

-
- City of San Luis
 - Administration Commitment
 - Financial Stability
 - Efficiency and Accountability
 - Strategic Planning





Government Finance Officers Association (GFOA)

The City of San Luis as most other cities are subject to pass a balanced budget. However, a budget that may fit the statutory definition of a "balanced budget" may not, in fact, be financially sustainable. For example, a budget that is balanced by such standards could include the use of non-recurring resources, such as asset sales or reserves, to fund ongoing expenditures, and thus not be in structural balance. A true **structurally balanced budget** is one that supports financial sustainability for multiple years into the future.

Five Year Historical Data vs. Five Year Projections

FY2020- We need to start strategizing for the Enterprise funds that requires subsidizing from General fund. **It is critical we increase revenues or reduce expenditures for these funds.**

FY2021- Delay hiring of non-essential positions. Filling only those that are urgent. ■ Eliminate non-essential Operating spending. (Travel, Uniforms etc.) ■ Delay non-essential Capital expenditures. ■ **Monitor the budget against actual revenues and expenditures continuously.**

FY2022- Half of our revenues is from City Sales Tax, if our main source of revenue, if it falls, we are in trouble. **We need to diversify.** HURF revenues are decreasing and are insufficient to build the infrastructure that is needed to support the community's growth.

FY2023- City's spending in operational growth is limited to City Sale's tax revenue growth. **Positive carryovers** and ARPA funds are allowing the City to do significant capital improvements and construction of infrastructure. In FY 2022 we project the salary budget will be 2.4 million below budget due to non-filled positions.

FY2024- The CIP budget allocation will increase only if there are additional sources of revenues that can ensure long-term sustainability. **For financial sustainability, operating expenditure increases must be matched with recurring revenue streams.** Capital projects and on-time expenditures may be funded with one-time increases or positive fund balances

Shared Revenues	Population	Vehicle License Tax (VLT)	Highway Users Revenue Fund (HURF) (Gas Tax)	Transaction Privilege Tax (TPT) (Sales Tax)	State Income Tax (URS) (Income Tax)
FY-2022	34,778	\$ 1,673,641	\$ 2,965,575	\$ 4,083,471	\$ 4,537,693
FY-2023	35,257	\$ 2,079,173	\$ 3,673,533	\$ 5,046,509	\$ 6,804,907
FY-2024	35,770	\$ 2,065,423	\$ 3,624,942	\$ 5,320,989	\$ 9,478,747
FY-2025	37,966	\$ 2,138,532	\$ 3,768,997	\$ 5,737,514	\$ 8,076,061
FY-2026	40,064	\$ 2,263,982	\$ 4,099,343	\$ 6,049,249	\$ 7,809,148

VLT- Approximately 20% of revenues collected by ADOT for the registration of motor vehicles.

Highway Users- Funded by the 18 cents per gallon tax on gasoline, "gas tax". HURF also includes portions of use fuel taxes, VLT revenues, motor carrier taxes, operations license fees, and excise tax on recreational marijuana sales.

State Transaction Privilege Tax (TPT)-Cities and Towns share the total collection of TPT imposed by the State, each tax classification has a designated sharing percentage, each city received 25% of the base.

State Income Tax- Enacted by voters in 1972 in exchange for cities and towns giving up the authority to assess local income taxes and local luxury taxes (liquor, tobacco), URS provided 15% of the net income collected. In 2024, cities received 18% collected to minimize any adverse impact to cities due to the state adoption of 2.5% flat income, which reduced individual income tax collection based.

TPT rates for Yuma County cities in 2025



Jurisdiction	City TPT rate	State rate	Yuma County rate	Total combined rate
Yuma	1.7%	5.6%	1.11%	8.41%
San Luis	4.0%*	5.6%	1.11%	10.71%
Somerton	3.3%	5.6%	1.11%	10.01%
Wellton	3.5%	5.6%	1.11%	10.21%
Unincorporated Yuma County	0.0%	5.6%	1.11%	6.71%

Financial Stability Proposal

The Issue:

- Our tax revenue is over-dependent on a single sector.
- One-time large expenditures have caused strain on our budget, leading to a reduction of services.
- Reduction of state taxes and federal grants.
- City services are not keeping up with community growth.
- Inadequate long-range planning.

Proposed Solution:

- **Capital Improvement Plan:** Identify, prioritize, and fund infrastructure projects.
- **Ensure transparency and Communication:** An educational campaign on the city's financials that is easy for both officials and the public to understand, that builds trust and support.
- **Implement a new budgeting measure:** Continue to use a conservative approach in budgeting by aligning revenues with expenditures.
- **Pursue operational efficiencies:** Identify and implement internal process improvements to reduce operational costs.
- **Long-term Planning:** Develop a long-term financial strategy with a focus on diversifying revenues.

Transportation Sales Tax



	San Luis	Somerton	Wellton	Yuma	Yuma County
5-yr Average HURF	\$ 3,323,450.78	\$ 1,464,821.45	\$ 260,439.87	\$ 9,186,108.32	\$ 13,677,374.98
Transportation Tax Revenue	\$ 3,885,859.81	\$ 1,454,669.05	\$ 400,000.00	\$ 10,135,815.83	\$ 5,772,006.02
Total	\$ 7,209,310.59	\$ 2,919,490.50	\$ 660,439.87	\$ 19,321,924.16	\$ 19,449,381.00
Equivalent HURF Increase	117%	99%	154%	110%	42%

Estimated Taxpayer Impacts FY 2024-25 (a)

- Assumes the Net Limited Assessed Value for the City of San Luis grows by 5.0% for tax year 2024.
- This is the estimated average value of an owner occupied residential property in the City that is used for tax purposes. The value used for tax purposes is the limited property value and is calculated by the County Assessor. This is not the market value of the property. As a result of current real estate market conditions, the value of the property used for tax purposes may be significantly lower than the market value of the property. Property owners may review this information on the County Assessor website.
- The assessment ratio for this property classification will decrease to 16.5% for tax year 2024, 16% for tax year 2025, 15.5% for tax year 2026 and 15% for each tax year thereafter.

			FY 24-25 Tax Rate: \$1.54 FY 24-25 Max Levy: \$1,800,000		FY 24-25 Tax Rate: \$1.72 FY 24-25 Max Levy: \$2,000,000		FY 24-25 Tax Rate: \$2.14 FY 24-25 Max Levy: \$2,500,000	
(Average value properties estimated from FY estimated 2023-24 Yuma County Assessor abstract.)	Limited Property Value	Assessed Valuation	Estimated Annual Tax Impact	Estimated Monthly Tax Impact	Estimated Annual Tax Impact	Estimated Monthly Tax Impact	Estimated Annual Tax Impact	Estimated Monthly Tax Impact
Owner Residential Property: 10% assessment ratio								
estimated average property owner (b):	\$106,603	\$10,660	\$165	\$13.71	\$183	\$15.24	\$229	\$19.05
	\$150,000	\$15,000	\$232	\$19.30	\$257	\$21.44	\$322	\$26.80
	\$250,000	\$25,000	\$386	\$32.16	\$429	\$35.74	\$536	\$44.67
Commercial Property (locally assessed): 16.5% assessment ratio (c)								
estimated average property owner:	\$525,008	\$86,626	\$1,337	\$111.45	\$1,486	\$123.83	\$1,857	\$154.78
	\$250,000	\$42,500	\$656	\$54.68	\$729	\$60.75	\$911	\$75.94
	\$1,000,000	\$165,000	\$2,547	\$212.27	\$2,830	\$235.86	\$3,538	\$294.82
Agricultural/ Vacant Property: 15% assessment ratio								
estimated average property owner:	\$27,499	\$4,125	\$64	\$5.31	\$71	\$5.90	\$88	\$7.37
	\$50,000	\$7,500	\$116	\$9.65	\$129	\$10.72	\$161	\$13.40
	\$100,000	\$15,000	\$232	\$19.30	\$257	\$21.44	\$322	\$26.80

City Fees

- **FY2025 Implemented Fees**

- Impact Fees
- Business Licenses Fees
- Court Fees

- **FY2026- Proposal for Fees Increases**

- Utility Rate Study- 2027
- Hospitality Tax
- Business Incubator Fees
- Parks Fees
- Fire Fees
- Police Fees
- Clerk Fees
- Development Services

Propose Fees Examples

- Utilities- Service Fee for Credit Cards \$37,000 income
- Police- Increase Parking Meter \$. 50/per hour to \$7.00 flat fee, Fingerprinting \$8 to \$20.
- Public Works- Illegal water connection citation, fee for removal of traffic signs that are obstructing.
- Economic Development- Parking fee on downtown parking lot.
- Clerks-Electronic data fee \$70.
- Engineering-Administrative fee for encroachment permit.
- Fire- False Alarm Fees.

Questions

