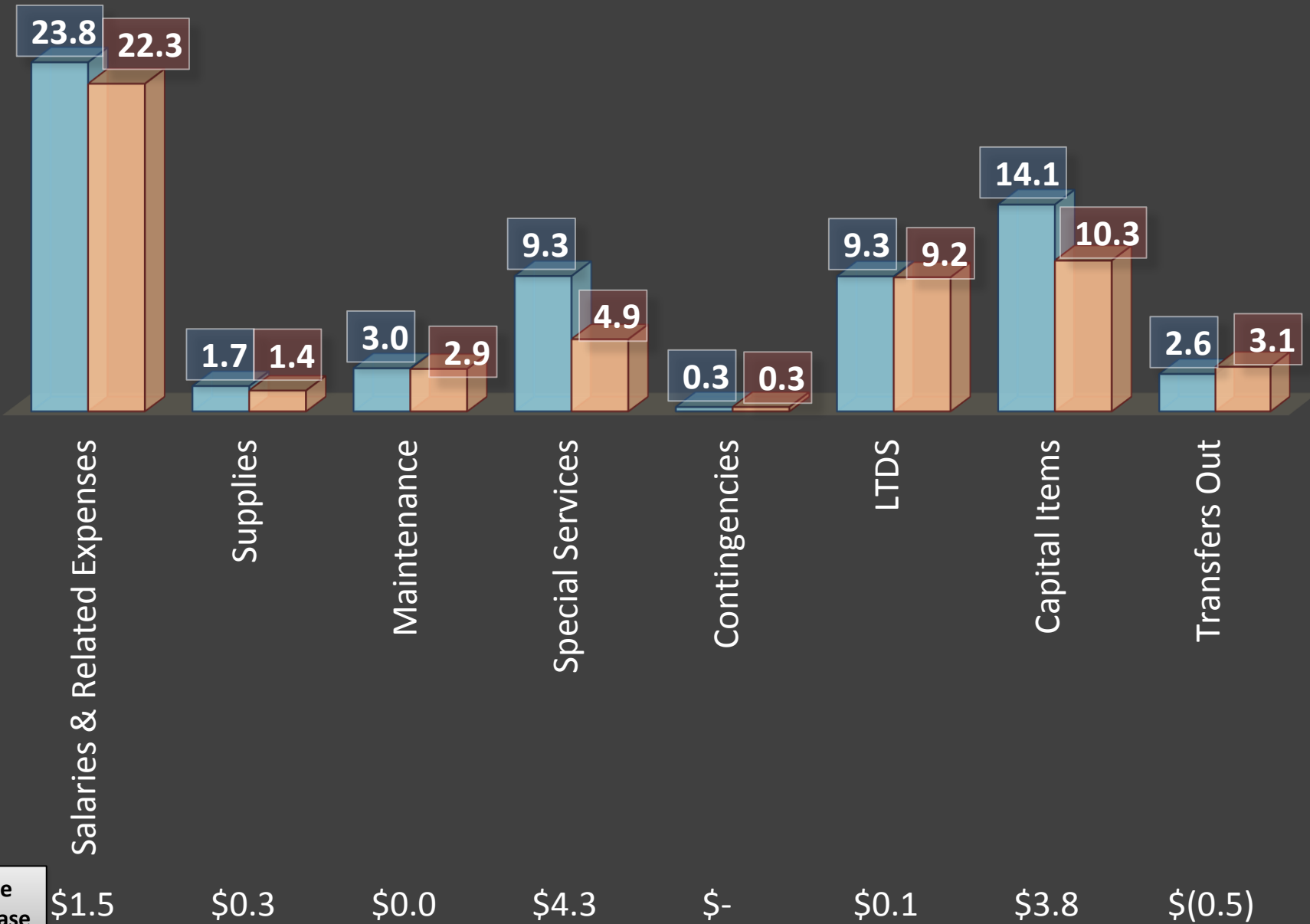


**HOW IS THE MONEY USED?**

# EXPENDITURE COMPARISON

**65.4 M**

FY 2022 B    FY 2021 B



Increase /Decrease

# The proposed budget makes important investments in the following areas:



## CAPITAL PROJECTS

Allocation of 500 K to complete initial phase of park construction.

Construction of 1<sup>ST</sup> phase fire substation #2.

Purchase of a fire truck in the amount of 1.3 million.

Purchase of a solid waste truck and rear loader totaling 422 K.

3 million investment in waste water and water infrastructure.

Allocation of funds for fleet service shop.

2.7 million investment for street infrastructure.

3.3 million investment to complete community development projects.

Purchase of 4 patrol vehicles and body worn cameras totaling 560 K.

200 K investment in improving technology.

Purchase/replacement of 7 vehicles in various departments.

Purchase of cutaway bus for senior center.



## PERSONNEL

Implementation of third phase of salary adjustment 670 K

1 PT position and 13 FT positions in General Fund, HURF, and Utility Funds.

2 promotions



# Balancing the Budget



# Financial Policies



## RESERVES

- Operating Reserve – 6 months of budgeted operational expenses for all funds.
- PSPRS Fund Reserve- 500 K contingency reserve to offset investment performance or actuarial assumptions.
- Debt Service Reserve- 12 months of interest and principal payments.



## FISCALLY RESPONSIBLE

- All one time revenues are used for one time expenditures.
- Contingency Budget.
- State Statutes

# Expenditure Limitation

A.R.S 41-563

Directs the commission to determine expenditure limitations for cities.

The penalties for municipalities for exceeding the expenditure limit are severe

For FY 2022 the preliminary expenditure limitation for City of San Luis is 54 Million.

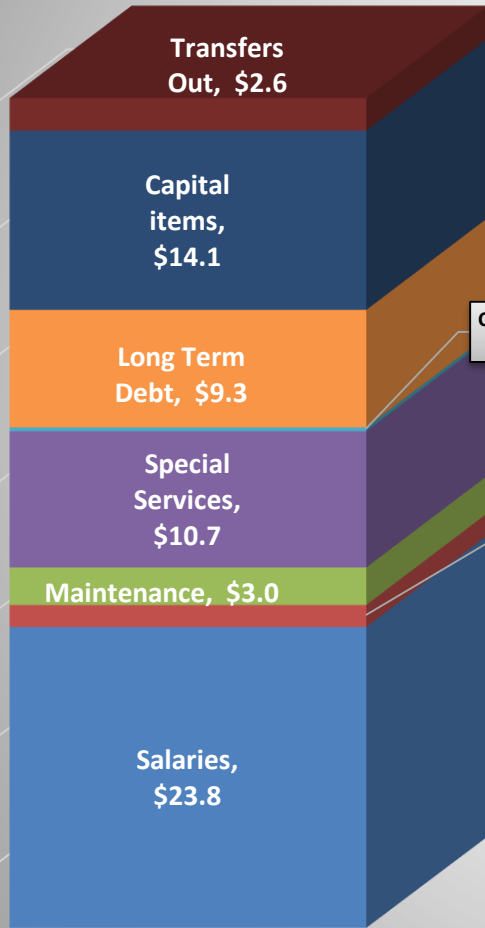
The expenditure limitation applies when a city spends local revenue derived from tax revenues, fees, charges for services.

Article 9, section 20 (d) provides guidance about what revenues are excludable.

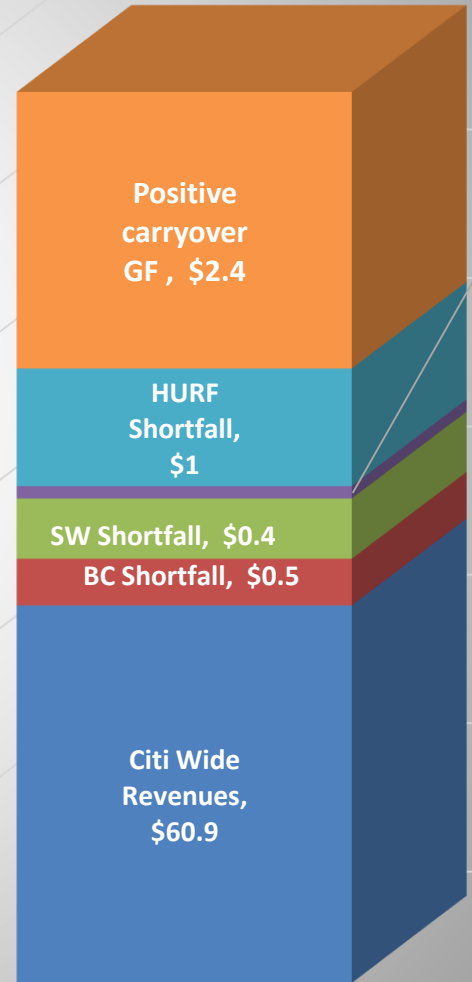




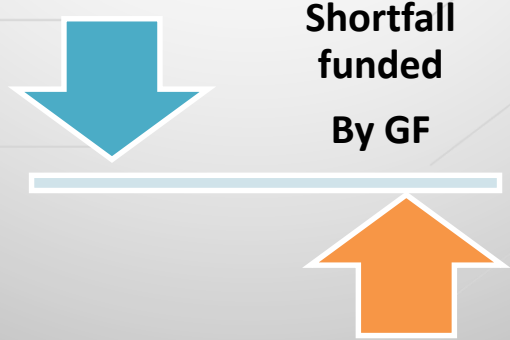
# Balanced Budget



**\$65.4M USES**



**\$65.4M SOURCES**





# CHALLENGES AHEAD, AND CLOSING THOUGHTS



## RESERVES

- Positive financial performance has boosted the General Fund reserves providing the city with the highest capacity to face an economic downturn.
- Maintaining these reserve levels is essential given the City's heavy reliance on one source of revenue and exposure to potential cross-border trade and security disruptions.

## COVID 19

- COVID 19 has triggered a severe state budget crisis. State share funding cuts for local governments might be in the future.
- We are not out of this pandemic, so we should monitor budget closely for any changes in assumptions, and adjust course if necessary.

## SECURE OTHER SOURCES OF REVENUE

- Half of our revenues is from City Sales Tax, if our main source of revenue falls, we are in trouble. We need to diversify.
- City's spending in operational growth is limited to City Sale's tax revenue growth.
- Implementing the recommendations of the ongoing utility rate study is critical. This year Solid Waste is 400 K in the red. We are in time to take action to avoid larger losses.
- HURF revenues are decreasing, and are non-sufficient to build the infrastructure that is needed to support the community's growth.
- Investment in broadband, water and wastewater infrastructure is becoming essential to support industrial and residential growth.

Despite the challenges ahead, the future looks promising. We have superior financial resilience and hard working staff. Through working together, we will continue enhancing the quality of life for the residents and businesses of San Luis.



Thank you