

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

SUMMARY ANALYSIS

The voters of the City/Town of San Luis, Arizona in 2024 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 City/Town of San Luis, Arizona seeks voter approval to adopt a Home Rule Option to apply to the city/town for the next four years beginning in Fiscal Year 2025-2026. Under the Home Rule Option, if approved by the voters, the city/town estimates it will be allowed to expend approximately \$121,268,251 in 2025-2026, \$108,445,116 in 2026-2027, \$112,395,192 in 2027-2028 and \$113,570,336 in 2028-2029.

With approval of the Home Rule Option, the city/town will utilize the expenditure authority for all local budgetary purposes including

Under the state-imposed limitation the city/town estimates it would be allowed to expend approximately \$ 113,707,622 in 2025-2026, \$105,432,409 in 2026-2027, \$ 108,759,611 in 2027-2028, and \$ 110,185,261 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 city/town government is \$121,268,251 in 2025-2026, \$108,445,116 in 2026-2027, \$112,395,192 in 2027-2028, and \$113,570,336 in 2028-2029. These revenue estimates will be the same under either the Home Rule Option or the state-imposed expenditure limitation.

Any and all dollar figures 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 city/town.

ESTIMATED FY 2025-2026 EXPENDITURE LIMITATION												
38,149	÷	1,690	=	22.5734	x	\$724,909	=	\$16,363,661	x	3.6671	=	\$60,007,181
Population (2023 estimate)		Population (1978)		Population Factor		Base Limitation (1979-80)		Result of Pop Factor x Base Limit		% Change in GDP Price Deflator (CY 2022 per Nov-2023 memo)		EST. FY 2025-2026 Expenditure Limitation

POPULATION FACTOR COMPUTATION (see page 23)						
For Fiscal Year:	Use Calendar Year:	Prior Year Population	÷	1978 Population	=	Population Factor
2025-2026	2023 (Estimate)	38,149	÷	1,690	=	22.5734
2026-2027	2024 (Projection)	38,900	÷	1,690	=	23.0178
2027-2028	2025 (Projection)	39,000	÷	1,690	=	23.0769
2028-2029	2026 (Projection)	39,200	÷	1,690	=	23.1953

STATE-IMPOSED EXPENDITURE LIMITATION (See Page 23)											
Fiscal Year	1979-80 Base Limit	x	Population Factor	x	Inflation Factor (Nov-2023 Memo)	=	Projected State-Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditures Under State-Imposed Limit
2025-2026	\$724,909	x	22.5734	x	3.6671	=	\$60,007,181	+	\$53,700,442	=	\$113,707,622
2026-2027	\$724,909	x	23.0178	x	3.6712	=	\$61,256,947	+	\$44,175,462	=	\$105,432,409
2027-2028	\$724,909	x	23.0769	x	3.7559	=	\$62,831,146	+	\$45,928,465	=	\$108,759,611
2028-2029	\$724,909	x	23.1953	x	3.8340	=	\$64,466,723	+	\$45,718,538	=	\$110,185,261

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

DETAILED ANALYSIS

Pursuant to the Arizona State Constitution, the City/Town of San Luis, AZ as authorized by Resolution No. _____ passed on _____, 2024 will seek voter approval to adopt an Alternative Expenditure Limitation (Home Rule Option) to apply to the City/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 \$ 121,268,251 in 2025-2026, \$ 108,445,116 in 2026-2027, \$ 112,395,192 in 2027-2028 and \$ 113,570,336 in 2028-2029.

With approval of the Home Rule Option, the city/town will utilize the expenditure authority for all local budgetary purposes including General Fund, Streets, Special Revenue Funds, Ambulance Services, Water, Wastewater, Solid Waste, Business Incubator, Trust Fund, Detention Center, LT Debt and Capital Improvement Projects. 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 Fund	\$ 30,746,949	\$ 32,679,597	\$ 34,684,352	\$ 36,820,501
Special Revenue Funds	1,893,389	1,997,516	2,091,494	2,190,039
Streets	3,056,562	3,208,867	3,362,487	3,525,024
Ambulance Services	3,720,903	3,948,338	4,183,569	4,434,020
Water	3,833,571	4,017,901	4,192,012	4,374,951
Wastewater	4,524,193	4,757,185	4,980,973	5,216,889
Solid Waste	2,285,046	2,396,544	2,499,642	2,607,798
Business Incubator	152,495	160,005	166,569	173,420
Trust Fund	4,221,249	4,347,886	4,478,323	4,612,673
Detention Facility	25,000,000	25,000,000	25,000,000	25,000,000
Long Term Debt	5,315,914	5,175,176	6,343,767	6,017,217
Capital Improvements	36,517,980	20,756,100	20,412,005	18,597,805
Total Expenditures	\$121,268,251	\$108,445,116	\$112,395,192	\$113,570,336

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	\$ 2,369,720	\$ 2,488,206	\$ 2,612,616	\$ 2,249,614
State	18,636,356	19,540,870	20,529,317	21,584,262
Local	100,262,175	86,416,040	89,253,259	89,736,460
Total Revenues	\$121,268,251	\$108,445,116	\$112,395,192	\$113,570,336

(The city/town property tax shall continue to be limited to the amount prescribed in the Arizona State Constitution).

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 4 years. Their continued availability is also assumed for the next three consecutive fiscal years following 2025-2026.

Any and all dollar figures 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.