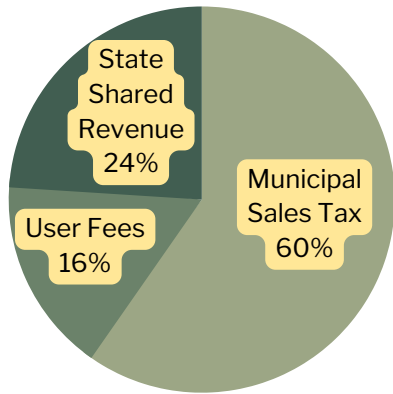




TOWN OF CAREFREE BUDGET FACTS

FORECASTED REVENUES



Category	Amount
Municipal Sales Tax	\$4,250,000
User Fees	\$1,162,000
State Shared Revenue	\$1,708,000
TOTAL	\$7,120,000

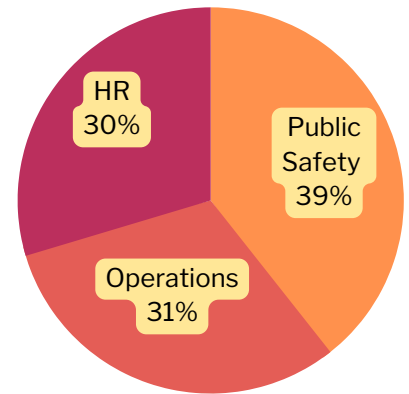


CAPITAL RESERVES - \$11.5 MM
 RAINY DAY FUND - \$2.5 MM

Expenses	Amount
Drainage Project	\$650,000
Signage	\$50,000
Pavement Maint.	\$3,200,000
Fire Infrastructure	\$1,100,000
Total	\$5,000,000

Revenues	Amount
Fire Grants	\$750,000
Drainage Grant	\$480,000
Capital Reserve	\$3,770,000
Total	\$5,000,000

ANTICIPATED EXPENSES



Category	Amount
Public Safety	\$2,621,694
Operations	\$2,065,857
HR	\$1,973,795
TOTAL	\$6,661,346

+ \$200K contingency=\$6.88 MM General Fund

Carefree is a small town with a small budget to match. Carefree’s operational budget is designed to provide services to community members. Due to the size of our town and revenue raising capacity, we are only able to provide core services to our residents.

Carefree’s capital budget is designed to provide funding for future infrastructure projects. Primarily roads, culverts, drainage and town center improvements. The capital fund also includes our rainy-day fund which is used to maintain services in periods of economic downturns. The revenue in our capital budget comes from one-time revenues, state shared revenue and excess revenues over expenses in our operational budget. As a small town, we need to save over time for future infrastructure projects. We consolidate projects for better pricing and to gain economies of scales.

The main source of revenue for our operational budget is our sales tax. Out of the 9.3 cent sales tax, most of the tax goes to the state and county. Carefree receives 3 cents, however we only have 2 cents to pay for services as 1 cent of our sales tax is dedicated to pay for fire/EMS.

The result is Carefree is heavily reliant on sales taxes and our sales tax is at or above neighboring jurisdictions. Any increase risks migration of sales to lower sales tax jurisdictions. Sales taxes can vary tremendously year-to-year and are difficult to predict for future budgets. Our Rural Metro and Maricopa County Sheriff contracts have both increased by double digits and there is legislation at the state proposing to eliminate rental and grocery taxes. If passed, our revenue would be reduced by approximately \$300,000.

Public safety will always be the most important and largest part of our budget. To join Automatic Aid would require another approximately \$1 million in revenue. That is a big lift for a \$7 million operating budget. Adding a property tax would provide the most sustainable way to pay for this critical service.

A more balanced model of revenue generation for fire/EMS requires sales taxes and property taxes. A property tax would align the cost of fire/EMS with each owner of property and combined with our sales tax would create sustainable financing for Automatic Aid.

The property tax proposed by the town is limited to a dollar value which cannot be changed without a community vote. The property tax rate is \$1.06 per \$100 limited property value. For comparative purposes, Daisy Mountain Fire District requires property owners to pay a tax rate of \$3.49 for Automatic Aid.

If Carefree residents choose to join Automatic Aid, we must make sure we have a fiscally sustainable way to pay for it. The financing model presented controls and minimizes the taxes on Carefree residents while creating a solvent and sustainable revenue stream to pay for the regional first responder program that all of our neighboring communities participate in.