

# Town of Carefree



## DRAFT FISCAL YEAR BUDGET

2023-2024

Final 7-11-23

### Abstract

The municipal fiscal year begins on July 1st and ends on June 30th. This document, the Fiscal Year Budget, outlines how the public's money is annually invested within the community. Every spring, the Town reviews and forecasts its revenues and plans its expenses. To accomplish this evaluation the Town Council conducts a series of public meetings to openly review, discuss and approve the Town's annual budget. This document is the product of this public process.





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## Mayor's Message

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There exists an expression that the most responsible and responsive government is the government closest to the people. In a small community such as Carefree, your elected leaders are your neighbors. They volunteer to give back to their community, to listen, learn and reconcile local community issues which represent the interests of the community. During my time serving the Carefree community as a Planning and Zoning Commissioner, Town Council member and now as your Mayor, I have dedicated my service to understanding issues and making informed decisions. Indeed, as an elected representative, we cannot make 100% of the people happy 100% of the time; however, the decisions we regularly reconcile as your elected representatives are done with thoughtful analysis and in a financially responsible and conservative manner.

Our budget process is one of the most important annual reconciliations we undertake as a Town Council and a community. Within our annual budget, we prioritize issues, outline roles and responsibilities, define trends, and forecast the future. This provides a compass for the community to understand how the public funds will be annually invested and why. This budget document is the result of this annual reconciliation process and is available to the community to understand where the Town's revenues come from and how they are being invested back into the community.

At a high level, the Town's annual budget is a total of approximately \$14 million. That total is divided by annual operational expenses, at approximately \$7 million, and investments in our aging infrastructure at approximately \$7 million. Of the ongoing annual operational expenses, public safety is the largest investment at approximately 42%, which includes law enforcement services as well as fire and emergency medical services. The remaining balance is divided between operations at 28% (supplies, materials, utilities, regulatory permits, etc.) and human resources at 31%. From a revenue perspective, approximately 60% of our revenue comes from local municipal sales tax while the remaining balance is typically split between cost recovery fees for services provided and state shared revenues. Our Town Administrator has and continues to seek grants and alternative funding to replace assets and reinvest in the community's aging infrastructure. Bike lanes, street sweeper, desert open-space preservation, amphitheater improvements, brush fire truck, and hopefully, a future new fire truck represent some of the partnerships, grants, and external funding sources which have helped to offset costs associated with these community assets.

Please take some time to review this document to understand how the community is managed, the purposes of each department, and the associated deliverables, costs, and revenues. I am proud of the small, dedicated Town staff and their ability to deliver the core municipal service efficiently and effectively. As your Mayor, I see their efforts every day and the commitment they must make to serve the Carefree community.



## Town Administrator's Message

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Like any form of life, communities are dynamic, evolving over time as residents and businesses transition in and out of a community. Through this evolution, the one constant is the infrastructure which supports the local community. Streets, drainage, water, wastewater, emergency services, open space, pedestrian connectivity are some of the topics which have been and continue to be part of community conversations. Each of these elements are dimensions to a community's quality of life. Depending on a resident's preferences, they may weigh the importance of each of these items differently. The Town's elected representatives, the Town Council, are tasked with reconciling sometimes competing interests associated with managing this infrastructure. Some may agree with an elected official's reconciliation while others may disagree with their thoughts. However, as I have observed over the past two decades, the local elected representatives that have transitioned through the community have done their best to learn and serve their fiduciary roles of addressing the broader community interests.

This infrastructure is one of the largest liabilities of any community. For example, the Town of Carefree has 110 miles of public streets which require significant and regular maintenance. The desert sun and low humidity result in a process called oxidation which dries the asphalt causing cracking and the deterioration of the streets. Without a continuing street maintenance program, these streets become irreparable which results in significant reconstruction costs which will be in the \$10s of millions or more than 5 times the costs of regular street maintenance projects. This is why the Town conducts regular cycles of street maintenance projects. To fund these projects, the Town takes its one-time annual operational savings and places them into a restricted fund for these capital improvement projects (infrastructure maintenance). Over time, these one-time savings which contributed to funding this infrastructure will be exhausted as the Town is approaching the buildout of undeveloped properties within the community. This revenue is from the associated construction sales tax from the construction of new buildings. Therefore, it is critical to maintain these dedicated funds within this restricted account for the reinvestment in one of the Town's largest liabilities, its aging infrastructure.

Over the upcoming fiscal year 2023-2024, approximately \$7.4 is forecasted in capital improvement expenditures. These infrastructure projects include a street maintenance project which will cover approximately 25% of the Town's 110 lane miles of public streets, the replacement of the Town's fire truck, a drainage culvert replacement, pedestrian crosswalk safety improvements, town center improvements, and an extension of the capital aid and advance loan to the water company to install a new waterline in the original Carefree Water system to support the addition of fire hydrants and upgrades to the Peaceful Place pump station which will provide additional fire protection for properties in the original Carefree water service area and recently annexed areas. From a funding perspective, up to \$3.2 million in grants are anticipated as well as the use of restricted Highway User Revenue funding to offset these expenses. Additionally, approximately \$4.3 million is forecasted

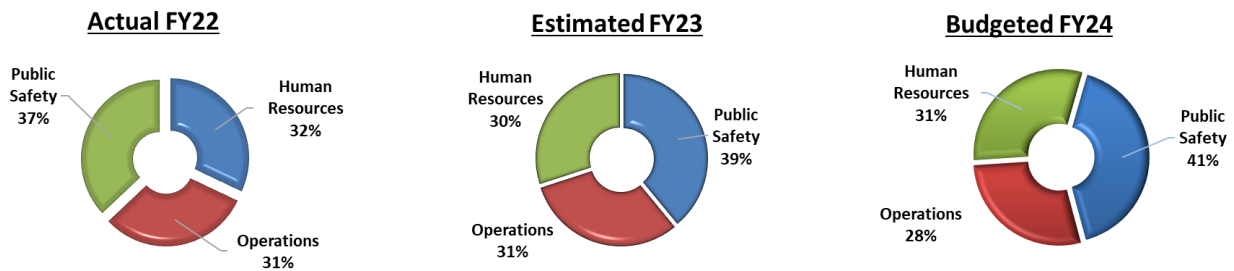


from the Town’s Capital Reserves to pay for these investments in the infrastructure that serves Carefree residents.

Human capital is essential to the operation of any organization. Within the Town of Carefree there are a total of 17 full-time positions. This includes the municipal courts, public works, community development and administration. This core staff is one of the smallest municipal staff within the state. As a result, and due to the workload, each staff member is tasked with a diversity of responsibilities. As with any organization with limited staff, consultants are occasionally used to supplement staff when special projects are identified. This approach permits staff to focus on core tasks and address the workload.

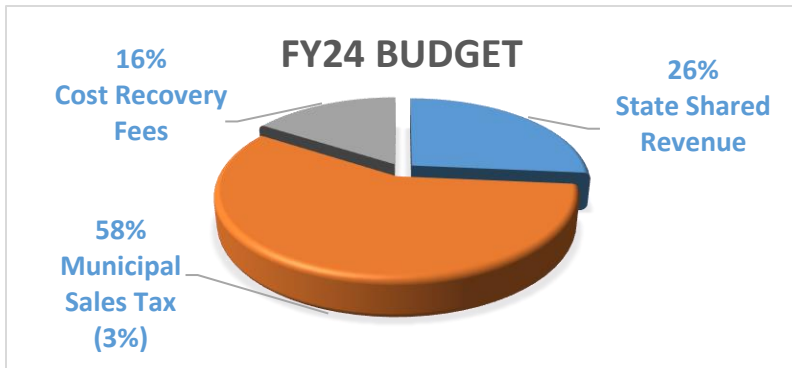
One of the largest annual operational investments is associated with public safety. There are two main components to public safety, law enforcement services and fire and emergency medical services. These services are contracted out to create operational efficiencies. Law enforcement is provided through a contract with Maricopa County Sheriff’s Office (MCSO). This contract is based upon a County established cost recovery model to cover the community’s desired level of law enforcement services. This contract is set to expire at the end of the current fiscal year, the updated contract is based on the past law enforcement service levels. The contract typically contains two, 3-year terms. The master contract with Rural Metro was originally established in 2007. Over the past two years, there has been an extensive community dialogue about pivoting to a regional approach to the delivery of fire and emergency medical services. The Carefree voters overwhelmingly supported continuing the relationship with Rural Metro over joining the regional system. As a result of this citizen vote, the existing contract with Rural Metro will automatically continue for an additional 42 months.

The below charts illustrate the expanding expense attributed to these public safety contracts. Both general operating costs and human resources have been evenly split around 30% each.



More specifically, the overall operational budget forecasted for this next fiscal year will be approximately \$7 million. Of that over \$2.8 million will be invested in public safety, approximately \$2 million in human resources, and about \$1.9 million in general operations.





To fund these annual expenses, the Town's general fund has three main funding streams: Municipal Sales Tax, State Shared Revenue and Cost Recovery/User Fees. Of the Town's anticipated \$7.6 million in annual revenue approximately, \$4.4 million (58%) is forecasted from municipal sales tax. \$2 million (26%) from state shared revenue and \$1.2 million (16%) from cost recovery

fees. It is important to note that state shared revenue have been inflated with one-time revenue associated with the new proportioning of the flat income tax which has been recently implemented. Additionally, the forecasted surplus (operational expenses over revenue) is a result of one-time revenue associated with construction sales tax. This surplus helps to offset expenses paid out of the capital reserve fund which are projected to be over \$4 million this next fiscal year.

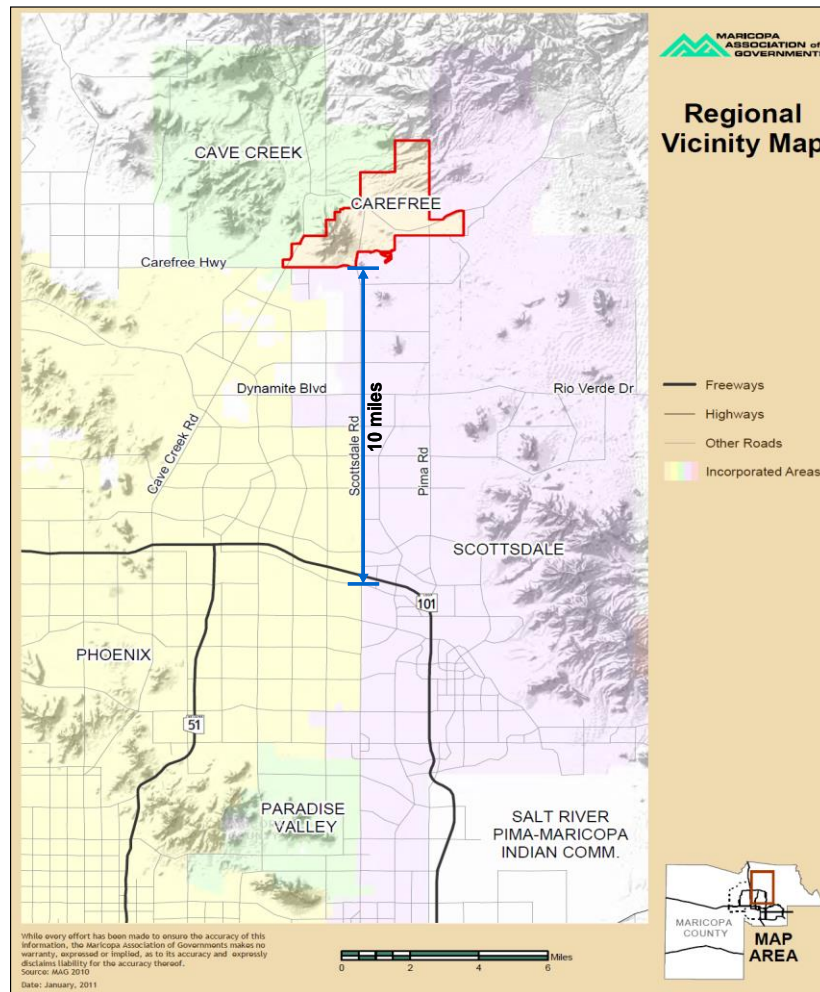
In summary, the Town continues to be managed in a fiscally conservative and responsible manner. Indeed, with an approximate \$7 million operating fund, Carefree has one of the smallest municipal budgets within the state. As the community's infrastructure ages, it is important to continue to maintain these assets to offset higher replacement costs. The Town has historically saved to properly fund and manage its aging infrastructure. These savings are no different than a Homeowner's Association Capital Reserve Fund which is earmarked to fund a subdivision's aging infrastructure. In conclusion, the Town's budget is balanced and provides for efficient core municipal services while reinvesting in its aging infrastructure.



## Community Profile

The Town of Carefree is located within the northeastern quadrant of the Phoenix metropolitan area, approximately 10 miles north of Loop 101 and 10 miles east of Interstate-17. Situated around picturesque Black Mountain and the foothills of Continental Mountain, Carefree is approximately 9 square miles in size and is one of four separate municipalities (Carefree, Cave Creek and northern fringes of Scottsdale and Phoenix) that combine to form a geographic region known as the Desert Foothills community. Generally, land locked, Carefree is positioned between the communities of Cave Creek to the west, Scottsdale to the south and east, and a small pocket of unincorporated mountainous terrain to the north. The Town also serves as the gateway to Bartlett and Horseshoe Lakes, which are located along the Verde River approximately 10 miles east of the town limits.

### REGIONAL VICINITY MAP:





## Historical Context

Early recorded history indicates that in the 1870's, a military outpost was created in the Desert Foothills area for government troops fighting the Apache Wars. These military campaigns secured the area for the settlement of ranchers and miners. Over time, because of insufficient gold claims and overgrazing of the arid desert lands, both ranching and mining faded as sustainable economic drivers. However,



in the 1930's as the dams along the Verde River were built, the construction workers began to settle in the general area and created a critical mass to support emerging businesses and restaurants.

By the mid 1950's two investors, Tom Darlington and K.T. Palmer purchased an aging goat ranch near an area now known as the Carefree central business district, the Town Center. These two development partners envisioned the creation of a unique high desert community with a private airport, golf course, resorts, and mixed-use business district. The name Carefree came from the "Carefree Development Corporation" which platted many of the original residential subdivisions and assigned many of the community's whimsical street names such as Tranquil Trail, Easy Street, Nonchalant Drive and Ho Hum Drive. The first official home was built and sold in 1959 and over time, the development partners successfully attracted many retiring executives as well as notable celebrities such as Paul Harvey and Hugh Downs.

Carefree incorporated in 1984 and soon experienced its highest growth rate from 1990 to 2000 when approximately 1,300 new residents settled within the community. Over the next two decades the growth rate slowed from approximately 8% annually to today's growth rate of less than ½%. This plateauing of the population growth rate is attributed to the nearing build-out of new residential lots and a transition to remodels and rebuilds of the existing housing stock.

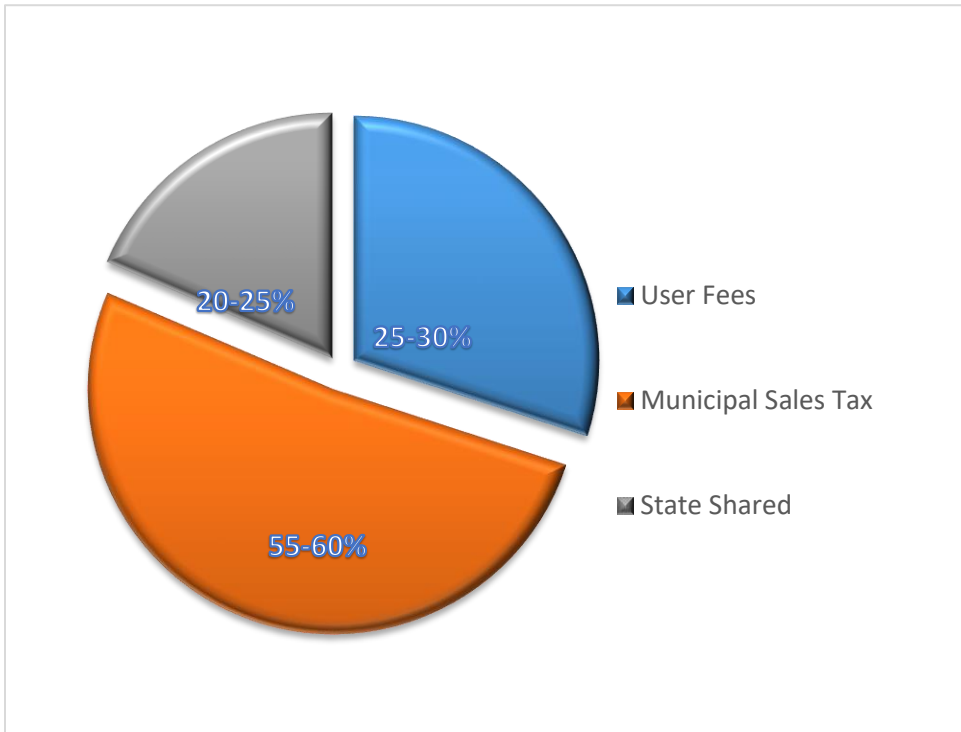
The 2020 Census places Carefree population at approximately 3,700. In addition to these permanent residents, it is estimated that there are approximately 1,600 seasonal residents that reside within the community typically between November and April. According to the Census, the seasonal resident compounded growth rate outpaced the permanent resident compounded growth rate by a 3 to 1 ratio. From a cost recovery perspective, even though these seasonal residents are only within the community a portion of the year, the infrastructure required to continue to service their residences are constant. In addition, approximately one quarter of the





Town's annual revenue stream, Stated Shared Revenues is based upon permanent residency (excludes seasonal residents). Therefore, from a municipal financial perspective, the seasonal residents provide the same costs to serve the infrastructure but bring fewer dollars into the community to support such services.

**Average Percentages of Town Revenue for last 10 years.**



From a land use perspective, outside of existing platted residential neighborhoods, there remains a couple of undeveloped properties that are located adjacent to major intersections/streets which experience high volumes of traffic. Due to these high traffic locations, there is an opportunity to develop these properties with uses that will generate needed sales tax revenues to continue to cover inflationary indexes on core municipal services. Since the Town's financial model is reliant (typically between

55%-60%) on the generation of municipal sales tax to pay for core municipal services, it is in the financial interest of the Town residents to optimize the land uses on these high traffic locations to seek appropriate uses which contribute to the Town's tax base.



## Seeking Financial Sustainability

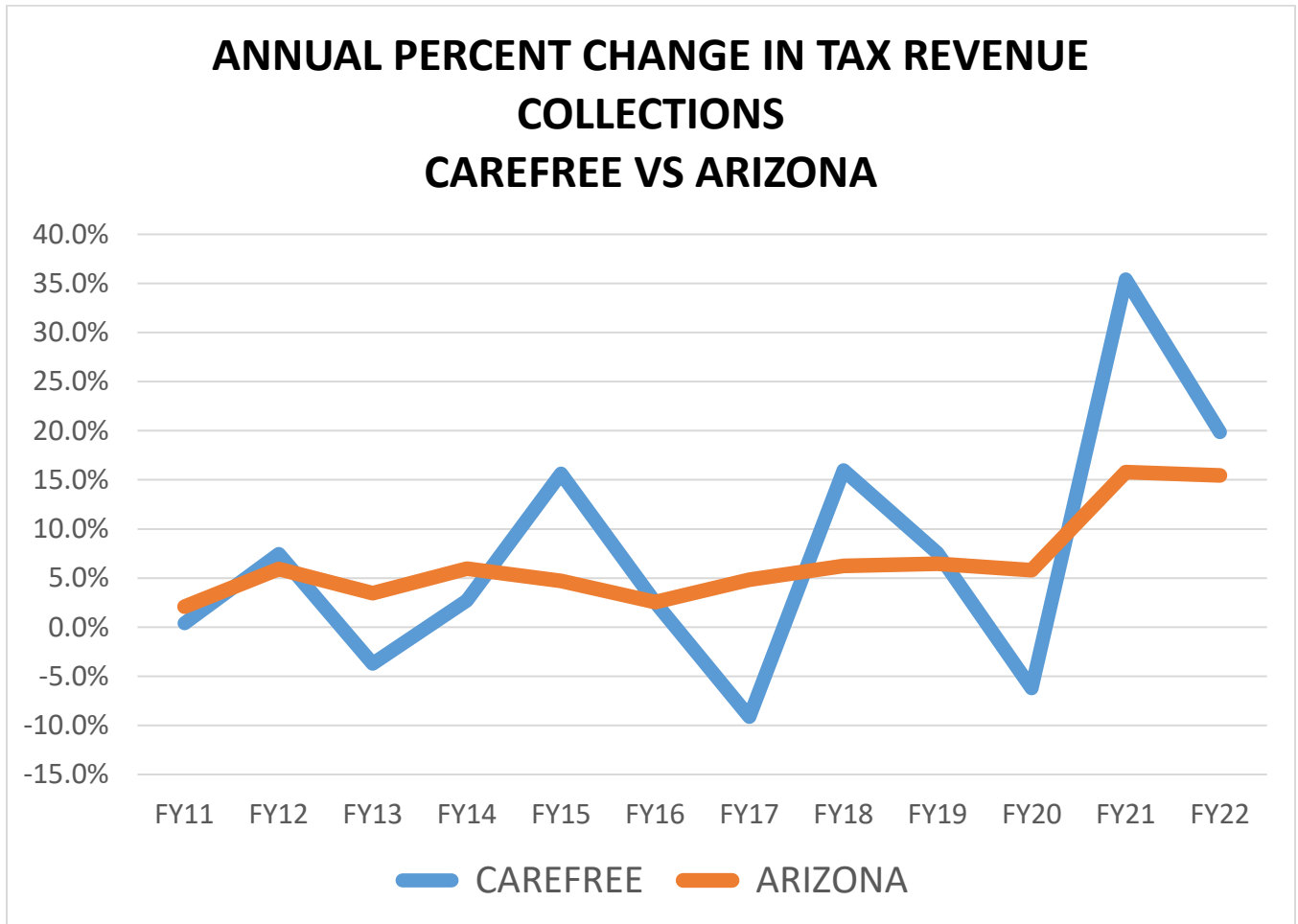
The Town of Carefree has been conservatively managed with limited, core municipal services: public safety contracts, community development, public works, and municipal court. As a result, Carefree has one of the smallest municipal staffs within the state of Arizona (17 full-time employees). With limited staff and the need to maintain compliance with state and/or local laws, each position contains an expanded level of responsibilities. From time to time, due to the Town's limited staff, consultants are used to address special projects efficiently and effectively. To provide these core services, the total operational costs for the public safety contracts, municipal staff and all operational equipment, supplies and materials comes in around \$7 million annually. These annual operational costs incrementally increase each year because of inflationary indexes and other external influences such as unfunded state and/or federal mandates as well as increases in contracted services.

From a revenue perspective, good conservative fiscal management evaluates threats to the Town's revenue to attempt to insulate against future volatility. Factoring into these threats are external influences that cannot be controlled at the local level. Amongst the most influential external factors are state legislative initiatives, macroeconomic cycles, and inflationary indices. At the local level, since the Town has historically had a sales tax-centric revenue model, the lack of diversification in the business sector increases the volatility of this important revenue stream.

- **Legislative Threat:** In the past, due to legislative changes in the assessment of construction sales tax, local communities including Carefree have lost hundreds of thousands of dollars. More recently, the legislature has considered the elimination of both rental and grocery taxes. Good bad or indifferent, the elimination of these taxes has a dramatic impact on local community funding.
- **Economic cycles:** Sales tax revenue tracks with the economy. Carefree sales tax revenue is heavily dependent upon the performance of a handful of large businesses that are subject to economic cycles. Furthermore, if one of these big boxes exits the local market, it will create a large void in the Town's revenue stream.
- **Inflationary impacts:** The Town has more recently seen the costs for its public safety contracts increase by approximately 20% for Rural Metro and approximately 17% for Maricopa County Sheriff's Office. Since 2000, the average national annual inflation rate was approximately 3%; however, in 2022 the annual average rate was 8%. Based upon the long-term inflationary averages, at a minimum, the Town must anticipate around 3% annual increases in the Town's annual operational expenses and capital projects.
- **Limited tax paying businesses:** From a sales tax generation perspective, the lack of diversification in the business sector results in greater volatility during economic cycles. This can easily be pointed out when comparing the Town's limited business portfolio to the State's diversified business portfolio over the same period (illustrated in the chart on the next page). From a state perspective, the diversity of the state's business portfolio insulates the state from



significant swings in revenue. When compared to the performance of the limited businesses in Carefree, one can easily visualize the volatility of a limited tax base experience.



Based upon these threats to the Town’s revenue, the Town must evaluate what it can control. As most communities with a sales tax centric revenue model due, an economic development strategic plan was established and is refined over time to help retain and attract new businesses which will strengthen the Town’s tax base. The Town’s economic development strategies builds upon the original vision of the founding fathers of Carefree who sought to incorporate hospitality land uses such as a resort across from the Desert Forest Golf course, a hotel within the Town Center and a potential resort at the northwest corner of Tom Darlington Drive and Carefree Highway (Source: The Carefree Story, K.T. Palmer 1967). These hotels would help to provide a consumer base to support the restaurants and shops the founders envisioned within the Town Center. Today, the Town continues to build upon the founder’s vision and ensure a sustainable revenue stream to offset the rising costs of the core municipal services.



# Town Council Work Plan

There are four core tasks associated with the Town Council approved Work Plan: Quality Community Development; Infrastructure Management; Economic Development and Financial Stability; and Communications, Marketing and Community Engagement. Over the last few years, town staff have engaged the residents and Town Council to create foundational documents to better manage the Town’s infrastructure, strengthen the Town’s economic engine and upgrade the Town’s communication and engagement channels. These documents include but are not limited to the 5-year Capital Improvement Plan, 10-year Street Maintenance Plan, Economic Development Strategic Work Plan, Town Center Revitalization Plan and Communication Plan. Moving forward, the General Plan update process will begin and eventually lead to comprehensive updates to development standards, design guidelines, procedures, and fee schedules. These documents and resulting policies and standards provide the framework for how the Town operates and manages its capital and human resources. The annual budget further defines the upcoming priorities over the next year by defining the work products and associated estimated expenses.

**GUIDING PRINCIPLES:**

Carefree is a distinctive, premier upper Sonoran Desert community that seeks to deliver high quality lifestyle, experienced based retail destinations and access to nearby expansive desert preserves and lakes.

**VALUE STATEMENT:**

Carefree’s leadership is committed to providing a safe community with quality infrastructure and services within its limited financial capacity and minimizing tax liability on its residents.

**CORE TASKS:**



Quality Community Development:	Infrastructure Management:	Economic Development & Financial Stability:	Communications, Marketing and Community Engagement:
<ul style="list-style-type: none"> <li>a. Statutory updates to General Plan</li> <li>b. Update any zoning standards to align with General Plan and or new state laws, community design guidelines &amp; building codes</li> <li>c. Update fee structures, entitlement and permit documents</li> </ul>	<ul style="list-style-type: none"> <li>a. Prepare a work plan including but not limited to:               <ul style="list-style-type: none"> <li>i. Update of 10-year street preventative maintenance plan and culvert maintenance plan</li> <li>ii. Identify 5-year capital project improvement plan</li> </ul> </li> <li>b. Coordinate, update and/or implement:               <ul style="list-style-type: none"> <li>i. MS4 permitting and reports</li> <li>ii. Flood control permitting and reports</li> <li>iii. Hazardous mitigation plan</li> <li>iv. Emergency Operations plan</li> </ul> </li> <li>c. Manage Public Works Department:               <ul style="list-style-type: none"> <li>i. Coordinate Department’s activities</li> <li>ii. Address design/engineering related improvements</li> <li>iii. Coordinate/conduct MS4 &amp; OSHA training</li> <li>iv. Coordinate governmental compliance requirements</li> <li>v. Seek grants and funding for capital projects</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a. Create an Economic Development Strategic Work Plan               <ul style="list-style-type: none"> <li>i. Identify revenue targets</li> <li>ii. Outline strategic initiatives to reach revenue targets, business retention and attraction plans, primary trade area analysis and outreach programs</li> <li>iii. Cultivate relationships with trade organizations, real estate associations, and local business associations</li> </ul> </li> <li>b. Create a program based budget:               <ul style="list-style-type: none"> <li>i. Convert line item budget to a policy and program based budget</li> <li>ii. Incorporate discussions on goals, achievements, metrics and deliverables</li> <li>iii. Incorporate financial policies and short and long term financial goals to ensure continual future Town solvency</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a. Engage residents, visitors and businesses through visitor center</li> <li>b. Direct the Ambassador program</li> <li>c. Identify all of the amenities the area has to offer and get the word out</li> <li>d. Support business programs like: first Thursday art walks, restaurant week, etc.</li> <li>e. Build and run the Town social media program</li> <li>f. Provide a series of regular communications with residents, visitors and businesses</li> <li>g. Provide a steady stream of articles to local area newspapers to keep Carefree top of mind among residents and those within the primary trade area</li> <li>h. Coordinate the use/activities held within the Town amphitheater</li> </ul>





## Budget Introduction

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This is the third year of the Town's program-based budget. The Town has received tremendous positive feedback from residents on this narrative-based format. Many residents have expressed that they better understand the Town's finances after reviewing the document and some have stated they wished their own homeowners association had a similar document to explain how/where their money is spent.

The next section of the budget will involve a high-level explanation of Town's financial policies and a more detailed outline of each of the Town's Departmental services, accomplishments, and expenses. This outline provides a holistic background to the organizational and financial structure of the Town.

The Budget Document further outlines the following topics:

- Fund Base Accounting – an explanation of the various Town Funds.
- Financial Policies – a high-level explanation of the Town's financial policies to ensure transparency and solvency.
- Town Operational Revenues – an outline of where the Town's revenues come from which support the current levels of core municipal services.
- Town Structure – an explanation of the Town's organizational structure.
- General Fund – an explanation of services and costs associated with each Department.
- Alternative Funds – an explanation of additional Town Funds which support the Town's operations.
- Capital Reserves – an explanation of the Town reserves.
- Expenditure Analysis – a summary of the expenditure limitation and exemptions.





## Fund Base Accounting

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The Governmental Standards Board establishes the parameters and acceptable standards for governmental accounting. Annually, Town officials participate in the Government Finance Officers' Association meetings to review ongoing requirements, best practices, and updates to the standards for financial reporting and budgeting as established by the Governmental Standards Board.

Governmental accounting is also known as Fund Base accounting. The public dollars are placed in separate accounts based upon specific restrictions associated with the revenue stream. The following is an outline of the Town's different Funds.

### *General Fund:*

Typically, the largest municipal Fund, the General Fund supports the community's core municipal services on an annual basis. The revenues supporting this Fund comes from combined sources of municipal sales taxes, state shared revenue, and other cost recovery fees for services provided by the Town staff.

### *Fire Fund:*

The Town's municipal sales tax for retail products in Carefree is 3%. Of that 3%, one third of the revenue is placed in the Fire Fund to cover the costs associated with the master contract with Rural Metro. The remaining two thirds of this revenue is deposited in the Town's General Fund. There has been a structural deficit in this Fire Fund as the 1% typically does not cover the entire costs of the current master contract with Rural Metro. This past fiscal year, there was a 20% increase or approximately \$300,000 to the Rural Metro contract. This increase in the contract costs will add to the future structural deficit of the fire fund. To pay for this deficit in the fire fund revenue, the General Fund revenue has been used as an offset. The use of the General Fund revenues will limit funding for the Town's general operations and is not a sustainable solution. Additionally, as the annual compounded inflationary index on the master contract increases, this structural deficit will continue to grow. Given the volatility of sales tax revenue which tracks with economic conditions, it is important to diversify the Town's tax base to continue to ensure sufficient funding is maintained to keep pace with the inflationary increases and to help address this structural deficit.

### *Highway User Revenue Fund:*

The State of Arizona has historically placed a flat tax of .18 cents per gallon of gasoline to fund this restricted fund. In recent years, a portion of the excise taxes collected on adult-use of marijuana sales is also deposited within this restricted funding. This tax is then proportioned to the State, Counties, Cities and Towns. The Town receives its share based upon a formula of one-half of the monies being proportion relative to the Town's population in relation to the population of all incorporated cities and towns within the state and the remaining half proportioned relative to the Town's population in relation those incorporated cities and towns within Maricopa County. Over time, as the communities within the State and County grow at a higher rate, Carefree's proportional share will decrease. It is important to note that these funds are restricted, meaning that they can only be used for street and transportation related purposes such as pavement management, street signs, street improvements, and street sweeping.



#### *Municipal Court Funds:*

Those who are found guilty of a violation in municipal court are assessed a series of fees and fines. A significant portion of the fees and fines help to offset the expense in administering the state and county court system; however, a proportional share also goes to the municipal court to help defray the administrative costs. These fees include Court Enhancement, GAP and MJCEF funds. Due to the restrictive nature of these funds the Administrative Office of the Court reviews how funds are specifically applied to court operations. These court restricted funds cannot be used outside of the court to fund municipal operations.

#### *Capital Improvement Funds:*

The infrastructure within the Town is mostly built out; however, over time, there may be considerations by future decision makers to build some additional infrastructure such as for example, bridging a wash crossing, developing a park, or improving infrastructure within the Town Center to support the community's central business district. These improvements are considered Capital Improvements. As the useful life of Capital Improvements is exhausted the community needs to begin to consider and plan for the replacement of these Improvements such as street surfaces. It is important to note that the useful life of Capital Improvements can sometimes be extended using the best maintenance practices. However, eventually, all Capital Improvements must be replaced. This Fund has been used to fund maintenance of existing improvements and plan for and add to existing amenities, facilities, and infrastructure. It is important to note that this fund should not be used to offset annual operations like the fire fund. The use of these funds to pay for annual operations such as fire and emergency medical services is not financially solvent nor sustainability approach as it will deplete funding dedicated for maintaining aging infrastructure without the ability to replenish such funding.

#### *Water Company Fund:*

The Town has traditionally assisted the Cave Creek Water Company to improve and expand its infrastructure to serve Cave Creek residents. This assistance has taken the form of a Water Infrastructure Finance Authority (WIFA) loan and a capital aid and advance loan from the Town. Both loans and the associated payments from the water company fall under this Fund. It is important to note that these past loans to the water company have not benefited the Cave Creek residents previously served by the Town of Cave Creek. Additional Capital Aid and Advance loans to the water company can be incorporated into this fund. The goal would be to further strengthen the water company's infrastructure and mitigate impacts on customer rates.

#### *Other Funds:*

Many communities have other designated Funds in addition to the Funds listed above. This includes but is not limited to Enterprise Funds which establish a separate business account for the operation of utilities, Development Fee Funds in which fees are collected from new developments which require extension of infrastructure and capacity, and Debt Service Funds which are fees collected through the administration of a secondary property tax to fund municipal bonds. The Town does not assess these fees and thus, these accounts are currently not relevant to the Town's current budget.



## Guiding Financial Policies

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To consistently ensure financially conservative practices are maintained, the Town has implemented financial policies/controls. Over time, these policies need to be revisited and potentially refined to ensure the Town remains solvent. There are four attributes to the Town's financial solvency:

1. *cash solvency* – the ability to pay bills,
2. *budget solvency* – the ability to balance the budget,
3. *long range solvency* – the ability to pay future costs, and
4. *service solvency* - the ability to provide needed and desired level of services.

These four attributes of the Town's solvency need to be reviewed and reconciled annually to ensure the Town can balance sometimes competing needs.

### *Expenditure Control Policy:*

The Town Administration prepares and oversees the implementation and compliance with the legally adopted budget. Purchases and expenditures must comply with all applicable legal requirements. On an annual basis, the Town Council adopts appropriations through the budget process. During the fiscal year management approves all costs up to \$15,000. Those investments over the \$15,000 threshold require Council authorization. The Town uses several cooperative purchase agreements and state contracts to ensure expenses are publicly procured. Minor expenses that are not associated with such agreements or contracts will typically necessitate the Town seeking multiple quotes to ensure the most competitive price for the given product/service. For those larger capital improvements, the Town either pursues an RFP/RFQ process or seeks piggyback provisions in like contracts with other larger governmental entities to share the contract's economy of scale.

On a weekly basis the Town Administration reviews invoices and bills paid. Additionally, examines Clerk and Mayor further examine the invoices by reviewing and signing the checks. This permits additional scrutiny of all accounts payable. On a monthly basis, the Mayor and Town Administrator review the balances of all funds and investments. Additionally, the Town's balance sheet and check registry are presented monthly to the Council to review and accept into the public record. These checks and balances ensure a verifiable and transparent process associated with the disbursement of the public's monies.

### *Revenues and Collections Policy:*

For the Town to provide and maintain core municipal services the citizens expect, the Town must have dependable sources of revenue. Therefore, these revenues must be collected in an equitable, timely and efficient manner. The Arizona Department of Revenue (ADOR) provides the collection services for all municipal sales taxes. By law, tax payments for specific businesses are considered confidential and therefore cannot be publicly disclosed. ADOR administers business audits and assesses late penalties, outstanding taxes owed and correlated interest payments.



#### *User Fees Policy:*

Typical of most communities, the Town has established fee schedules for specific services provided to customers/residents/businesses that receive a specific benefit. User Fees are typically established to help offset both the direct and indirect costs of the program or service. Periodically, the Town will update these fee schedules to address inflationary indices. An example of some of these fees are permits, licenses and special event fees.

#### *Capital Reserves Policy:*

The Town has expanded its Capital Reserve Funds over time by minimizing its annual operation costs to help fund a “pay-as-you-go” approach for Capital Improvements. However, as these annual operation costs increase and additional federal and state governmental regulations create additional organizational expenses, the previous levels of operational savings and transfers to Capital Reserves will be reduced. Additionally, the Town has benefited in the past from construction sales tax generated from the development of new homes. As the community nears build-out the sales taxes generated from these new homes will also significantly decrease and thus diminish the funding transferred into the Capital Reserves. Therefore, if the Town cannot diversify its tax base through economic development initiatives to fund its future Capital Reserves the Town will have to look at new policies to fund Capital Improvements/Assets with a useful lifecycle of 8 or more years and/or valued over \$50,000. This fund is like a Homeowner Association’s (HOA) Reserve Funds which are established to maintain the community’s infrastructure. Whether it be an HOA or a municipality, it is critical to the solvency of the organization to fund the maintenance of its aging infrastructure. Failure to provide adequate funding and ongoing maintenance results in more costly repairs with inadequate financial capacity to address the deteriorating infrastructure.

#### *Rainy Day Fund Policy:*

With an annual operation budget of approximately \$7 million the Town’s current Rainy Day Fund balance is 35% of the current annual operation budget. This implies the Town can continue to pay its bills for 4-5 months if there are significant disruptions to the Town’s main revenue stream, municipal sales tax. Since municipal sales tax is subject to external influences such as state legislative initiatives which reduce municipal revenues, lack of diversification in local business sector which creates more volatility in such revenue and economic cycles which can dramatically impact the productivity and viability of local businesses it is important for the Town to maintain a minimum of 1/3 of its operational budget in this Rainy Day Fund.

#### *Financing Alternatives Policy:*

The Town has used a pay-as-you-go philosophy to fund Capital Improvements. However, short term financing was used to secure the purchase of buildings within the Town Center for Town Offices and Council Chambers. These loans have been paid off. Given the Town’s Permanent Base Adjusted Expenditure Limit of approximately \$12.5 million, the increase in annual operational costs will limit future annual expenditures for Capital Improvement Projects. Therefore, large Capital Projects that have a life cycle beyond 8 years may need to be financed to comply with the statutory expenditure’s limits. For example, if the community desires to place new asphalt on all public streets, such investment could be in the range of \$35MM to \$40MM. If financed, the Town would spread these costs over perhaps twenty (20) years’ time. There is a benefit to spreading these costs out as this multigenerational approach spreads the financial liability of these infrastructure investments over time.



As a result, the current generation enjoys the benefit of the new/replaced infrastructure investment while future generations share in the financial obligation of this investment which they also benefit from. These projects could be financed through different methods such as revenue bonds, general obligation bonds, improvement districts or community facility districts.

*Budgetary Basis of Accounting:*

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements.

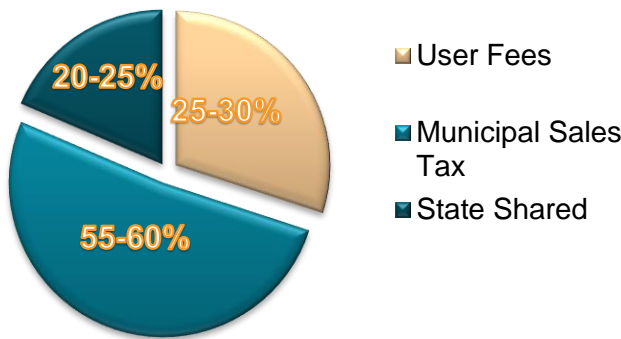
1. In accordance with Arizona Revised Statutes, the Town Administrator submits to the Town Council a proposed budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of funding them for the upcoming fiscal year.
2. Public hearings are conducted to obtain citizens' comments.
3. The Town budget is legally enacted through passage of a Resolution. It has been the Town's practice that this Resolution is typically adopted in July; however, state statute permits it up to the 3<sup>rd</sup> Monday of August.
4. To ensure compliance with the expenditure limitation, a uniform expenditure report is filed with the State each year. The Town follows a voter-approved permanent base adjustment to the expenditure limit which was approved on November 3, 1998. This voter-approved expenditure limit adjusts the original base from 1980 to 1998.
5. The Town Administrator, subject to the Town Council approval, may at any time transfer any unencumbered appropriation balance between departments.





# Town Operational Revenues

**Specific Sources of Town's Revenue  
(10-Year Ranges)**

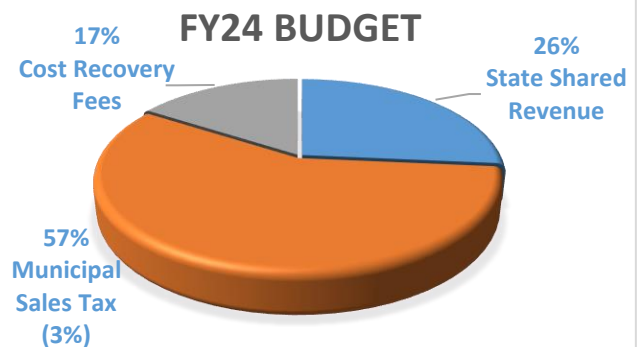


Taking a more granular look at the Town's revenue, the chart to the left illustrates the three primary sources of the Town's revenue. As illustrated, over the past 10 fiscal years, most of the Town's revenue comes from one source, municipal sales tax. Sales tax revenues will track the performance of local businesses and therefore, are subject to the volatility of economic cycles. Approximately, equal proportions of revenue also come from user fees (cost recovery fees) and state shared revenue. From a state shared revenue perspective, these funds are conveyed to local governments on a per capita basis. Therefore, as other

communities continue to grow at significantly higher rates than Carefree, the proportional share of Carefree's state shared revenue will diminish over time.

For this next fiscal year, as the chart to the right illustrates, it is estimated that approximately 57% (\$4.4 million) of the Town's revenue will come from its local sales tax. Cost Recovery Fees are estimated to make up approximately 17% (\$1.22 million) of the Town's revenue while state shared revenues are anticipated to increase slightly to approximately 26% (\$2.02 million) of the Town's revenue. It is important to note that the largest contributor to this increase in state shared revenue is one-time revenue associated with the new state-wide flat tax on income. The next several pages will take a deeper dive into these percentages to gain a better understanding of these revenue projections.

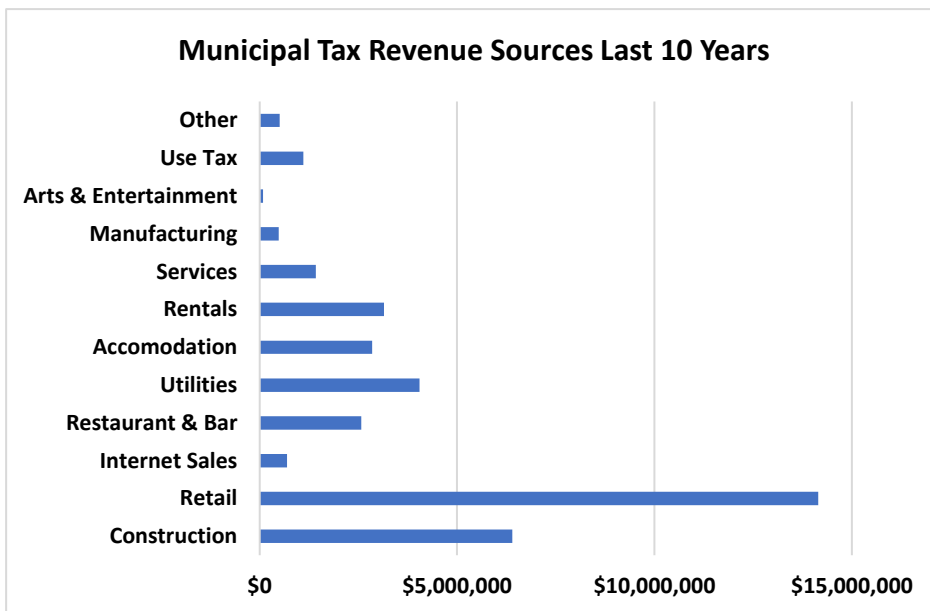
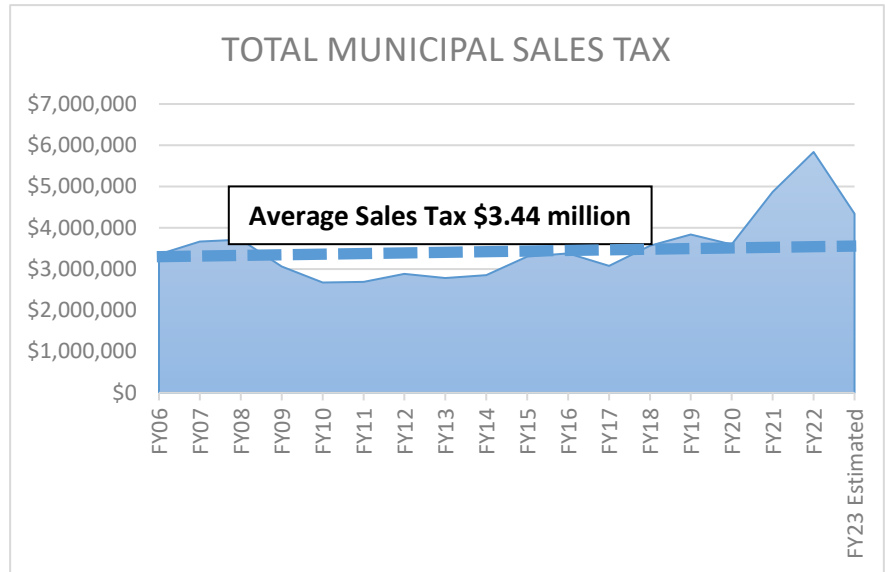
Anticipated Revenue	FY24 Budget
<b>State Shared Revenue</b>	\$2,017,829
<b>Municipal Sales Tax (3%)</b>	\$4,400,000
<b>Cost Recovery Fees</b>	\$1,216,640
<b>TOTAL</b>	<b>\$7,634,469</b>





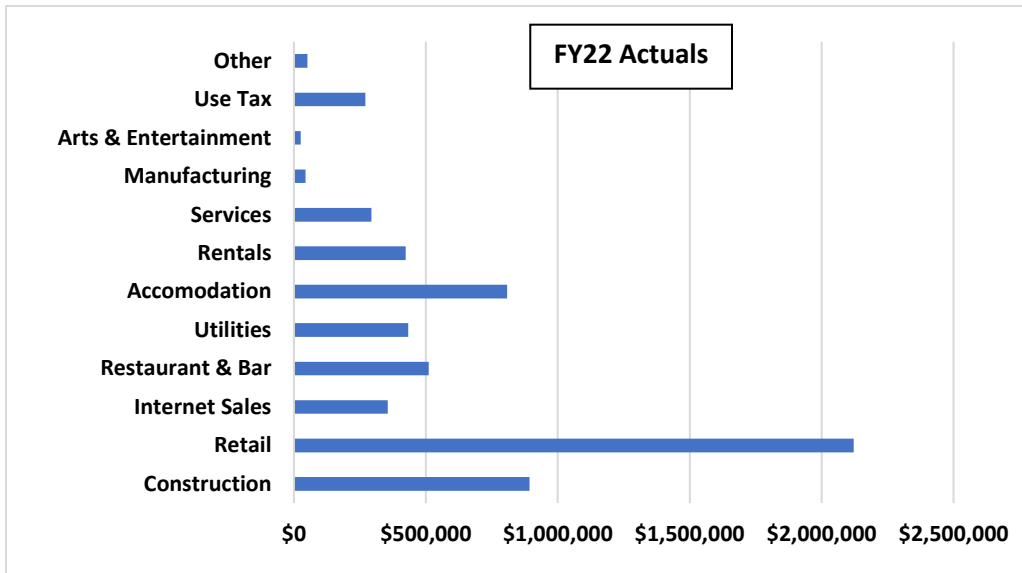
**Municipal Sales Tax:**

In 2006, the Town increased its Municipal Sales Tax from 2% to 3% and placed the additional revenue in a dedicated fund to offset a master contract with Rural Metro. Over this period, the average annual collection was \$3.44 million. During these 17 years of data, the low point was just shy of \$2.8 million (2013) while the high point was \$5.8 million (2022). Certainly, the recent sales tax collections have been robust; however, history has illustrated that this current pace is not sustainable.



As illustrated on the adjacent chart, over the past ten years, the major contributors to the Town's sales tax are retail and construction. This retail revenue is very top heavy, anchored by a few big box stores. The recent announcement from CVS that it will be closing its Carefree store is an example of the risk associated with the volatility of the retail markets. Additionally, on-time revenue associated with sales tax from new construction will significantly diminish as

Carefree approaches residential buildout. Historically, this one-time revenue from the construction sales tax has been used to fund the Town's Capital Reserve Fund to maintain the community's aging infrastructure such as the 110 miles of public streets. The streets represent one of the Town's largest financial liabilities and commitments. Therefore, the Town has used the best maintenance practices to maintain these assets and is using economic approaches to street maintenance.



FY22 continues to illustrate retail and construction sectors as the leading contributors. However, the hospitality sector shows the largest gains with increases in both accomodation and restaurant/bars. This further emphasizes the importance of the economic development initiatives which focus on capitalizing on the

area’s ecotourism and to capture additional revenue streams from both the bed and sales tax. Another notable category is internet sales which was added as a specific category by the Arizona Department of Revenue. It is unknown how much online sales will impact local brick and mortar businesses, but these sales have increased over the last few years.

Based upon these trends it is estimated that the Town will collect just shy of \$4.4 million in sales tax for FY23. With the anticipated loss of CVS, slower growth in construction due to continuing supply chain issues as well as labor shortages and anticipated increases in the hospitality sector and internet sales, it is forecasted that the Town will collect approximately \$4.4 million in municipal sales tax for FY24.



**User Fees:**

The Town charges fees to recover costs for providing services, these include but are not limited to license fees, building fees, planning, and zoning fees, court fees, facilities fees, and rental fees. The largest of the user fees is associated with the building permit and inspection process. The building department is expected to continue to be busy with the continual processing of building permits and inspection services for the View Townhomes and numerous custom homes. The reduction in building permit fees (inspection services) is mainly due to the completion of the Hampton Inn. The next highest category are utility fees paid by respective utilities to use and perform work within the Town’s rights-of-way. The Court service fee is paid to the Town of Carefree by the Town of Cave Creek to manage and assume operational costs of the court. This contract between communities provides quality judicial services to both Towns at the lowest possible costs. Rental income comes into the Town from a few sources. The Town owns and leases the office space the Water Company occupies. The license fees are for special event fees paid by outside vendors doing business in Carefree and business license fees paid by brick-and-mortar businesses and contractors.

**Source and Amount of User Fees anticipated for FY24.**

Cost Recovery Fees	FY22 Actuals	FY23 Estimate	FY24 Budget
<b>Building Permits</b>	\$520,186	\$525,000	\$400,000
<b>Utility Fees</b>	\$351,138	\$345,799	\$370,000
<b>Court Service Fees</b>	\$178,105	\$185,234	\$192,640
<b>Court Fines</b>	\$179,447	\$166,906	\$156,000
<b>Rental Income</b>	\$44,302	\$33,000	\$33,000
<b>Licenses/Vendor Fees</b>	\$48,321	\$50,555	\$50,000
<b>Agreements</b>	\$25,000	\$25,000	\$15,000
<b>Clerk Fees</b>	\$40	\$100	\$100
<b>Total</b>	<b>\$1,346,539</b>	<b>\$1,331,594</b>	<b>\$1,216,740</b>

It is important to note that potential Grants are not included in the above revenue figures, however, the Town is in the process of receiving as well as working on additional Grants to help offset capital investments in fire equipment, drainage projects and pedestrian safety improvements. The potential value of these Grants could exceed \$1.6 million.



### ***State Shared Revenue:***

The State shares four revenues streams with the Town:

1. State Sales Tax,
2. State Income Tax,
3. Highway User Revenues (HURF), and
4. Vehicle License Tax (VLT).

#### *State Sales Tax:*

The State assessed sales tax is 5.6%. Cities and Towns share in a portion of the total collected. A municipality receives its share of the state sales tax based on the relation of its population to the total population of all incorporated cities and towns in the state according to the census. These monies may be used for any municipal public purpose.

#### *State income Tax:*

In 1972, a citizen's initiative if cities and towns received a 15% share of the state income tax annually. This source of money is called urban revenue sharing. This money is distributed to a municipality based on its population in relation to the total population of all incorporated cities and towns according to the census. The annual amount of urban revenue sharing money is based upon income tax collections from two years prior to the fiscal year in which the city or town receives these funds. There is no restriction on the expenditure of urban revenue sharing funds, except that they must be expended for a public purpose. It is important to note that beginning in FY24, in association with the adoption of the 2.5% flat income tax, cities and towns will receive 18% of the total state income tax collected. Since this 18% will be applied to funds collected 2 years ago, there will be an increase in revenue from State Income Tax. However, in 2 years when the collection associated with the revenue from the 2.5% flat tax aligns with the 18% there will be a significant decrease in these figures.

#### *Highway User Revenues:*

This revenue source is commonly referred to as the gasoline tax which is a flat tax of 18 cents per gallon of fuel as well as a portion of the excise taxes collected on adult-use marijuana sales. Municipalities receive 27.5% of the HURF. One half of the monies received by municipalities is based upon a formula of the municipality's population in relation to the population of all cities and towns in the state according to the decennial census. The remaining half is allocated upon the county of origin of the gasoline sales and the municipality's population relative to the population of all incorporated cities and towns in the respective county. These funds can only be used for improvements to public streets.

#### *Vehicle License Tax:*

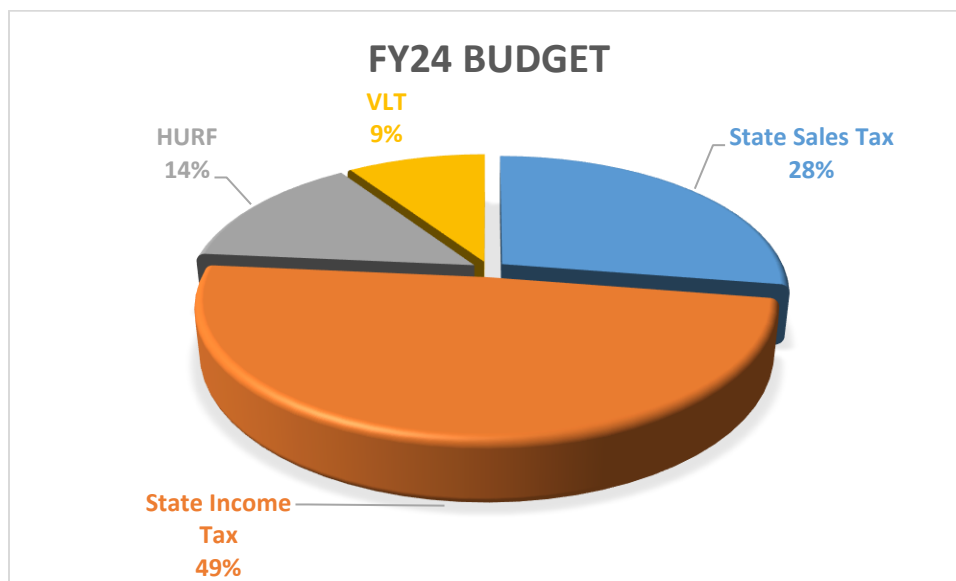
Approximately 20% of the revenues collected for the licensing of motor vehicles are distributed to incorporated municipalities. These funds are distributed based upon "county of origin" where the vehicles are registered, coupled with the Town's population in relation to the total incorporated population of their respective county.





The below chart outlines the trends of the four State Shared Revenue sources over the past 5 fiscal years and what is forecasted for the current fiscal year. As illustrated, there was a graduated increase in State Shared Revenue over this period until FY22 as illustrated in the blue line in the chart below. At this time, the revenues numbers were recalibrated based upon the recently released Census numbers. As discussed earlier, since many communities in the metropolitan area are growing exponentially while Carefree’s growth is relatively negligible, Carefree’s proportional share of the State Shared Revenue will diminish over time. The approximate \$130,000 reduction from FY21 to FY22 illustrates the beginning of these anticipated reductions. Another area to note is FY20, during this fiscal year, due to past legislative sweeps in the Highway User Revenue Funds (HURF), the State added a one-time bump to the HURF allocations. In the subsequent fiscal years, you can see these funds return to their typical funding levels.

**State shared revenue totals by category.**



**Amounts of State Shared Revenue per Category.**

Source	FY22 Actuals	FY23 Estimate	FY24 Budget
State Sales Tax	\$523,051	\$528,000	\$554,736
State Income Tax	\$490,938	\$712,000	\$988,192
HURF	\$288,864	\$289,000	\$286,118
VLT	\$183,054	\$162,500	\$188,783
<b>Totals</b>	<b>\$1,485,907</b>	<b>\$1,691,500</b>	<b>\$2,017,829</b>



## SUMMARY:

In summary, of the approximate \$7.6 million in anticipated revenue to the Town, approximately 3/4<sup>ths</sup> of this revenue originates from two local sources: User Fees and Municipal Sales Tax. The other quarter of the revenue comes from State Shared Revenue. It is important to note that State Shared Revenues are artificially inflated because of the short-term offset from the implementation of the flat income tax. Once the revenue from the flat tax aligns in 2 years with the municipal share of 18% there will be a reduction in State Income Tax revenue. The Town's sales tax base is showing growth in the hospitality sector with both accommodation and restaurant/bars showing gains. On the other hand, with the pending closure of the CVS store, there remain concerns regarding the Town's dependency on a core group of large retailers which combine for most of the retail revenue. Like CVS if one of these high producers were to close it would be a significant loss to the Town's main revenue stream. As a result, the Town's focus on economic development strategies which focus on expanding and marketable ecotourism can provide some insulation to this financial risk.

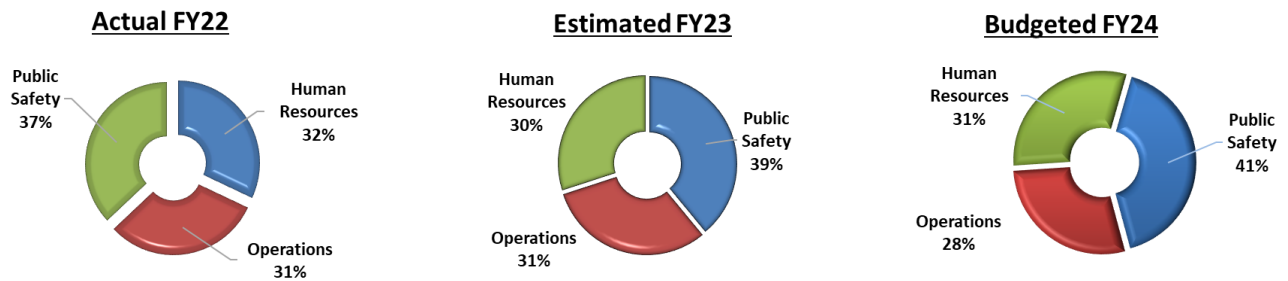
### Overall forecasted revenue for fiscal year 2023-2024

Revenue	FY24 Budget
State Shared Revenue	\$2,017,829
Municipal Sales Tax (3%)	\$4,400,000
Cost Recovery Fees	\$1,216,640
<b>TOTAL</b>	<b>\$7,634,469</b>



# Town Operational Expenses

## OVERALL OPERATIONAL EXPENSES:



At a high level, the Town’s annual operating expenditure falls within 3 broad categories: Public Safety Contracts, Human Resources and Operations. Over the last three fiscal years the costs associated with Public Safety have experienced the largest increases while costs associated with operations and human resources have remained consistent. Of the approximate \$6.8 million in forecasted operational expenses approximately \$2.8 million (41%) is being invested in public safety. The remaining expenses are almost evenly split between human resources (salaries and benefits of 17 full-time employees) at approximately \$2 million and approximately \$1.9 for general operational costs. In addition, as typical, the Town has a budget contingency of \$200,000 which brings the anticipated expenses just over \$7 million.

It is important to distinguish that the overall operational expenses do not cover capital improvement expenses which are separate from the Town’s operational budget. The capital improvement expenses will be covered later in this document. A more detailed breakdown of the operational expenses per Town Department is outlined in the next section.

### *Public Safety*

The Town has concluded an extensive 2-year citizen process to consider pivoting from the current fire and emergency medical service model to the regional Automatic Aid emergency dispatch system that the Town’s neighboring communities are participating in. This citizen process concluded with a public vote to consider funding the long-term financial commitment to join Automatic Aid. Approximately 70% of the registered voters voted in this election with approximately 80% voting against a property tax and in support of the existing service model with Rural Metro. As a result the current contract with Rural Metro will continue until June 30, 2027. The Rural Metro contract contains an inflationary index of 2.5% each fiscal year beginning in 2024/25. The law enforcement contract with MCSO is also increasing this next fiscal year by 17% or approximately \$85,000. This increase is based on the cost of services/resources provided by MCSO. MCSO provides similar contractual services to 7 other municipalities within the County. Each of these municipalities is accessed the same unit costs, however, the contract costs are correlated with the community’s desired level of service.



### Summary of Public Safety Divisional Costs

Public Safety	FY22 Actual	FY23 Estimate	FY24 Budget
<b>Law Enforcement Services</b>	\$529,472	\$562,976	\$649,849
<b>Fire &amp; EMS</b>	\$1,586,342	\$1,996,207	\$2,156,000
<b>Total</b>	<b>\$2,115,814</b>	<b>\$2,559,183</b>	<b>\$2,805,849</b>

#### *Operations Expenses:*

This category captures expenditures such as but not limited to materials, supplies, facilities management, equipment leasing and purchases, utilities, professional consulting contracts, organizational fees/permits/subscriptions, training as well as office supplies. A more detailed breakdown of the high-level operational expenses can be found in the next series of pages which further highlights each department.

#### **Total Department Operation Expenses**

DEPARTMENTS/CONTRACTS	FY 22 Actual	FY23 Estimate	FY24 Budget
<b>Town Council</b>	\$17,019	\$19,746	\$36,270
<b>Administration</b>	\$265,253	\$357,384	\$312,693
<b>Community Development</b>	\$198,570	\$195,288	\$372,545
<b>Public Works</b>	\$436,779	\$526,283	\$815,886
<b>Municipal Court</b>	\$68,805	\$70,645	\$81,041
<b>Risk Management</b>	\$285,094	\$201,143	\$290,000
<b>Total</b>	<b>\$1,271,520</b>	<b>\$1,370,489</b>	<b>\$1,908,435</b>

#### *Human Resources/Salaries & Benefits:*

Carefree has a very nimble municipal organization with a total of seventeen (17) full-time equivalent positions (FTEs). By way of comparison, the Town contracts health benefits through the Rural Arizona Group Health Trust (RAGHT). This Trust represents dozens of small rural communities throughout the state of Arizona. From a staffing perspective, Carefree was and remains the smallest staffed municipality within this “rural” community Health Trust. Furthermore, from a local market perspective, when compared to neighboring Cave Creek, Carefree has less than 50% of the Cave Creek administrative staffing levels. Like any labor force, one of the annual contributors to the increase in personnel costs is associated with healthcare costs. Last fiscal year, due to legacy of the COVID pandemic the health insurance rates increased by 13%. This year the rates will rise by 4.5% The Bureau of Labor Statics provides annual inflationary indexes for labor. According to the Bureau, the annual inflationary index for labor is at 4.7%. As a result, the COLA for the upcoming fiscal year will be 4.7%. Pursuant to the Town’s four departments, the following table details the forecasted total costs of salaries and benefits per department. With the projected increases, the overall increase in salaries and benefits for the Town’s 17 full-time employees will amount to approximately \$75,000 or 3.6%.



**Total Salary and Benefits per Department for Fiscal Year 2023-2024.**

DEPARTMENTS	FTE's	FY22 Actual	FY23 Estimate	FY24 Budget
<b>Administration</b>	5	\$666,793	\$683,340	\$712,025
<b>Community Development</b>	5	\$594,579	\$623,456	\$635,243
<b>Public Works</b>	5	\$461,598	\$495,719	\$522,471
<b>Court</b>	2	\$181,849	\$190,433	\$198,104
<b>TOTAL</b>	<b>17</b>	<b>\$1,904,819</b>	<b>\$1,992,948</b>	<b>\$2,067,843</b>
<b>Overall % Change</b>			4.40%	3.60%



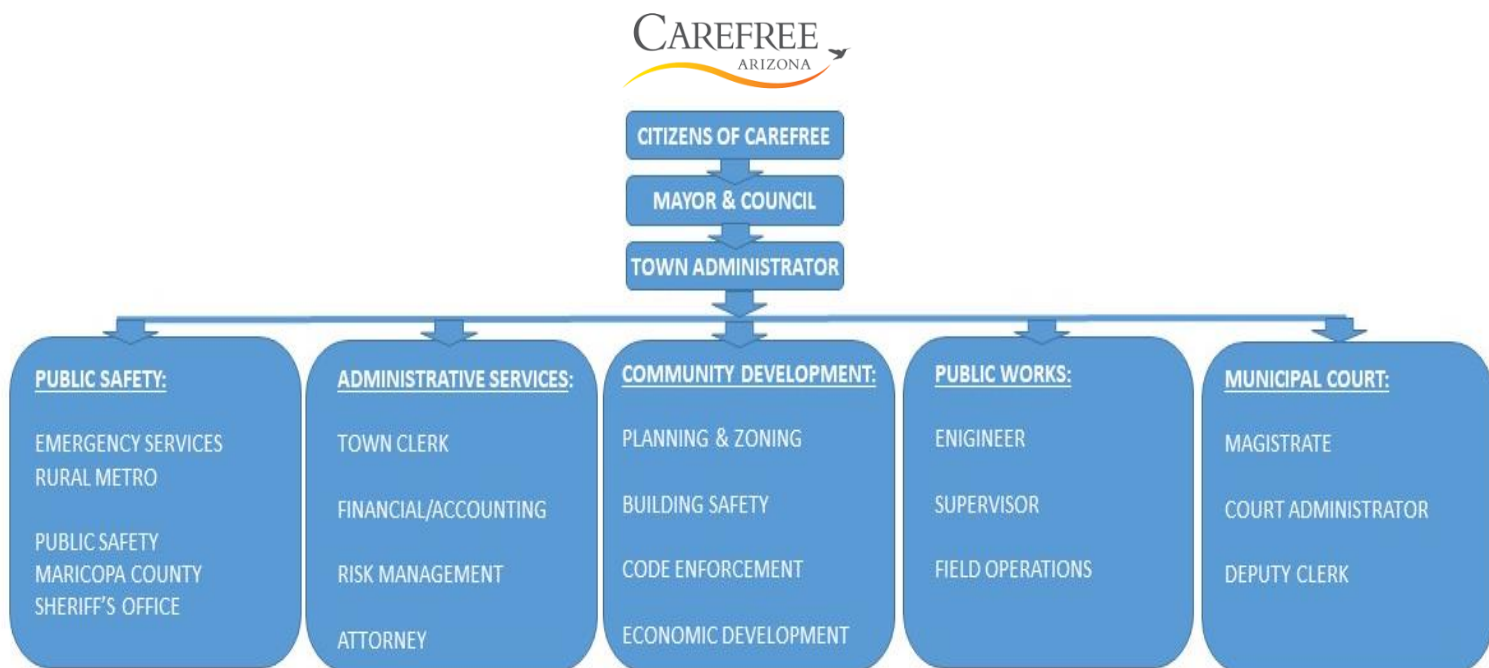
## Town Organizational Structure

It is important to note that unlike many elected offices, the Town of Carefree Mayor, Vice Mayor, and Councilmembers are all nonpaid positions. In this volunteer capacity the Mayor and Council are elected at large and serve four-year staggered terms.

The Town of Carefree is a statutory community. As a statutory community the Council acts a legislative body that may adopt new laws and policies to govern the community; however, such laws and policies must be consistent with and may not regulate beyond the authority provide by federal, state and county statutes.

The Town is governed by a Town Administrator-Council form of government. In this form of government, the Mayor acts as the Chief Executive Officer and the Town Administrator serves as the Chief Administrator Officer who oversees the daily operations of the Town's departments, prepares various regulatory and policy documents as well as the budget for the Council's consideration. There are five core areas that compose the Town's municipal services as indicated below, administrative services, public safety, community development, public works, and municipal court.

The following graphic depicts the Town's organizational structure:







## Departmental Budgets

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### **Town Council:**

The Town Council is charged with sustaining the public trust through transparent, responsive governing while acting as stewards of the public treasury. The Mayor and Council conduct regular Council meetings typically the first Tuesday of each month to review issues related to Town operations. Additional Council meetings and public workshops are supplemented to address specific topics or issues.

The corporate authority of the Town Council is authorized by law through the adoption of Ordinances, Resolutions, or Proclamations. It is important to note that such authority to create regulations and policies must fall within the expressed authorities of Arizona Revised Statute. The Town may not adopt regulations or policies that restrict beyond these boundaries established by the State. From time to time, as state laws are refined, the Town must adjust its regulations to ensure local compliance. Therefore, over time, the Town Code and associated ordinances and resolutions/policies are modified to address evolving state requirements.

The Town Council also appropriates funds and provides policy direction to the Town Administrator. The Town Council appoints the Town Administrator, the Municipal Court Magistrate, the Town Attorney, and the Town Prosecutor and authorizes contracts for services such as law enforcement and fire and emergency services. The Town Administrator oversees the daily operations of each department while the Town Magistrate oversees the operations of the Court. Both The Town Attorney and Prosecutor are contracted to provide legal services to the Town and report directly to the majority of the Town Council. Individually, Councilmembers cannot convey independent direction to the Town Administrator and attorneys; however, most of the Council may decide upon and direct the Administrator and/or attorneys to address certain issues or circumstances.

### **Goals for Fiscal Year 2023-2024:**

As expressed earlier in this budget document, the Town Council approved organizational work plan outlines priorities to improve communications, diversify the tax base through strategic economic development initiatives, and ensure quality development and reinvestment in the Town's infrastructure. At a high level these initiatives include but are not limited to:

#### Communications:

- Create and implement a communication program to engage multiple audiences – residents, businesses, future investors.
- Improve the use of digital media to regularly engage these audiences.
- Seek new communication platforms and/or regularly update these platforms to enhance community engagement.

#### Economic Development:

- Develop and implement a comprehensive economic development strategy to help diversify the Town's sales tax base.



- Develop and maintain a more balanced and sustainable financial structure to support core municipal services at desired levels.
- Promote business retention, expansion, and attraction of quality businesses.

**Quality Community Development:**

- Update Community’s General Plan to comply with statutory requirements and evolving community needs.
- Update Community’s Zoning Ordinance to align with the General Plan and evolving community needs.
- Update Community Design Guidelines to encourage quality development.
- Update associated Fees schedule to ensure cost recovery for processing, review, and inspection services.

**Infrastructure:**

- Continue to use best practices to maintain and enhance the publicly owned infrastructure.
- Continue to address regulatory compliance requirements and incorporate into future capital projects including but not limited to MS4 General Permit – Small Communities, Flood Control District coordination, Hazardous Mitigation Program, MAG Transportation Improvement Plans, and Street Pavement Maintenance Program.
- Review and enhance future funding to address requirements of aging infrastructure.
- Explore improvements and funding for any changes to service levels to all public safety services – police & fire to address evolving external influences with contracted agencies and nearby municipalities that may influence the Town’s current service levels.

**Council Budget:**

As expressed earlier, the Mayor and Council are unpaid/volunteer positions. The expenses that fall within the Mayor and Council are to cover the costs of mainly office supplies, technology, and educational opportunities.

**Mayor & Town Council Total Operational Expenses.**

Mayor & Town Council	FY22 Actual	FY23 Estimate	FY24 Budget
Office Supplies	\$1,833	\$4,784	\$2,300
Grant Funds Received	\$9,287	\$9,287	\$9,320
Information Technology (Chambers Audio)	\$1,215	\$250	\$15,000
Educational Opportunities	\$4,684	\$5,425	\$9,650
<b>TOTAL</b>	<b>\$17,019</b>	<b>\$19,746</b>	<b>\$36,270</b>



## MEET THE MAYOR AND COUNCIL:

### Mayor John Crane



John Crane is a 33-year resident of Carefree and has enjoyed actively serving the community in various roles. He was appointed to the Carefree Town Council in 2012 and elected to the Town Council in 2013. John was elected as Mayor in 2022 and is serving the first year of a 4-year term. Previously, John was appointed to the Carefree Subdivision Committee and was the Vice Chairman of the Carefree Planning and Zoning Commission. John, having served 12 years as president and board member of the Carefree Foothills Homeowners' Association, continues as a Board member. John is the Desert Foothills Land Trust Vice Chair and is an Arizona Site Steward monitoring Native American archeological sites in the Cave Creek / Carefree area. Additionally, John sits on the Maricopa County Association of Government Economic Development Committee and the Maricopa County Parks and Recreation Advisory Commission.

"I firmly believe local government, as the level of government closest to the people, must be transparent and responsive to the Town's needs to be effective. While successful economic development is key to the Town's future, a balance must be struck between citizen and commercial interests and fiscal restraint."

John earned a BS degree in Mathematics from Villanova University in 1978 and a MS degree in Systems Management from the University of Southern California in 1985. He then served seven years as a nuclear submarine officer. For the past 27 years, as a business owner, he has been a sales representative for Asian, European, and US semiconductor material and equipment suppliers to customers in North America. In 2021 he was recognized by the Black Mountain Foothills Chapter of the Daughters of the American Revolution (DAR) with the Medal of Honor, the most prestigious honor awarded by the DAR. John and his partner, Betsy, can frequently be seen strolling through Carefree enjoying all the Town has to offer.



## Vice Mayor Cheryl Kroyer



Cheryl Kroyer is currently serving her third term on the Town Council. Her chief area of concentration has been in the Town's marketing and communications. She is passionate about Carefree and is dedicated to maintaining the character and spirit of the Town (the things that brought us all here in the first place). She is most proud of her efforts towards:

- Making Carefree a destination - getting people into Town and then once here, helping them find their way around.
- Contributing to economic development efforts to find a reliable source of revenue to fund basic Town services (roads, fire protection, and police).
- Making our streets safer for pedestrians: working with traffic engineers to get new crosswalks and safe havens for pedestrians when crossing our busy streets.
- Developing and executing Town branding.
- Participating in efforts to incorporate all the Town's homes and businesses into the Carefree Water Company.
- Through her efforts, these things are becoming a reality.

Cheryl fell in love with Carefree in 1988 and has been a full-time resident since 1998. As a resident she is dedicated to keeping the community a great place to live, work, and play. Before retiring, Cheryl spent 30+ years in the advertising business on a wide range of national consumer goods. She was on the team that introduced American Honda's Acura brand and worked on businesses as varied as Hunt Wesson Foods, Polaroid, Gallo Wines, Porsche Cars and the 'Got Milk' campaign among others.

Since moving here, she has been involved in several volunteer organizations. She served on the auxiliary board of Scottsdale Healthcare for three years and published and edited the hospital's first electronic newsletter. She has also served on the board of the Arizona Institute for Breast Health as treasurer and public relations manager. For the last three years, Cheryl has worked Wednesdays at the Foothills Food Bank. In her free time, she enjoys golf, yoga, bridge, movies, and can be seen walking her golden retriever, Biff, through Town most mornings. Cheryl graduated from the University of Texas at Austin with a Bachelor of Journalism degree.



## Councilmember Sheila Amoroso



Sheila retired as the Director of the Municipal Bond Department at Franklin Templeton Investments in July of 2020 and moved to Carefree. She has 34 years of experience investing in public infrastructure and was the leader of over 30 investment professionals providing investment opportunities for individual and institutional investors.

Sheila brings a deep understanding of all aspects of government budgets, services, tax policy and public policy. Throughout her career she has seen the best, the mediocre and the worst government practices. She knows what works, what does not and knows practices to avoid.

Sheila chose to move to Carefree because she wanted to live in a small community where she could get involved and make a difference. She was a participant on the Carefree Public Safety Advisory Committee from April 2021 through March of 2022, which sparked her interest in running for town council. Sheila's goals for her term on Town Council are:

- Work in respectful collaboration with the mayor, town council members and community members.
- Strengthen and increase community engagement to make sure we hear all voices in decision-making.
- Maintain our strong history of financial stability as it is the foundation of good governance. Support the completion of the water consolidation project as all residents deserve high-quality water and service.
- Work with community members to determine the best fit for fire and emergency services and determine the most responsible way to pay for it.
- Help the town and community members come together to determine the best path forward for growth.



## Councilmember Vince D'Aliesio



Vincenzo "Vince" D'Aliesio was born in Waterbury, CT, moving to Phoenix, AZ in July 1972 at seven months of age. Grew up in Phoenix, was an altar boy, boy scout, high school, and college athlete (football), started mowing lawns in the neighborhood at age 10 and has had a job ever since. Proud AZ native: graduated from Camelback High, attended SCC and PVCC, graduated from ASU, and received a master's degree in education from NAU. Vince and his family moved to Carefree in 2016, vowing to never move again after finding paradise in the Desert Foothills.

Over a 25-year span, worked as a high school and college football coach, credits his late coaches Pete Kellen (Camelback High) and Bruce Snyder (ASU), who both preached the importance of always doing what's right. The greatest influences are his parents, Pasquale, and Anna D'Aliesio, "work hard, take care of your family, help others, and know that you did your best today."

Vince lives in the first house built in Carefree by Gerry Jones. He has worked as an insurance broker, educator, coach, and student. Most importantly, a husband of 26 years to Cheryl and father of three: Noah, a 19-year-old son attending ASU and two 16-year-olds, Sophie, and Matthew, all three educated in CCUSD schools from preschool. D'Aliesio 's also has a rescue Chi-Pin named Snoopy, are fostering a Golden-doodle named Toby, and two desert tortoises: Stanley and Sammy Hagar, in addition to the many beautiful coyotes, javelina, bobcats, mule deer, and other God's creatures that allow Vince and his family to reside on their land.

Hobbies include restoring pottery, announcing, and broadcasting high school and college sports for ASU, is the play-by-play voice of Saguro High School athletics, the Thursday Night High School Football Game of the Week, is a strong advocate of junior college athletics (a proud product of the Maricopa Community Colleges), as well as sports radio and television: the co-host of the Varsity Sports Radio Show every Saturday morning. Member of the Arizona American Italian Club and Phoenix Union High School District Sports Hall of Fame Selection Committee, honoring past athletes and coaches, and raising money for scholarships. Vince is Past-President of the Board of Directors of the Cave Creek Museum and currently serves as a member of the Kiwanis Club of Carefree.





## Councilmember Vacant

## Councilmember Stephen Hatcher

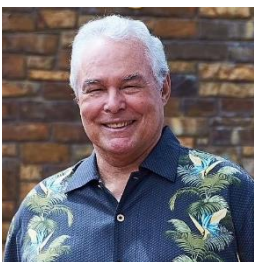


Stephen Hatcher has been a resident of Carefree since 2011 and moved to Cave Creek in 1992 from Scottsdale. Stephen earned his BS in Mechanical Engineering from Arizona State University and in 1980 started his first career with Lockheed Aerospace in military research and finished his engineering career as a concept engineer with Boeing Military Research.

Stephen taught graduate finance for fourteen years at the University of Phoenix and investment theory at the School of Financial Planning. Stephen's graduate thesis was statistical modeling for the City of Scottsdale to facilitate the forecasting efforts on construction activity, city tax base, and annual budgets.

Stephen is actively working against domestic violence through Theresa's Fund and supporting the Marine Corps families through Operation Hero Project. Stephen's focus has been on the water systems for the town and developing effective drivers for economic development.

## Councilmember Michael Johnson



Michael (Mike) is a California Bay Area native who has lived in Carefree since 2005 and became a permanent resident in 2013. He is married with 5 children and 4 grandchildren. Mike holds a Bachelor of Science Degree in Business Administration and Accounting from California State University Hayward and an Associate of Arts Degree from Chabot College Hayward. He is a Certified Public Accountant (inactive) who started his career in 1978. The majority of his almost 40-year career was spent as a Chief Financial Officer and Controller working in technology startups, public and fortune 500 companies that created jobs and

helped build the internet infrastructure. He managed fast growth, mergers and acquisitions, financial and SEC reporting, budgeting, forecasting, treasury, spending, systems and raised capital from Initial Public Offerings, Institutions and Venture Capital. Companies Mike worked with include Baron Data Systems, Ascend Communications (sold to Lucent), Cashflow, Amber Networks (sold to Nokia), Trapeze Networks, and Innovalight (sold to DuPont). Although Mike says his first love is technology; he was able to take a break from "Silicon Valley" and work for the Oakland Tribune as Chief Financial Officer and then Chief Accounting Officer for Itel Rail.

Mike was appointed to the Carefree Town Council in September of 2021 and has worked with the town on various projects since he became a permanent resident such as the rezoning of Carefree's Northeast Corner, The Carefree Water Consolidation Project, and Traffic Safety.



**TOWN ADMINISTRATIVE SERVICES:**

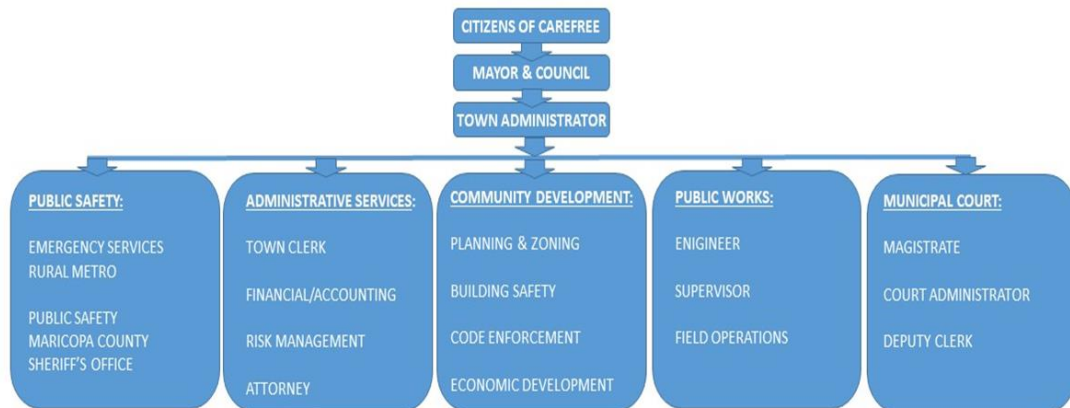
The Town Administration acts as the nucleus to the organization by coordinating and managing the workflow of the organization. The Administration works continuously with both internal and external entities/agencies to ensure coordination of services between citizens, businesses, governmental agencies, nonprofits, private entities, Town Council and Town Departments.



The personnel that support the Administration Department are composed of five (5) full-time positions:

Town Administrator, Town Clerk, Town Accountant, Communications Manager, and Executive Assistant/Office Manager. Through these positions, the Department coordinates the following organizational activities: Human Resources, Risk Management, Legal Services, Financial Services, Information Technology, Public Records, Election Coordination, Intergovernmental Affairs, Communications, and general operations & management of all Town Departments. The following organizational chart generally illustrates the Town’s overall organizational structure. Within each Department are interrelated Divisions. The services provided by each Department and the associated Divisions will be outlined in this section of the budget beginning with the Administrative Services.

**Figure 3: Town Organizational Structure.**





The following tables outline the staffing levels as well as a high-level summary of total salaries and benefits as well as operational costs for the Town’s Administrative Services Department. Operations expenses include office supplies, equipment, supporting technology, utilities, contracted services such as solid waste removal and janitor services, continuing education requirements, professional and agency membership dues, and other miscellaneous fees. These agency dues include but are not limited to annual fees assessed by the Arizona Department of Revenue, League of Cities and Towns, State and County Agency/Department Permits, Emergency Management Fees and Maricopa Association of Governments.

**Summary of Town Administration Total Operation Expenses.**

<b>TOWN ADMINISTRATION</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
<b>Management</b>	\$174,218	\$243,483	\$214,210
<b>Town Clerk</b>	\$62,035	\$83,901	\$68,483
<b>Communications</b>	\$29,000	\$30,000	\$30,000
<b>TOTAL</b>	<b>\$265,253</b>	<b>\$357,384</b>	<b>\$312,693</b>

**Summary of Town Administrative Total Salary and Benefits.**

<b>TOWN ADMINISTRATION</b>	<b>FTE's</b>	<b>FY 21-22 Act.</b>	<b>FY 22-23 Est.</b>	<b>FY 23-24 Budget</b>
<b>Management</b>	2	\$298,442	\$305,698	\$314,836
<b>Town Clerk</b>	2	\$283,844	\$284,150	\$297,815
<b>Communications</b>	1	\$84,907	\$93,492	\$99,374
<b>TOTAL</b>	<b>5</b>	<b>\$667,193</b>	<b>\$683,340</b>	<b>\$712,025</b>

The Town contracts for legal and risk management services. Currently, the law firm of Sherman Howard provides general legal services for the Town. In some instances, where specialized legal services are necessary, the Town will contract for these specialized services to supplement these general legal services. The costs associated with these specialized legal services may be associated with other Departments based upon the respective issue/subject. Furthermore, as typical of most municipalities within the state, the Town contracts with Southwest Risk to provide a portfolio of insurance coverage to address the unique needs of municipal governments. This municipal pool permits local governments to provide the broadest coverage to address their unique needs at the lowest possible costs to their respective communities. This insurance pool meets at the annual League of Cities and Towns Conference to establish annual budgets, rates, and policies for the pool.



**Summary of Risk Management Services Expenses.**

<b>RISK MANAGEMENT</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
<b>Legal</b>	\$202,433	\$95,000	\$160,000
<b>Risk Management</b>	\$82,661	\$106,143	\$130,000
<b>TOTAL</b>	<b>\$285,094</b>	<b>\$201,143</b>	<b>\$290,000</b>



### ***Town Management:***

Pursuant to the Town Code, the Town Administrator acts as the Chief Administrative Officer of the Town. In this capacity the Town Administrator provides the central direction and leadership for the town staff by overseeing the daily operations of the Town's services. As Chief Administrative Officer, the Town Administrator reports directly to the Town Council and supports the goals and directives defined by the majority of the Town Council by coordinating these initiatives with the appropriate Town staff and contracted service providers.

As defined within the Town Code, the Town Administrator provides for the direct management of all Town staff and is responsible for coordinating the administrative functions and operations of all Town Departments. The Administrator sets all policies associated with the management of staff as well as promoting a culture of inclusiveness and encouraging a positive work environment. Amongst many responsibilities, the Administrator manages the development and implementation of the Town budget and acts as the Town's purchasing agent. Additionally, the Administrator works closely with the Town's legal representatives and risk managers to help mitigate risk and financial liabilities to the Town.

### **Accomplishments for Fiscal Year 2022-2023:**

- Completed a series of five public open houses to discuss the recommendation of the Public Safety Advisory Committee to join Automatic Aid as well as seasoned public financial consultants to outline the Town's funding capacity.
- Disseminated citizen and consultant reports and videos to the Council and community to further engage the community using local digital communications channels, and printed media in-person meetings with a broad spectrum of citizens and entities.
- Closely worked with and coordinated with each Town department to continue to implement Council's approved work plan and federal/state compliance requirements.
- Coordinated with legal representatives to address the community's best interests and mitigate risk.
- Managed Town service contracts to address contracted service levels.
- Worked with Town Engineer to assist in securing the Flood Control District grant and Maricopa Association of Government Pedestrian Safety Grant.
- Received Grant Funds from Salt River Pima Maricopa Indian Community for the purchase of new Type 6 brush truck for the fire department.
- Submitted Congressional Direct Spending Authorization for a new fire truck.
- Continue Town's efforts to expand communications channels to improve engagement with the Carefree community.



- Continued to repair and improve infrastructure within the Town Center and gardens.
- Worked with the League of Cities and Towns to maintain and share an understanding of evolving relevant issues are the State Legislature.
- Continue to work with residents, businesses, and potential future business interests to address community inquiries and expectations.

**Goals & Objectives for Fiscal Year 2023-2024:**

- Work with Communications Manager to further engage residents and stakeholders using multiple communication channels.
- Work to implement community preferred public safety options.
- Coordinate with staff and contracted consultant teams working on future initiatives such as General Plan, special projects, and infrastructure.
- Continue to work with external agencies to represent the best interests of the Town.
- Continue to coordinate the execution of work plans of each Town Department.

There are two full-time positions within the Town Management, the Town Administrator, and the Executive Assistant/Office Manager. The costs associated with these positions and the Division are outlined below.

**Town Management Operational Expenses.**

<b>TOWN MANAGEMENT</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Office Supplies/Service Contracts	\$56,531	\$65,298	\$74,200
Utilities/Building Services	\$39,877	\$44,172	\$47,310
Governmental Fees/Service Contracts/Dues	\$62,492	\$73,408	\$74,500
Special Projects	\$11,375	\$58,500	\$15,000
Continuing Education	\$3,943	\$2,105	\$3,200
<b>TOTAL</b>	<b>\$174,218</b>	<b>\$243,483</b>	<b>\$214,210</b>





**Town Management Salaries and Benefits - 2 FTE positions.**

<b>TOWN MANAGEMENT</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
<b>SALARIES - 2 FTE</b>	\$236,731	\$241,643	\$248,110
FICA	\$13,514	\$14,560	\$14,927
MEDICARE EXPENSE	\$3,809	\$3,400	\$3,610
ASRS RETIREMENT CONTRIBUTION	\$27,457	\$28,581	\$30,592
GROUP MED/DENTAL/LIFE/AD&D	\$16,057	\$16,311	\$16,325
VISION CARE	\$181	\$252	\$252
WORKMANS COMPENSATION	\$508	\$596	\$620
UNEMPLOYMENT INS.-DES	\$185	\$355	\$400
<b>SALARIES &amp; BENEFITS</b>	<b>\$298,442</b>	<b>\$305,698</b>	<b>\$314,836</b>



### ***Town Clerk/Treasurer:***

The Town Clerk/Treasurer and Accounting department is responsible for the management and oversight of the Town monies, daily, monthly and annual accounting, audits, budget, financial transactions and reports, banking and State Treasurer transfers, HR processing requirements and payroll in addition to records management and public record requests, statutory postings, notices and advertising requirements, insurance coverage for both the Town property and personnel, and insurance claims. Additionally, the Town Clerk oversees the operation of the Cave Creek Cemetery in conjunction with the Planning Clerk and is responsible for maintaining all records related to past burials, plot purchases and organization of plots and interment details. Finally, as the Secretary of the Carefree Water Company and District Clerk for the Utilities Community Facilities District, the Town Clerk's responsibilities include management and archival of all contracts and meeting agendas and materials, scheduling, and management of meetings, recording and storing of Minutes and Resolutions as well as corporate documentation and annual corporate filings.

The Town Clerk is responsible for managing the Council calendar, scheduling meetings, contacting staff for agenda items, reports, and subject matter, preparing, and finalizing agendas, agenda packets, distribution, and website and hard copy notice postings to meet statutory requirements and provide customer service to the visitors and citizens of Carefree.

### **Division Accomplishments Fiscal Year 2022-2023:**

- Managed, prepared, and noticed 25 Public Meetings/Public Hearings including Town Council, Carefree Water Company/Utilities Community Facilities District, and Sky Ranch Community Relations Committee.
- Continued response to increased volume of Public Records Request including 64 in 2022 and 11 as of March 20, 2023.
- Managed the August 2022 Primary Election including a record number of candidates, Initiatives, publicity pamphlets and argument submissions.
- Managed the posting and recruitment of a new Court Administrator and Building Official.
- Obtained intensive training on the Agenda Quick new agenda system, including development, coding, and implementation of the system prior to training Town staff.
- Attended the 3-day Arizona Municipal Clerks' Annual Conference and Election Training and Summer Athenian Dialog to maintain clerk and election certification.
- Attending the 2022 Arizona Municipal Clerks' Association (AMCA) election recertification program to maintain certification as an AMCA certified Election Official.
- Drafted a Request for Qualifications and obtained a vendor for the new Audio Video installers for the new system at the Carefree Council Chambers.
- Completed all requirements for designation as a Master Municipal Clerk.



- Maintained paralegal/legal assisting certification with the National Association of Legal Assistants.
- Assisted the Town Attorney in collecting facts and materials and responding to unfounded complaints filed with the Arizona Ombudsman Office.
- Assisted the Town Attorney in preparing pleadings, affidavits, and other legal documents in support of various legal actions involving the water acquisition and water storage facility.

### **Town Accountant**

The area of expertise is responsible for coordinating, monitoring, and controlling the accounting, auditing operations and activities of the Town. This responsibility includes the accuracy of all financial records including the general and subsidiary ledgers and monthly reports, prepares and submits all financial documents, statistical reports, graphs or analyses, budget management and ancillary records; manages and controls accounting records and reports; establishes, maintains and prepares for audit of all monetary functions; prepares and submits payroll and detail for ASRS Retirement wires, maintains payroll, ASRS reports and files for audit.

- Works with the Administrator to prepare the budget for the annual budget process.
- Performs all accounting functions Accounts Payable, Cash Receipts, Capital Assets including journal entries, and posting to the general ledger.
- Reviews general ledger to achieve compliance with laws regarding Federal and State Grants.

#### **Daily:**

- Append Cash Receipts, checking account numbers of receipts.
- Review received invoices, matching packing lists with received items and getting appropriate department head or Council signatures or approvals for payment of the invoices.
- Fulfill financial information records requests.

#### **Weekly:**

- Accounts Payable creating checks for signature.
- Reconciling bank statements as information is received.

#### **Bi-Weekly:**

- Process Payroll.
- Make ASRS uploads and process them.
- Process 401K, 457K Mission Square wires.

#### **Monthly:**

- Update Capital Assets System.
- Create Monthly Financial Statements for Town Council Meetings.
- Create Monthly GL Permanent Record Reports.
- Update LGIP Account Ledgers with earned interest.

#### **Quarterly:**

- Book Vanguard Interest in GL.
- Create OpenBooks documentation/postings.



- Calculate Worker's Compensation Insurance payments from payroll reports.
- Examine all paid invoices for any untaxed amounts, calculate tax owed and due on Town Leased property. Input at AZTaxes.gov the Arizona Department of Revenue Transaction and Privilege Tax online form.

**Annually:**

- Coordinate the annual audit with the audit firm providing all necessary details of the year's transactions in all accounting areas.



### **Information Technology**

This area of expertise manages the system hardware and software support to maintain the Town's Local Area Network System, use and/or maintenance to solve or have outside technical support solve software problems.

Administers security for all IT-supported applications on LAN computer systems in concert with technical support company.

- Installs, and maintains operating and security systems software and related equipment to provide efficient, accurate utilization and minimize downtime.
- Identifies and solves system operating problems.
- Provides on-site technical assistance to staff.
- Install upgrades to systems software.
- Evaluates the feasibility of modifications to, or replacement of, hardware.

Some operations require staying after personnel have left to perform the essential functions of the File Server and to back up individual workstations.

#### **Daily:**

- Check nightly backups for problems and completion.
- Check Anti-virus software for any viruses that are quarantined and must be removed at the user's workstation.
- Inform users of current computer viruses being spread and how to prevent Town Systems from being compromised.

#### **Monthly:**

- Test the validity of file server backups by restoring random files from the backup sets.
- Make sure all updates are downloaded to the workstations.
- Backup each workstation's local hard drive to a portable drive, in case of local hard drive failure.
- Defragment each workstation's local hard drive to improve performance.
- Locate old files, logs, and Windows temporary files to delete on the File Server and the workstations.

#### **Annually:**

- Check to see if newer versions of any software we use are available and the cost to upgrade to include in the budget process.
- Check File Server Logs for any hardware errors, to replace parts before they fail.

#### **Division Goals for Fiscal Year 2023-2024:**

- Manage and oversee the 2023 Special Election regarding Primary Property Tax, including timeline and deadlines involving publicity pamphlet, reporting requirements, financial reports, and statutory notices to state agencies.
- Coordinate with the Town Accountant to obtain contracted accounting software specialist for the installation and transfer of all data using the newly obtained dynamic accounting program.



- Continued processing of the electronic storage of archived documents and records maintained by the Town Clerk and other departments.
- Develop a standardized archiving schedule for newly created records and documents generated by staff to ensure a smooth and complete archiving process.

There are two full-time positions associated with the Town Clerk department. The cost of operations and salary and benefits for this Division are outlined below.

### Town Clerk Operational Expenses

TOWN CLERK	FY22 Actual	FY23 Estimate	FY24 Budget
Office Supplies	\$30	\$425	\$500
Software/Service Contracts	\$38,675	\$72,191	\$52,883
Information Technology	\$6,176	\$1,700	\$1,000
Elections/Legal Advertisement	\$15,798	\$28,200	\$12,000
Continuing Education	\$1,356	\$1,385	\$2,100
<b>TOTAL</b>	<b>\$62,035</b>	<b>\$103,901</b>	<b>\$68,483</b>

### Town Clerk Salaries and Benefits – 2 FTE positions:

TOWN CLERK	FY21-22 Act.	FY22-23 Est.	FY 23-24 Budget
SALARIES - <b>2 FTE</b>	\$214,228	\$216,525	\$226,624
FICA	\$12,790	\$13,425	\$14,051
MEDICARE EXPENSE	\$2,991	\$3,140	\$3,286
ASRS RETIREMENT CONTRIBUTION	\$25,601	\$26,351	\$27,852
GROUP MED/DENTAL/LIFE/AD&D	\$27,092	\$23,527	\$24,833
VISION CARE	\$183	\$183	\$159
WORKMANS COMPENSATION	\$409	\$450	\$510
UNEMPLOYMENT INS.-DES	\$550	\$550	\$500
<b>SALARIES &amp; BENEFITS</b>	<b>\$283,844</b>	<b>\$284,150</b>	<b>\$297,815</b>





### **Communications:**

Community engagement assumes many different forms through verbal, written and broadcast media platforms as well as today's rapidly evolving digital and social media platforms. As a result of this diversification in communication platforms and various preferences on how audiences engage, it requires significant dedication and time to engage the community. These varying platforms require that similar messages be formatted in different ways and provide for rapid engagement which requires additional resources and time.

This position manages the Town's website content and appearance, digital media platforms, video communications, and written communications regarding the complexity of community-related issues and interests. This position also communicates with various local business associations to cultivate and facilitate additional business exposure and associated opportunities using these communication platforms to highlight unique/special events the businesses may produce. In addition, the position works with Town staff, elected and appointed officials and residents to engage on community issues.

#### Accomplishments for Fiscal Year 2022-23:

- Established video recording system for official council meetings.
- Developed a new 'Visit Carefree' interactive website.
- Transitioned to a new website platform for reduced cost and improved user interface.
- Established "Carefree Connection" phone application for Town communications.
- Established a monthly newsletter featuring town updates, features on businesses and local events.
- Launched the Ambassador volunteer program.
- Graduated from the Desert Foothills Leadership Academy Class of 2022.
- Assisted in the planning and execution of community events/activities.
- Assisted in the development of communications regarding town issues.
- Provided content and formatted Town newsletter and issue base factsheets.

#### Goals for Fiscal Year 2023-2024:

- Work with various merchants' associations to build visibility.
- Coordinate the use of event space within the Town Center to facilitate community-based events that are produced by third parties.
- Implement improvements to the Town's digital and social media to enhance content, visual quality, and frequency of reach.
- Coordinate and help to manage the Town Center visitor center as well as content of information shared within the center and coordinate Ambassador Program.
- Produce informational videos and manage the Town's YouTube channel to enhance engagement of visitors, residents, and business interests.
- Form partnerships with internal and external businesses to create a package of experiences to market to various audiences.



There is only one full-time position within the Communications Division. The operational expenses for the communication program are blended under both Town Management to cover general offices expenses and Economic Development to cover marketing materials and the visitor center.

**Communications Salaries and Benefits – 1 FTE position.**

<b>COMMUNICATIONS</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
SALARIES - 1 FTE	\$59,000	\$67,000	\$71,196
FICA	\$3,800	\$3,906	\$4,414
MEDICARE EXPENSE	\$900	\$914	\$1,032
ASRS RETIREMENT CONTRIBUTION	\$7,400	\$7,667	\$8,750
GROUP MED/DENTAL/LIFE/AD&D	\$13,400	\$13,598	\$13,519
VISION CARE	\$17	\$17	\$152
WORKMANS COMPENSATION	\$190	\$190	\$176
UNEMPLOYMENT INS.-DES	\$200	\$200	\$135
<b>SALARIES &amp; BENEFITS</b>	<b>\$84,907</b>	<b>\$93,492</b>	<b>\$99,374</b>



### **Risk Management:**

There are two specific areas of contractual services that fall under Town Administration when it comes to risk mitigation: Legal Services and Insurance.

### **Legal Services:**

The Town Council appoints its legal representation by contracting with private law firms. More specifically, there are two separate law firms contracted for legal services:

1. Town Attorney for general legal counsel and
2. Town Prosecutor for legal services specifically related to the prosecution of violations processed through the municipal court.

The Town Attorney serves at the pleasure of the Town Council and acts as the general legal counselor to the Town Council, appointed officials, and Town staff. As such, the Town Attorney shall provide their opinion orally or in writing when requested by most of the Council, Commission, or the Town Administrator. Additionally, the Town Attorney may draft/review contracts, conveyances, ordinances, resolutions, and other legal instruments. Furthermore, the Town Attorney arranges for the prosecution and defense of all suits, actions, or causes where the town is party and shall report to the Council on the condition of any suit or action to which the Town may be a party. The Town Attorney, in representing the interest of the Town, may work with other attorneys retained by the Town that specialize in specific areas of law.

The Town Prosecutor also serves at the pleasure of the Town Council and is responsible for representing the Town in contested matters in front of the municipal court where the defendant is represented by a Counselor or in cases where the Prosecutor's participation is requested by Town officers/staff. Expenses for Town Prosecutor are part of the law enforcement budget.

### **Accomplishments for Fiscal Year 2022-2023:**

- The Town Attorney attended Council meetings and advised Council on pending legal issues.
- The Town Attorney continued to review new legislation and potential impacts on existing Town regulations and/or policies to ensure compliance with refinements to State Statutes.
- The Town Prosecutor complied with all standards and policies of the Administrative Office of the Court.



Goals for Fiscal Year 2023-2024:

- Continue to work with staff to provide legal advice when considering updates to Town Codes and policies.
- Provide the strongest, most defensible legal advice to the Town Council and the Town Administrator in connection with active litigation.

**Legal Service Contract costs**

RISK MANAGEMENT	FY22 Actual	FY23 Estimate	FY24 Budget
<b>Town Attorney</b>	<b>\$202,433</b>	<b>\$95,000</b>	<b>\$160,000</b>

**Insurance:**

In 1986 the Arizona Municipal Risk Retention Pool was developed through the assistance of the Arizona League of Cities and Towns. The vision behind this Pool was to provide an alternative method to share the unique risks borne by local governments and thereby, stabilizing rates. The Town of Carefree joined this municipally owned pool in 1989. As a member, the town has an equity share and is eligible for annual dividends, either in the form of a check or a credit toward the subsequent year’s policy. The Town has typically taken the annual dividend to credit towards the subsequent year’s policy.

The pool also provides specialized services to its members to assist on issues associated with personnel, equal employment opportunities, civils rights, land use regulations, human resource database and tenant’s user liability policies for third parties.

**Municipal Risk Insurance**

RISK MANAGEMENT	FY22 Actual	FY23 Estimate	FY24 Budget
<b>Insurance</b>	\$82,661	\$106,143	\$120,000
<b>Claims/Losses</b>	\$0	\$0	\$10,000
<b>TOTAL</b>	<b>\$82,661</b>	<b>\$106,143</b>	<b>\$130,000</b>



**COMMUNITY DEVELOPMENT DEPARTMENT:**

The Community Development Department is responsible for overseeing the orderly and quality of development within the community. The Department is composed of Building Safety, Planning and Zoning, Code Enforcement and Economic Development. Each of these Division works in collaboration with one another to implement Town’s vision, strategies, regulations, and policies.

The following tables outline the overall operational expenses and dedicated staffing levels within each of the Divisions within the Community Development Department.

**Summary of Community Development Operational Expenses.**

COMMUNITY DEVELOPMENT	FY22 Actual	FY23 Estimate	FY24 Budgeted
Planning and Zoning	\$10,082	\$55,050	\$110,875
Building Safety	\$128,140	\$108,310	\$202,850
Econ Dev/Marketing	\$20,936	\$27,888	\$52,500
Code Enforcement	\$39,412	\$4,040	\$6,320
<b>TOTAL</b>	<b>\$198,570</b>	<b>\$195,288</b>	<b>\$372,545</b>

**Summary of Community Development Salaries and Benefits.**

COMMUNITY DEVELOPMENT	FTE's	FY 22 Actual	FY23 Estimate	FY24 Budget
Planning & Zoning	2	\$221,213	\$241,882	\$248,908
Building Safety	1	\$152,918	\$150,844	\$143,365
Economic Development	1	\$166,548	\$173,034	\$182,501
Code Enforcement	1	\$53,900	\$57,696	\$60,469
<b>TOTAL</b>	<b>5</b>	<b>\$594,579</b>	<b>\$623,456</b>	<b>\$635,243</b>



### **Building Safety:**

The Building Safety Division is responsible for administering and enforcing the Town's adopted building codes to ensure a safe built environment. The Building Department is charged with receiving, reviewing, approving, and issuing all building permits as well as conducting inspections to ensure compliance with adopted building codes. The Building Official also coordinates with the Town Engineer, Planning and Zoning Director and Town's Fire Marshal (Rural Metro) to manage the review, approval, and issuance of building permits. The Building Department contracts with a certified third-party firm specializing in building inspections and plan review. This assists in the timely processing of permits during periods of significant development activity and allows the Town to flexibly adjust the level of service to match its needs at the respective time. The costs associated with the administration of the building code are offset through the administration of a fee structure associated with the issuance of a Building Permit.

#### **Accomplishments Fiscal Year 2022-2023:**

- The Building Division conducted 4,662 inspections over the course of the fiscal year.
- The permitted construction projects added over 95,452 square feet of improved structures, remodeled over 22,095 square feet, and was valued at a total of over \$22.23MM.
- The Building Division performed 2,331 site visits, 274 plan reviews, approved 32 new single-family residences and 84 home remodels and continues to inspect Town Center Development, the View Townhouses, and breaking ground on the new Carefree Distillery project.
- The Town updated to the 2018 I-codes from the 2003 I-codes and 1994 UPC to keep the town current with surrounding municipalities.

#### **Goals for Fiscal Year 2022-2023:**

- Procure an online permitting and plan review system and begin setup.
- Adopt a new TI permitting process for CofO's of businesses.



### Building Safety Operational Expenses

<b>BUILDING SAFETY</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Office Supplies	\$1,374	\$6,042	\$3,400
Vehicle/Gas/Maintenance	\$41,244	\$3,455	\$3,500
Dues/Subscriptions	\$145	\$214	\$400
Information Technology	\$2,128	\$45	\$75,000
Professional Fees (Inspection Services)	\$83,249	\$98,154	\$120,000
Continuing Education	\$0	\$400	\$550
<b>TOTAL</b>	<b>\$128,140</b>	<b>\$108,310</b>	<b>\$202,850</b>

### Building Safety Salary and Benefits – 1 FTE

<b>BUILDING &amp; SAFETY</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
<b>SALARIES - 1 FTE</b>	<b>\$127,481</b>	<b>\$112,516</b>	<b>\$105,200</b>
FICA	\$7,536	\$6,976	\$6,522
MEDICARE EXPENSE	\$1,762	\$1,631	\$1,525
ASRS RETIREMENT CONTRIBUTION	\$1,580	\$13,536	\$12,929
GROUP MED/DENTAL/LIFE/AD&D	\$12,558	\$14,370	\$15,196
VISION CARE	\$173	\$259	\$259
WORKMANS COMPENSATION	\$1,766	\$1,484	\$1,584
UNEMPLOYMENT INS.-DES	\$62	\$72	\$150
<b>SALARIES &amp; BENEFITS</b>	<b>\$152,918</b>	<b>\$150,844</b>	<b>\$143,365</b>





### **Planning and Zoning:**

The Planning and Zoning Division is charged with the orderly growth of the town through the implementation of the community's General Plan and Zoning Ordinance. The General Plan establishes broad policies for future development or redevelopment of property within the Town, while the Zoning Ordinance establishes the specific regulations pertaining to land use, density, and intensity of the development within the community. From time to time, special planning studies are conducted to assist in the development of new policies or regulations. The Planning and Zoning Division also coordinates with the Building Safety Division and Engineering Division to review permitting and compliance with zoning requirements. In addition, the Planning and Zoning Department works closely with the Economic Development Division to assist with Economic Development initiatives that will help to diversify and enhance the community's ability to provide core municipal services.

Accomplishments of note include the commencement of the General Plan Update process with the successful hire of Michael Baker International, who to date was responsible for the required *Public Engagement Plan*, the *Existing Condition's Report*, the first community workshop, informational pop-up sessions, and online and hardcopy publication of a community-wide survey for all residents to answer. Together with staff, a concerted outreach effort was established that includes timely information on the Town's webpage, information flyers, email blasts, and public meeting updates.

Also, together with Economic Development, staff is nearing the completion of the *Comprehensive Sign and Circulation Plan for Town Center (CSCP)*. The *2015 Village Center Master Plan* clearly recommended the creation of a wayfinding signage system that carries a common theme through Town Center thereby enhancing the Town Center experience while also promoting local businesses. The *CSCP* continues to go through a robust engagement process with the sign designs with a target of Town Council late spring. Planning staff also supported the Redevelopment Plan efforts, a key accomplishment for the Economic Development staff.

Last, the Town adopted new regulations pertaining to short-term/vacation rentals, including the creation of a permitting process intended to better manage nuisance issues related to these rentals and "bad actors", who have continually disturbed the peace and tranquility of Carefree neighborhoods. It also provides for better communication with properties as well as for a process to deal with such offenders.

As Carefree continues to grow, maintaining it as a "distinctive, premier upper Sonoran community" will require careful attention to its development policies and regulating documents. Staff are charged with and continue to uphold the Town's vision and values as it pertains to the physical growth of the community.

1. Provide professional and thorough guidance and coordination of all land planning and development activities.
2. Facilitate public participation and awareness of projects and/or zoning cases through public participation requirements.
3. Implement the Town's regulations and policies fairly and consistently.
4. Treat all customers in a respectful and helpful manner.



#### Accomplishments Fiscal Year 2022-2023:

- Processed 30 Zoning Applications/Preapplications including 3 Text Amendments, 7 Mountainside, 1 Appeal, and 1 Wall Height Waiver.
- 12 Public Meetings/Public Hearings/Work Sessions including Town Council.
- Crafted Issued Several Zoning Verification/Ordinance Violation Letters including Court Appearances.
- Answered several public records requests as it pertained to the Planning and Zoning Division.
- Supported the facilitation and issuance of building permits, right-of-way permits, and other development-related activities.
- Reviewed approximately 140 Building Permits for compliance with the Town's Zoning Ordinance, including 32 new single-family residential lots and 10 condominiums.
- Conducted approximately 80 site inspections over the course of the Fiscal Year to include building permit pregrades and final inspections, zoning cases, and investigation of construction concerns or other complaints.
- Authored the short-term/vacation rentals Ordinance including creating the application forms, the process, web page content, and outreach language.
- Hired *General Plan* consultant and seamlessly began *General Plan Update* process.
- Maintained new archival system for the Planning and Zoning Division.
- Completed public process for approval of *Master Signage and Access Plan*.
- Successfully managed the transition of new Planning and Zoning Commission Members.
- Participated in MAG Committee Meetings on a regular basis.
- Maintained Arborist License and received Records Management Certification.
- Performed several public notaries services.
- Addressed Numerous Walk-ins/Phone calls/Development Questions.
- The management of the Cave Creek Cemetery includes updating and maintaining cemetery maps and records, coordinating with family members, and staking plots.

#### Goals for Fiscal Year 2023-2024:

- Continue to manage the *General Plan* update process.
- Set goals with and continue to support efforts related to implementing the *Redevelopment Plan for Town Center* under the Economic Development Division.



- Coordinate with Economic Development to continue to explore and diversify Carefree’s tax base to enhance the Town’s ability to offset inflationary increases to core municipal services and maintain a quality community.
- Begin to implement the *Master Signage and Access Plan* for Town Center.
- Create a new fee structure for Planning and Zoning applications.
- Continue to archive and maintain all Planning and Zoning Division’s vital records.
- Continue training and support of the Planning Clerk for building permit reviews and increase permit review responsibilities.
- Continue to manage zoning cases and entitlement processes.
- Continue to provide a high level of customer service.

### Planning and Zoning Operational Expenses

PLANNING & ZONING	FY22 Actual	FY23 Estimate	FY24 Budget
Office Supplies	\$2,974	\$3,256	\$5,025
Vehicle/Gas/Maintenance	\$2,872	\$2,684	\$3,200
Dues/Subscriptions	\$1,214	\$1,150	\$1,700
Information Technology	\$2,453	\$2,450	\$10,000
Professional Fees (General Plan)	\$0	\$45,000	\$90,000
Continuing Education	\$569	\$510	\$950
<b>TOTAL</b>	<b>\$10,082</b>	<b>\$55,050</b>	<b>\$110,875</b>

### Planning and Zoning Salaries and Benefits – 2 FTE positions

PLANNING & ZONING	FY22 Actual	FY23 Estimate	FY24 Budget
<b>SALARIES - 2 FTE</b>	\$162,731	\$180,159	\$184,114
FICA	\$9,398	\$11,179	\$11,415
MEDICARE EXPENSE	\$2,198	\$2,424	\$2,670
ASRS RETIREMENT CONTRIBUTION	\$20,195	\$21,691	\$22,628
GROUP MED/DENTAL/LIFE/AD&D	\$25,042	\$24,017	\$25,604
VISION CARE	\$367	\$367	\$367
WORKMANS COMPENSATION	\$1,159	\$1,820	\$1,875
UNEMPLOYMENT INS.-DES	\$123	\$225	\$235
<b>SALARIES &amp; BENEFITS</b>	<b>\$221,213</b>	<b>\$241,882</b>	<b>\$248,908</b>



### **Code Enforcement:**

The Code Enforcement Officer works with Town staff and the community to address Town Code compliance issues in a fair and equitable manner. Additionally, this Division manages the issuance of business licenses and vendor certificates during special events. From time to time, the Division will also work in association with the Town's first responders to address emergency preparedness, provide office support and assist in bailiff services for the municipal court.

### **Accomplishments in FY 2022-2023:**

- Respond to citizens' complaints of code violations.
- Prepares a descriptive summary report on conditions and findings regarding each case investigation to document potential violations for case preparation.
- Prepares notices of violation to be sent or served directly upon violators after inspection; communicates with alleged violators regarding findings, the process they will be involved in, and the resolution of the violation.
- Re-inspects violations for compliance, issues citations and notices to appear, and prepares reports as necessary.
- Appears in court or other judicial proceedings to submit evidence and case summaries for the enforcement/prosecution of criminal infractions of codes, ordinances and/or laws.
- Works in compliance with other departments that are engaged in code compliance tasks. (i.e., Town Administrator, Zoning Director, Building Inspector, Town Engineer, and Public Works).
- Process/Manage **258** in-town and **157** out-of-town Business Licenses.
- Process **416** vendor certificates associated with special events.
- Maintain Estate Sale process.
- Processing compliance issues and new licenses/certificates associated with Short Term Long Term Residential Rentals.
- Perform Traffic Control for public works.
- Performs data entry in computer as necessary.
- Open and close visitor center.

### **Emergency Management Coordination**

- Examine and revise emergency plans and procedures to make sure they comply with the most recent rules and regulations.
- Coordinate with the State and Local fire department, and police.
- Point of contact with Arizona Department of Emergency Management (DEMA).
- Duties as assigned.



## Court Security/Bailiff

- Provide security/Bailiff duties to Carefree-Cave Creek Municipal Court
- Daily pickup and return of Deposits.
- Duties as assigned.

## Synopsis

In 2022 there were 88 documented violations, the largest amount was:

- Sign Violations (59)
- Miscellaneous (21)\*
- Parking (14)

\*Miscellaneous violations include but are not limited to Building permit violations, Zoning Permit Violations.

**Table : Code Enforcement Operational Expenses**

CODE ENFORCEMENT	FY22 Actual	FY23 Estimate	FY24 Budget
Office Supplies	\$737	\$2,377	\$1,220
Vehicle/Gas/Maintenance	\$38,675	\$1,613	\$1,800
Information Technology	\$0	\$50	\$3,100
Continuing Education	\$0	\$0	\$200
<b>TOTAL</b>	<b>\$39,412</b>	<b>\$4,040</b>	<b>\$6,320</b>

**Table : Code Enforcement Salary and Benefits – 1 FTE**

CODE ENFORCEMENT	FY22 Actual	FY23 Estimated	FY24 Budget
SALARIES - 1 FTE	\$37,225	\$39,105	\$40,802
FICA	\$2,308	\$2,406	\$2,517
MEDICARE EXPENSE	\$540	\$563	\$589
ASRS RETIREMENT CONTRIBUTION	\$4,088	\$4,668	\$4,990
GROUP MED/DENTAL/LIFE/AD&D	\$9,035	\$10,050	\$10,487
VISION CARE	\$84	\$84	\$84
WORKMANS COMPENSATION	\$558	\$700	\$850
UNEMPLOYMENT INS.-DES	\$62	\$120	\$150
<b>SALARIES &amp; BENEFITS</b>	<b>\$53,900</b>	<b>\$57,696</b>	<b>\$60,469</b>



### ***Economic Development:***

Because the Town's financial model is dependent on the generation of sales tax, the Town must focus on economic development initiatives to diversify the tax productivity of its businesses. This diversification will permit the Town to reduce financial risk by balancing the elastic revenue streams of complementing tax-generating businesses with the costs of providing existing core municipal services. Since the Town of Carefree has a limited population, it is impossible for resident retail spending to support the delivery of Town services. Therefore, it is important that Carefree import dollars into the local economy focused on retail trade through the regional 20-to-30-minute commute and destination stay visitor travel and spending.

A huge challenge facing the Town of Carefree is build-out. Carefree is about 80% built out, at this point, and many of the remaining parcels of land are difficult to build putting Carefree close to functional buildout. For decades, Carefree has relied on one-time, construction sales tax revenue, as part of its ability to fund both the capital funds, as well as operational needs. Nearing functional build-out will cause a decline in the reliability of this revenue source in the future. This buildout will also influence state shared revenue. This per capita revenue will decline as Carefree stops growing, and the rest of the state continues to see significant growth. Build-out has also limited the available land left for potential commercial development.

The destination stay strategy is geared towards not only bringing visitors to Carefree, but also capitalizing on direct bed tax revenue as well. Additionally, Carefree would expect to capture a larger portion of visitors' stay spend, particularly on meals, if those visitors were staying in Carefree. Carefree is currently focused on 3 locations 1. Civana Wellness Resort 2. Hampton by Hilton 3. Future resort site at northwest corner of Tom Darlington and Carefree Drive, which was changed to a resort use per a general plan amendment in 2021.

In 2023, the Town approved the Village Center Redevelopment Plan (VCRP). This plan takes a comprehensive look at needs for revitalization and future development. As a component to the VCRP, the Economic Development Division, working cooperatively with the Planning Division, took on responsibility for the tasks outlined in the implementation schedule. This plan is currently in process and will be a focal point for implementation in 2024. Additionally, the Town is in the process of a Signage, Circulation and Parking Plan, a key deliverable outlined in the VCRP, for which we will be preparing future budget needs. This plan will address wayfinding and branding signage, parking access and availability and pedestrian, bike, and vehicular access to Town Center from both neighboring Carefree residents, as well as visitor traffic to Carefree. A key factor for the redevelopment and revitalization effort will be to also examine how the business development goals align with a wider array of community goals such as better pedestrian connectivity and safer streets.

Continued effort will be made to facilitate regional/neighborhood retail on the northeast corner of Cave Creek Road and Carefree Highway. In 2021, the Town of Carefree and Carefree Water Company



were successful in acquiring the water rights and right to serve the 24-acre commercial corner. Infrastructure to serve the corner is in a process of development and will allow for development to occur on this site. This location represents the last neighborhood commercial area and will allow Carefree the opportunity to capture a significant amount of retail spending from the 20-commute shed.

Marketing and events are also a key component to the Carefree economic development model. The Economic Development Division will work closely with Communications on building a sensible and robust platform which encourages community events and activities, advertising and outreach supporting the retail brand concentrations. ROI will be an important factor in how events and marketing will occur, and the Town will look for ways to leverage private sector participation. The Thunderbird Fine Art and Wine Festivals will remain Town Center's signature event.

As the Town looks at its economic development objectives, the key is to ensure compatibility of uses and maintaining the unique nature and healthy mix of Carefree businesses. The Economic Development Division will diligently work with the business community to not oversaturate the economy and build around brand pillars. Return on Investment is a critical factor in evaluating future success, where ROI measures both direct and indirect revenues received vs. costs to operate the economic development program.

#### Key Accomplishments Fiscal Year 2022-2023:

- Planning and Zoning Approval for the Signage Plan.
- Town Council approval for the Village Center Redevelopment Plan.
- Grew the events at the Sanderson Lincoln Pavilion and Carefree Gardens.
- Began putting together merchant groups.
- Expanded relationships with key property owners.
- Continued the growth of Third Thursday Art Walks.

#### Goals for Fiscal Year 2023-2024:

- Implementation of the Redevelopment Plan
  - Strategize redevelopment of Town Hall site.
  - Zoning and Design Review changes for Town Center.
  - Implement Revitalization Programs.
  - Work cooperatively to enhance the business environment.
  - Engage residents to enhance public programming.
  - Work on practical fixes for Parking and Alleyway/Median beautification.
- Development of the Two major intersections on Carefree Highway.
- Renew the Agreement with Sanderson Lincoln for the Pavilion.





The following two tables outline the expenses associated with the Economic Development Division.

**Economic Development & Marketing Operational Expenses.**

<b>ECONOMIC DEVELOPMENT</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Office Supplies	\$690	\$0	\$0
Dues/Subscriptions	\$738	\$827	\$850
Community/Season Events	\$2,913	\$3,037	\$17,000
Garden Seminars	\$1,251	\$1,250	\$1,250
Printing/Digital Media/Creative	\$13,451	\$20,774	\$59,400
Information Technology	\$516	\$0	\$0
Continuing Education	\$1,377	\$2,000	\$4,000
<b>TOTAL</b>	<b>\$20,936</b>	<b>\$27,888</b>	<b>\$82,500</b>

**Economic Development Salary and Benefits – 1 FTE.**

<b>ECONOMIC DEVELOPMENT</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
SALARIES - 1 FTE	\$128,691	\$134,598	\$138,721
FICA	\$7,108	\$8,531	\$8,601
MEDICARE EXPENSE	\$1,662	\$1,995	\$2,011
ASRS RETIREMENT CONTRIBUTION	\$15,970	\$16,553	\$17,049
GROUP MED/DENTAL/LIFE/AD&D	\$12,439	\$10,754	\$15,453
VISION CARE	\$291	\$291	\$291
WORKMANS COMPENSATION	\$325	\$250	\$275
UNEMPLOYMENT INS.-DES	\$62	\$62	\$100
<b>SALARIES &amp; BENEFITS</b>	<b>\$166,548</b>	<b>\$173,034</b>	<b>\$182,501</b>



## **PUBLIC WORKS DEPARTMENT:**

The Public Works Department manages and maintains many of the Town’s capital assets including but not limited to public streets, drainage culverts within public rights-of-way, Town street signs, the landscape within public rights-of-way and facility maintenance Town-owned buildings and amenities. Many of these tasks require additional regulatory management to ensure compliance with the Town’s MS4 permit, dust control permits and application of any chemicals. The Town Engineer oversees these regulatory compliance requirements as well as ensures the facilities and amenities of the Town are resourcefully used and maintained over time.

The following two tables outline the total expenses associated with the Public Works Department, which includes the Town Engineering Division and Streets/Facilities Division.

### **Summary of Public Works Operational Expenses:**

<b>PUBLIC WORKS</b>	<b>FY22 Actual</b>	<b>FY23 Estimated</b>	<b>FY24 Budget</b>
<b>Streets/facilities</b>	\$265,692	\$281,079	\$370,326
<b>Chambers</b>	\$27,134	\$49,255	\$50,550
<b>Desert Gardens</b>	\$128,066	\$167,907	\$227,660
<b>Engineering</b>	\$15,887	\$28,042	\$167,350
<b>Total</b>	<b>\$436,779</b>	<b>\$526,283</b>	<b>\$815,886</b>

### **Summary of Public Works Expenses – 5 FTE positions:**

<b>PUBLIC WORKS</b>	<b>FTE's</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
<b>Town Engineer</b>	<b>1</b>	\$127,296	\$134,397	\$143,075
<b>Streets/Facilities</b>	<b>4</b>	\$334,302	\$361,320	\$379,396
<b>TOTAL</b>	<b>5</b>	<b>\$461,598</b>	<b>\$495,717</b>	<b>\$522,471</b>



### ***Town Engineer:***

The Town Engineer oversees governmental regulatory compliance requirements and ensures the best maintenance practices are used to manage capital improvements and assets effectively and efficiently. The Town Engineer ensures regulatory compliance requirements, coordinates public work activities, addresses questions pertaining to drainage concerns, processes grading, and drainage permits and manages as well as updates the five-year Capital Improvement Plan.

#### Accomplishments for Fiscal Year 2022-2023:

- Updated the five-year Capital Improvement Program.
- Complied with continuing education requirements of MS4 General Permit.
- Completed and managed Dust Control permitting requirements.
- Completed numerous drainage repairs and street repairs including guardrail installation.
- Conducted more than 92 final inspections for grading and drainage compliance and reviewed plans for compliance issues.
- Reviewed and approved over 75 rights-of-way permits and conducted a pre-construction meeting for each one.
- Coordinated the updated 10-year Pavement Management Plan.
- Attained grant funding from MAG for three crosswalk improvements.
- Supervised the design for a major drainage improvement.
- Coordinated with MAG a future-funded street improvement project on Pima Road.
- Managed and inspected street maintenance projects.
- Carried out solutions for more than 60 resident issues or complaints.
- Supervised the construction of improvements to Cave Creek Road.
- Managed maintenance and repair of Town Center lights and initiated a repair that promises to reduce the amount of maintenance to the lighting.
- Coordinated maintenance program and repairs within the gardens.
- Provide technical review of subdivision and development applications to the Planning and Zoning Board, particularly related to stormwater management and site design.
- Perform inspections of new development projects, road construction, and related improvements.
- Develops programs to monitor and report for environmental compliance (State and Federal).
- Conduct special projects, such as stormwater management studies, traffic calming issues, and environmental permitting applications.
- Reviewed and approved for payment client invoicing.



Goals for Fiscal Year 2023-2024:

- Ensure continued regulatory compliance and training.
- Update the program to maintain culverts.
- Use the updated Town’s Pavement Preventative Maintenance Plan to coordinate repair activities.
- Coordinate and manage a bid for a Pavement Maintenance Project.
- Oversee the design and construction of a drainage improvement project on Carefree Road.
- Supervise the design and construction of three Tom Darlington Crosswalk Improvements.
- Update the Town Administrator on all ongoing projects throughout the town.
- Continue to develop a replacement and maintenance schedule for the Town’s heavy equipment and vehicles.
- Continue to assist/oversee improvements to public rights-of-way and Town facilities.
- Seek grant/alternative funding for public works and engineering projects.
- Continue to conduct grading and drainage inspections and review plans for compliance issues.
- Continue to review and approve ROW permits for activities within the roadway environment.
- Assist town residents with complaints, permit application questions, and construction permit advice.
- Institute procedures and policies for traffic calming improvements.
- Work with staff to have a Tom Darlington Streetscape project become a reality.

The following two tables outline the expenses associated with the Town Engineering Division.

**Town Engineer Operational Expenses.**

<b>ENGINEERING</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Office Supplies	\$554	\$670	\$870
Vehicle/Gas/Maintenance	\$173	\$880	\$2,680
Dues/Subscriptions	\$242	\$542	\$1,500
Information Technology	\$300	\$300	\$300
Professional Service Fees (Pedestrian & Drainage)	\$13,544	\$24,000	\$160,000
Continuing Education	\$1,074	\$1,650	\$2,000
<b>TOTAL</b>	<b>\$15,887</b>	<b>\$28,042</b>	<b>\$167,350</b>



**Town Engineer Salary and Benefits – 1 FTE.**

<b>ENGINEERING</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
SALARIES - 1 FTE	\$103,500	\$109,700	\$116,532
FICA	\$6,641	\$6,801	\$7,225
MEDICARE EXPENSE	\$1,501	\$1,591	\$1,690
ASRS RETIREMENT CONTRIBUTION	\$12,844	\$13,197	\$14,322
GROUP MED/DENTAL/LIFE/AD&D	\$1,302	\$1,450	\$1,506
VISION CARE	\$0	\$0	\$0
WORKMANS COMPENSATION	\$1,446	\$1,538	\$1,650
UNEMPLOYMENT INS.-DES	\$62	\$120	\$150
<b>SALARIES &amp; BENEFITS</b>	<b>\$127,296</b>	<b>\$134,397</b>	<b>\$143,075</b>



### **Streets/Facilities Division:**

The Streets/Facilities Division is charged with managing and maintaining the Town's public rights-of-way, facilities, and assets. This includes keeping streets clean from debris, cleanup from vehicular incidents or animal debris, repairing damage to streets, helping to coordinate pavement maintenance projects including inspection requirements, manage/repair traffic signage, manage and repair Town Center Lighting, and oversee and assist in the management of public amenities, facilities, or properties.

Over the past year, the facilities staff have spent nearly 1,850 hours picking up trash along the arterial and collector streets within Carefree. This task is done on a weekly basis and ensures the Town major streets are free from trash and debris. The staff also spends approximately 2750 hours trimming, mowing, and regrading the shoulders of many of the public streets to mitigate encroachment of brush into drivers view and around signage while also reducing fire hazards within the community. Additionally, facilities staff perform maintenance and repairs within the Town Center Gardens that is beyond the scope of the current contracts for landscape and janitorial services. The staff spent approximately 2,000 hours repairing lights, painting surfaces and walls, setting up and tearing down seating and tables for Town events, installing holiday lights and the holiday tree, repairing the fountain, fixing, and repairing the fireplaces, and repairing damage from pets to aging infrastructure within the Town Center. Storm cleanup is another essential service provided by the facilities staff. This year's monsoon season was especially active with respect to larger than normal rainfall events and staff spent significant time cleaning the streets after these storm events. Depending upon the magnitude of the storm event this can take between several days to several weeks to conduct post storm cleanups.

Here's a highlight of additional tasks over the past year 2022-2023:

- Efficiently used brush chipper to better manage overgrowth of plant material along Town's rights-of-way.
- Thinned all tree canopies within the Town Center Gardens as well as on the arterial streets.
- Set up and removal of chairs/tables within the Sanderson Pavilion for Town gatherings.
- Repaired gas heaters within the gardens.
- Installed and took down the holiday lighting and holiday tree within the Gardens.
- Cleaned the cemetery and removed brush.
- Continued to repair all lights and electrical outlets covers within Town Center Gardens.
- Ensured all Town Center irrigation leaks were addressed immediately upon automated notification to mitigate water loss.
- Regularly removed trash along all Town roadways.
- Participated in MS4 training and conducted inspections.
- Installed speed humps on Bloody Basin Road.
- Conducted culvert inspections.



- Conducted intensive storm cleanups.
- Maintained pedestrian equipment to improve safety at crosswalk locations.
- Assisted town staff with placement and sitting for pet waste stations.
- Installed/repaired street signs and regulatory signs as required.
- Roadway sweeping activities.
- Fleet maintenance as required.

Goals for Fiscal Year 2023-2024:

- Ensure continued regulatory compliance and training.
- Continue and refine the program to maintain culverts.
- Continue to manage and maintain rights-of-way and Town facilities/amenities.
- Continue to coordinate infrastructure projects with street maintenance projects.
- Develop schedule for trimming along Town’s rights-of-way to improve sight lines and minimize wildland fire risk.
- Continue to work with Town Engineer to create replacement schedule for equipment with limited useful life.
- Coordinate with Town Engineer on Capital Improvement Plans and Projects.

The following two tables outline the expenses associated with the public Streets/Facilities Division.

**Facilities Salaries and Benefits – 4 FTEs positions.**

<b>STREETS/FACILITIES</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY23 Budget</b>
SALARIES - 4 FTE	\$231,928	\$252,131	\$266,856
FICA	\$14,026	\$15,632	\$16,545
MEDICARE EXPENSE	\$3,280	\$3,656	\$3,869
ASRS RETIREMENT CONTRIBUTION	\$28,783	\$30,331	\$32,797
GROUP MED/DENTAL/LIFE/AD&D	\$39,630	\$40,733	\$39,843
VISION CARE	\$743	\$591	\$591
WORKMANS COMPENSATION	\$15,665	\$17,896	\$18,445
UNEMPLOYMENT INS.-DES	\$247	\$350	\$450
<b>SALARIES &amp; BENEFITS</b>	<b>\$334,302</b>	<b>\$361,320</b>	<b>\$379,396</b>





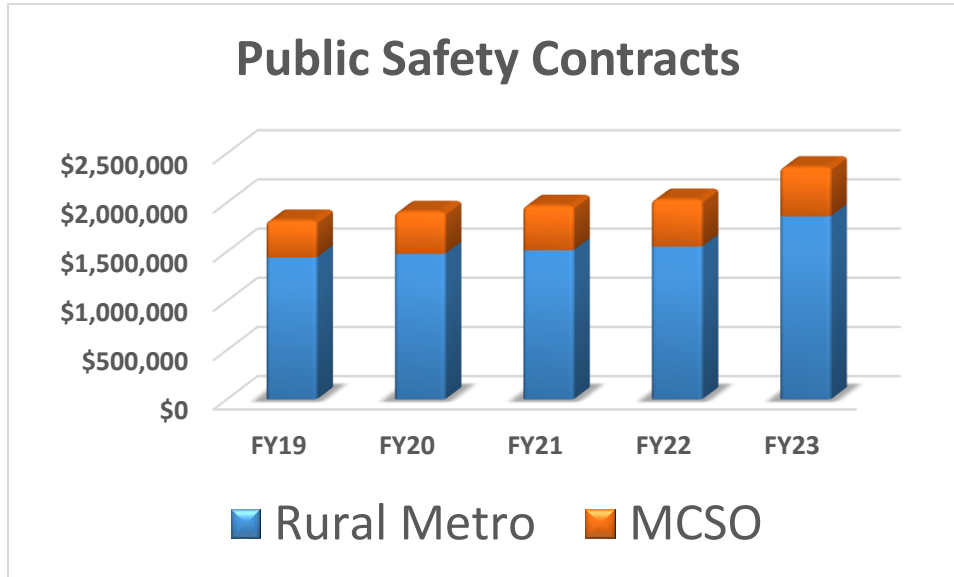
**Streets/Facilities Operational Expenses.**

<b>STREETS/FACILITIES</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Office Supplies/Uniforms	\$6,484	\$6,477	\$7,500
Equipment Rental & Maintenance	\$12,557	\$20,371	\$23,500
Fuel	\$16,674	\$16,652	\$17,500
Vehicle Maintenance	\$4,587	\$6,548	\$10,000
Materials/Chemicals	\$31,391	\$25,000	\$46,000
Signage	\$14,827	\$7,844	\$15,000
Equipment Purchase	\$60,350	\$51,847	\$120,000
Utilities/Trash/Landfill Fees	\$34,408	\$36,774	\$38,000
Permits	\$511	\$495	\$600
Storage Lease	\$3,726	\$3,726	\$3,726
Professional Fees (medians)	\$66,000	\$68,000	\$70,000
Building Maintenance	\$13,677	\$36,845	\$18,000
Continuing Education	\$500	\$500	\$500
<b>SUBTOTAL</b>	<b>\$265,692</b>	<b>\$281,079</b>	<b>\$370,326</b>
<b>Council Chambers</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Utilities	\$8,016	\$9,856	\$10,550
Janitorial Services	\$18,000	\$18,000	\$18,000
Building Maintenance	\$1,118	\$11,599	\$7,000
Technology (Audio Equipment)	\$0	\$9,800	\$15,000
<b>SUBTOTAL</b>	<b>\$27,134</b>	<b>\$49,255</b>	<b>\$50,550</b>
<b>Carefree Desert Gardens</b>	<b>FY22 Actual</b>	<b>FY23 Estimate</b>	<b>FY24 Budget</b>
Operation Supplies	\$25,340	\$20,086	\$40,000
Stucco Repair/Painting	\$0	\$45,000	\$75,000
Utilities	\$44,293	\$41,527	\$51,000
Restroom Supplies/Maintenance/Cleaning	\$58,433	\$61,294	\$61,660
<b>SUBTOTAL</b>	<b>\$128,066</b>	<b>\$167,907</b>	<b>\$227,660</b>
<b>TOTAL</b>	<b>\$420,892</b>	<b>\$498,241</b>	<b>\$648,536</b>



## Public Safety:

There are two independent service providers within the Public Safety Department: Law Enforcement and Fire and Emergency Services. These first responder services are provided to the Town through contracts with Maricopa County Sheriff's Office (MCSO) and Rural Metro. This contractual model permits the Town to have access to a broader range of services in the most economical manner. This cost-effective approach is important as the costs for municipally run public safety enterprises has grown exponentially throughout the state and



nation as the costs of public safety pensions continue to rise over recent years along with the costs to equip, train and retain these first responders.

On average, the costs to provide comprehensive public safety services make up over 40% of the Town's operational expenses. The adjacent table illustrates the escalating costs of these public safety contracts. In June 2022, the extension of

the Rural Metro contract came with an increase in costs by almost \$300,000 or 20%. This 5-year contract contains two terms, the initial term was 18 months which contemplated a potential transition to an automatic aid partner at that time. The contract automatically renews/continues in June 2023 for an additional 42 months if notice is not given to Rural Metro of such transition. Under the second term of the 5-year contract, the contract will escalate 2.5% each subsequent fiscal year. The expiration of this contract would be in June 2027.

Additionally, MCSO has provided their new costs for services for this next year. Those costs will increase by approximately 17% or \$85,000. Including these cost increases, public safety now combines to make up 41% of the town's operational costs.

These figures do not include any service level modifications to these public safety contracts or prosecution services fees, incarceration fees or animal control fees.



**Law Enforcement:**

MCSO is a fully integrated law enforcement agency that is charged with enforcing the State and local laws and deterring criminal activity. MCSO provides the town with a courteous and professional law enforcement agency that is supportive of community-based policing principles. All sworn personnel are required to meet and stay in compliance with established State training as defined by the Arizona Peace Officer Standards and Training (AZ POST).

The MCSO contract is based upon a cost recovery model for labor, training and equipping personnel, supporting equipment, supplies, staffing, office space, vehicles, and overhead/indirect costs. MCSO assigns 5 deputies to each beat which covers the community 24 hours a day, seven days a week. Carefree’s current contract contains .3 beats or 1.5 deputies for patrolling of the community. During high season, with the increase in traffic from October – March, the town increases the traffic patrol by 1 deputy for a total level of service of .5 beats during this peak period. Associated with each beat are a proportional share of MCSO’s hierarchy consisting of Detectives, Sergeants, Lieutenants and Captain/Commander.

At any time, the services can be amended to facilitate an increased level of service; however, any increase in service must be reconciled with a revenue stream to offset the increase in costs. Residents continue to express concerns regarding traffic speeds through their respective neighborhoods. A deputy cannot be in each of these neighborhoods 100% of the time to catch the bad actors. Therefore, the Town must seek a combination of options to discourage speeding. These options may include limited special enforcement periods, modifications to street design, additional digital speed signs and/or technology such as the use of photo radar to effectively address the resident’s concerns. The Town Engineer will work with MCSO to create an overall approach/policy to address these compliance issues. This approach will be discussed and considered at future Town Council meetings.

In addition to the MCSO contract, the Town contracts annually with Maricopa County Animal Control to manage stray animals. Also, separate from the expenses to operate the Consolidated Municipal Court the Town pays a fee to Maricopa County for incarcerations as well as prosecution service fees associated with cases processed through the Municipal Court.

**Budget of Law Enforcement.**

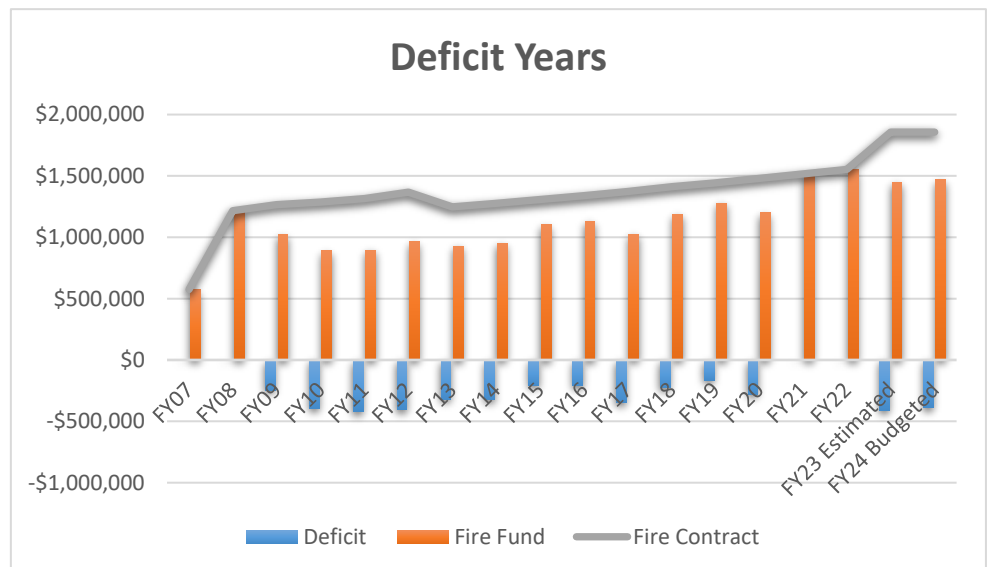
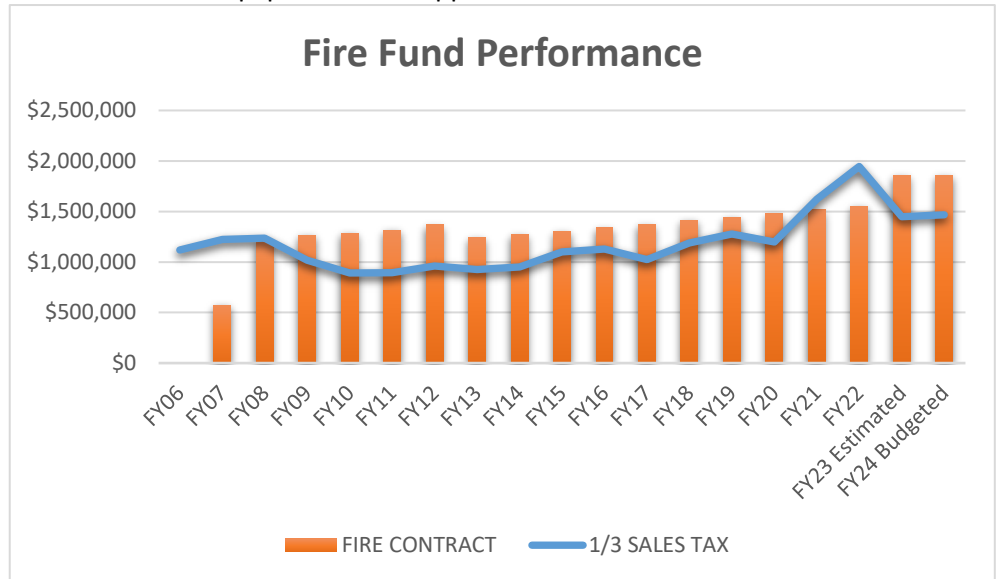
Law Enforcement Services	FY22 Actual	FY23 Estimate	FY24 Budget
MCSO Contract	\$476,599	\$499,287	\$583,349
County Jail Services	\$5,970	\$15,532	\$16,500
Town Prosecutor Contract CF	\$21,040	\$22,290	\$23,000
Town Prosecutor Contract CC	\$23,030	\$24,000	\$25,000
Animal Control	\$2,833	\$1,867	\$2,000
<b>TOTAL</b>	<b>\$529,472</b>	<b>\$562,976</b>	<b>\$649,849</b>



**Fire Department and Emergency Services:**

Originally, Town residents individually subscribed to emergency services with Rural Metro. In 2006, the Town assumed this financial liability and began to pay directly to Rural Metro for fire protection and emergency services for all Carefree residents, businesses, and property owners. Under this master contract with Rural Metro, the Town owns all facilities, furnishings, equipment, and apparatus while Rural Metro provides for the personnel to operate and manage the facilities and equipment. This approach removes the costs of these assets from the contract and provides a contract for the costs of labor.

The master contract is in part funded through a dedicated municipal sales tax of 1% or 1/3 of the total municipal sales tax collected. These revenues are placed into a dedicated fund called the Fire Fund. The blue line on the adjacent chart illustrates annual revenue generated by this 1% while the orange bars illustrate the annual cost of the Rural Metro contract. Where the orange bar tops the blue line is the deficit in the fire fund. This deficit has averaged approximately \$400,000 (illustrated in deficit years chart). In the early years, the sales tax was collected prior to the initiation of the master contract with Rural Metro. When the surplus funding was used the funding ran into a structure deficit until the recent high growth years. However, with the recent 20% increase in the master contract with Rural Metro in combination with economic slowing, a structure deficit will be experienced again.





According to data provided by Rural Metro, this past year (FY21-22) the Fire Department responded to 545 calls for assistance. According to the data, the average response time for a code 3 (emergency call) was 3 minutes and 5 seconds. The Town does not have data for 50% of the calls which exceed this reported average time nor does this data include the time from dispatch to when the vehicle leaves the station (turn-out time). Other area fire departments report the National Fire Protection Association (NFPA) standards (meaning 90% of the calls are below the reported time) and inclusive of the turn-out time.

The total calls include but are not limited to:

- 357 medical calls
- 58 snake removal requests
- 55 fires/fire related
- 25 traffic accidents
- 13 Public assistance
- 11 requests to check hazards

**Budget for Fire and Emergency Medical Services**

Fire & EMS	FY22 Actual	FY23 Estimate	FY24 Budget
Replacement/Maintenance Equip.	\$16,755	\$14,838	\$79,000
Fuel	\$6,876	\$6,264	\$12,000
Office Equipment Maintenance	\$1,419	\$2,500	\$10,000
Vehicle Maintenance	\$3,337	\$5,000	\$15,000
Capital (Brush Truck Grant)		\$88,500	\$159,000
Contract for Services	\$1,553,421	\$1,857,000	\$1,857,000
Building Maintenance	\$4,534	\$52,105	\$24,000
<b>Total</b>	<b>\$1,586,342</b>	<b>\$2,026,207</b>	<b>\$2,156,000</b>



## **Municipal Court:**

Municipal Courts have jurisdiction over violations arising under the town ordinances and codes in the communities the court serves. The court presides over civil traffic, criminal traffic, and misdemeanor violations set forth in state law. The court also issues protective orders when appropriate to citizens in need of specific court-ordered protection. Resolution of some criminal matters may include a trial by jury. Jurors are selected from the local community and must appear in court to participate in the jury selection process.

The Presiding Judge is appointed by the Town Council and serves a minimum term of two years. The Presiding Judge controls the calendar, supervises the operations of the court and court staff, and makes assignments for associated judges. The Presiding Judge appoints a public defender as required by state law. The appropriate compensation is determined by the Presiding Judge and the defendant must reimburse the cost of the public defender unless there is a finding of indigence by the court. To ensure that all court customers receive equal access to justice and in accordance with state mandates, the use of interpreters is provided at no cost to those customers in need of interpretation services.

The most significant fixed costs associated with the operation of the court are personnel. The personnel include the contracts for Presiding Judge, pro-tem judges, public defender, interpreter, court administrator, deputy clerk and bailiff. The Town Prosecutor is an additional labor expense that is not captured within the specific court budget but can be found under law enforcement services of the public safety department. The personnel costs make up approximately 3/4s of the court's annual expenses. Several years ago, the Towns of both Carefree and Cave Creek agreed that significant annual savings could be yielded to both communities if they shared the expenses of operating a municipal court. As a result, with the approval of the presiding Judge of the Superior Court, an Intergovernmental Agreement was executed between the two communities to share the expenses and operate one municipal court instead of two independent courts located just a few miles from each other. In return, this sharing of the costs associated with the personnel results in an approximate 50% savings to both communities rather than each town operating their own independent court. Furthermore, a single court location is less confusing for customers who must appear at the courthouse.

The provisions of the IGA required that the court operate within the Town of Cave Creek; however, the Presiding Judge is appointed by the Carefree Town Council and the judge selects the court administrator and deputy clerk(s). The Town of Carefree manages and pays all expenses associated with the operation of the court and in return Cave Creek pays Carefree a set monthly service fee to offset the court's operational expense. Furthermore, a large portion of the fines and assessments collected by the court are paid to the state and county as required by law. Any remaining monies collected are applied against the operational costs of the municipal court.

Each year, the court's financial practices are audited by an outside company to verify that current practices follow state and local mandates. The annual audit report is shared with the Town of Cave Creek, as set forth in the IGA.

The Presiding Judge and court staff ensure that they are providing the best service possible by attending continuing education programs as required by the Arizona Supreme Court. Attendance at educational conferences and training sessions assists the judge and staff in staying knowledgeable about the ever-changing



laws as well as improving customer service to all customers. In addition, continual active membership in professional associations is helpful in keeping up with policy changes at the county level.

The following tables outline the dedicated staffing levels, the overall summary of costs of operating each of the divisions within the consolidated municipal court, and the total number of charges filed in the court.

**Summary of all Municipal Court Positions.**

FTE Position	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Presiding Judge*	1.0	1.0	1.0	1.0	1.0
Pro Tem Judge*	3.0	4.0	4.0	3.0	4.0
Public Defender*	2.0	2.0	2.0	2.0	2.0
Interpreter*	1.0	1.0	1.0	1.0	1.0
Court Administrator	1.0	1.0	1.0	1.0	1.0
Deputy Clerk	1.0	1.0	1.0	1.0	1.0

\*Services provided through contracts.

**Summary of Types of Charges processed by the Court.**

Charges Filed	FY 19/20	FY 20/21	FY21/22	FY22/23*
Criminal (non-traffic)	32	32	36	9
<b>Criminal Traffic</b>				
Failure to Appear (traffic & non-traffic)	1	0	2	1
DUI	16	22	32	24
Serious Criminal Traffic	2	12	9	1
Other Criminal Traffic	25	13	37	16
Civil Traffic	921	1,388	1,539	771
Town Code	9	8	5	3
<b>Total</b>	<b>1,006</b>	<b>1,475</b>	<b>1,660</b>	<b>828</b>

\*FY 22/23 Figures include only the first half of the year (July 2022 — February 2023)





### Accomplishments for Fiscal Year 2022-2023

- Updated and created criminal and civil traffic forms to comply with law and rule changes.
- Created a form and procedure to comply with Defendants' new ability to seal their criminal records after an allotted amount of time (Petition to Seal).
- Revised the court's treatment order form and updated the court's treatment provider workbook to assist Defendants with the ability to identify a provider of their choice.
- Revised the court's policy, warning, and administrative order regarding the use of cameras and recording devices in the courtroom.
- Revised First Amendment auditor procedure.
- Completed a request by the Arizona Supreme Court to review and revise Chapter 13 of the Criminal Court Benchbook, utilized in statewide training and a published judicial resource.
- Created, implemented, and published the court's "Plan B" to comply with Arizona Supreme Court mandates requiring the availability and use of virtual court appearances.
- Implemented use of telephonic appearances for criminal cases on a limited basis to reduce foot traffic, prevent unnecessary travel, improve customer service, and ensure access to justice.
- Created a virtual plea packet to streamline telephonic change of plea proceedings.
- Implemented significant revisions to civil traffic bond card to reflect changes in the law and consistency with other jurisdictions.
- Implemented a new fingerprint compliance process to ensure all state departments receive accurate criminal records in a timely manner.
- Streamlined court process to improve customer service, safety of customers and staff and efficiently address cases on docket.
- Attendance at Presiding Judges meetings (monthly), Legislative Update meetings (weekly), West Valley Coalition meetings (monthly), East Valley Regional Veteran's Court meetings (quarterly); Court Administrator attendance at Limited Jurisdiction Court Administrators' Association meetings (monthly) to stay apprised of upcoming changes and best practices.
- Attendance at Annual Statewide Judicial Conference.
- Ensured court staff provided all resources and opportunities to attend state mandated training requirements.



- Implementation and continued migration of court forms, processes, and information to Microsoft Teams to facilitate centralized access for all court staff including a new jurisdiction tracking method.
- Held Security and Emergency Preparedness Committee meetings, reviewed and changed security protocols to conform with Arizona Supreme Court requirements and ensure safety of customers and court staff.
- Updated the court section of the Town's website with new information, including access to forms that enable the public to file motions/requests in an efficient and modern manner.
- Annual fiscal audit was performed with zero findings.
- Interviewed, hired, and onboarded the new Court Administrator.

#### **Goals for Fiscal Year 2023-2024**

- Continue to identify ways to streamline court processes and employ technology where appropriate to promote efficiency, improve customer service and access to justice.
- Continue to update and create court forms to comply with changes in the law and rules as needed.
- Continue to identify any security concerns and identify possible needs qualifying for grant funding to improve court and customer security.
- Continue to attend all materially relevant meetings and conferences to ensure best practices being employed at the court.
- Continue to evaluate for possible implementation changes to the court's website to include filing motions, making requests and payments.
- Identify materially relevant educational opportunities to enhance and improve court staff knowledge and performance of duties including enrollment into the Institute of Court Management.
- Evaluate internal court administrative orders for update and revision as needed.
- Implement new methods of community outreach and informational sessions.



The below Tables outline the subtotal of costs to operate the court. The summary below does not capture all the indirect costs outlined in the cost recovery model of the the Consolidated Court Intergovernmental Agreement.

**Consolidated Court Operational Expenses\***

Consolidated Court	FY22 Actuals	FY23 Estimate	FY24 Budget
Office Supplies	\$14,338	\$13,212	\$14,200
Software Services/Service Contracts	\$6,583	\$7,000	\$8,250
Interpreter	\$924	\$1,125	\$2,000
Juries	\$0	\$0	\$1,000
Public Defender	\$650	\$1,558	\$4,000
Magistrate	\$45,000	\$46,350	\$47,741
Magistrate Pro-Tem	\$350	\$500	\$1,000
Continuing Education	\$960	\$900	\$2,850
<b>TOTAL</b>	<b>\$68,805</b>	<b>\$70,645</b>	<b>\$81,041</b>

\*Divisional Expenses do not include prosecution fees, incarceration fees and indirect administrative overhead.

**Consolidate Court Salaries and Benefits – 2 FTEs**

COURT	FY22 Actuals	FY23 Estimate	FY24 Budget
<b>SALARIES - 2 FTE</b>	\$142,289	\$142,956	\$150,529
FICA	\$6,905	\$8,863	\$8,713
MEDICARE EXPENSE	\$1,615	\$2,073	\$2,038
ASRS RETIREMENT CONTRIBUTION	\$14,097	\$17,198	\$17,271
GROUP MED/DENTAL/LIFE/AD&D	\$16,413	\$18,749	\$18,841
VISION CARE	\$203	\$92	\$92
WORKMANS COMPENSATION	\$204	\$252	\$320
UNEMPLOYMENT INS.-DES	\$123	\$250	\$300
<b>SALARIES &amp; BENEFITS</b>	<b>\$181,849</b>	<b>\$190,433</b>	<b>\$198,104</b>



# Alternative Funds

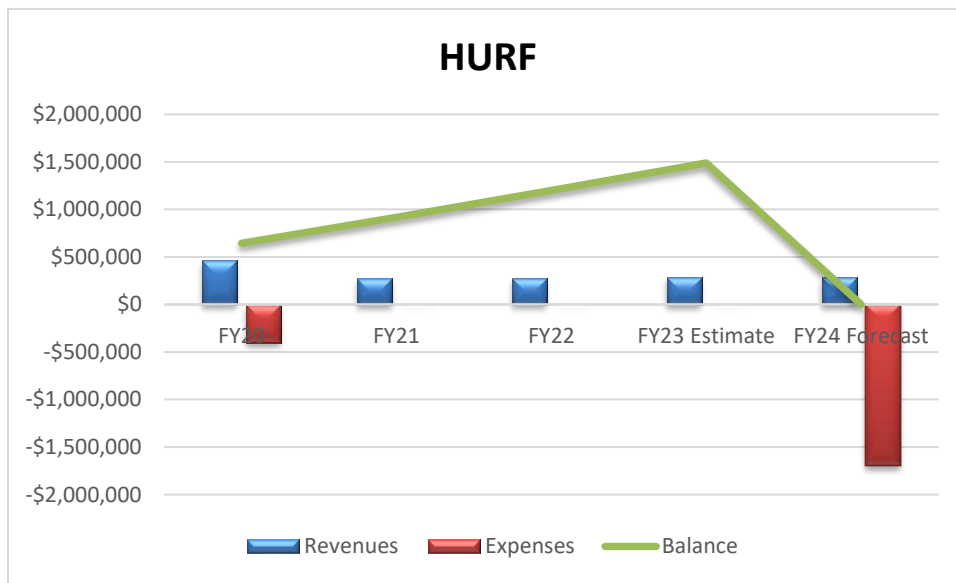
The General Fund is used to account for revenue and expenses associated with the Town’s annual operations. In addition to the General Fund there are numerous restricted funds which are for specific purposes as required by Arizona State Statute, Town Code, or policy. The following is an outline of these Funds.

## Highway User Revenue Fund:

The State of Arizona assesses a flat tax of eighteen cents per gallon of gasoline. The revenue generated from this tax in part goes to fund the Arizona Department of Public Safety, Arizona Department of Transportation, County Departments of Transportation, and municipal street improvements. In recent years, a portion of the excise taxes collected on adult-use of marijuana sales is also used to in part fund HURF. On a municipal level, this HURF funding can only be used for constructing, reconstructing, and maintaining roadways as well as traffic control devices and signage.

The Town has a ten-year public street pavement maintenance plan. This plan has been updated using technology called ROBATIC which is used to rate the pavement condition. This plan evaluates the level of

Five Year Balance of HURF



asphalt distress and defines treatments to reduce pavement oxidation and mitigate the deterioration of the street surfaces throughout the community.

The funds within the Highway User Revenue Fund (HURF) are used to in part offset the costs for the street maintenance projects. However, these funds are not sufficient to cover the balance of costs associated with the projects. As the chart indicates, HURF monies are saved over time and then

invested in the street projects. . The current balance of HURF is anticipated to be used for the street maintenance projects program in the upcoming FY24. It is important to note, as the asphalt continues to age, its useful life decreases, options should be considered to fund an asphalt replacement program throughout the community. It is anticipated that an asphalt replacement program for all public streets in Carefree would cost approximately \$40 million under today’s dollars and the present pricing of petroleum-based products. This figure does not include any associated curbing/gutter replacement or drainage feature upgrades nor any design/engineering expenses.



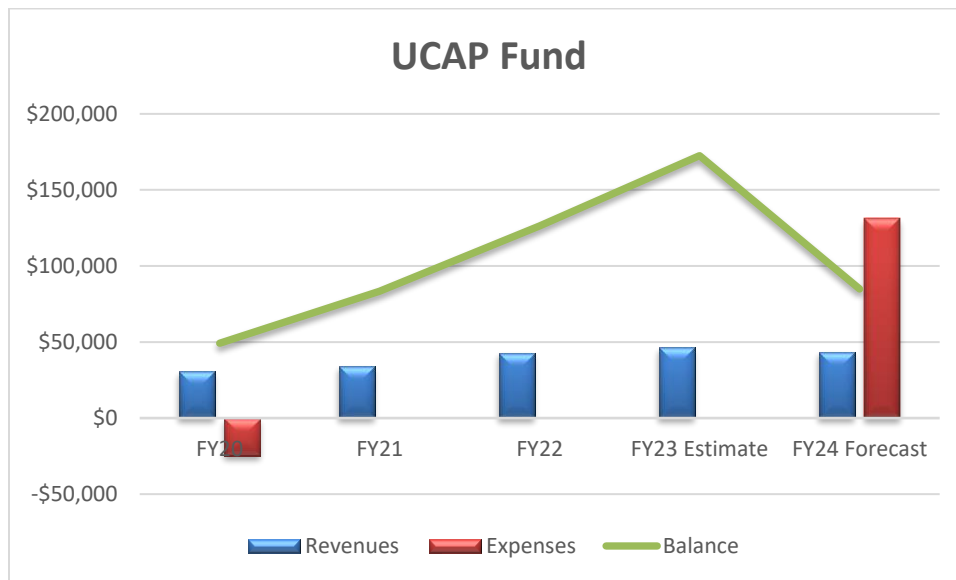
Approximately 3 years ago, the Town began the current cycle of Street Maintenance Projects. To date nearly 60% of the streets have been treated with a crack seal, fiber micro seal or a double chip/slurry cape seal treatment. With the completion of the water infrastructure improvement project the remaining 40% of the streets will receive a cape seal treatment. In addition, like the portion of Cave Creek Road on the east side of the community, the west portion of Cave Creek Road will receive a mill and new asphalt overlay to address the deterioration of the asphalt along this well travel arterial street.

**Utility Capital Expenditure Fund:**

This fund was established through the Southwest Gas Company franchise agreement to help address continual street maintenance resulting from trenching for utilities. This fund is annually recoverable by Southwest Gas Company if the Company claims improvements such as street repairs during a specific fiscal year. Any residual funds become Town funds at the end of the fiscal year and are used to help further offset street maintenance repairs.

As you can see from the chart below, there is a range in annual revenue which averages about \$30,000. These monies are saved and then subsequently invested in street maintenance projects over time. A residual balance of \$30,000 is typically maintained to ensure any claims by Southwest Gas for reimbursement can be funded.

**Five Year Balance of Utility Capital Expenditure Fund**





**Town of Carefree Utility Community Facility District Fund:**

In 1998, the Carefree Water Company was purchased through a Utility Community Facility District (UCFD). The guiding principles of this transaction was to diversify the Water Company’s water portfolio, alleviate its dependency on the community’s aquifer and provide additional fire suppressant capacity. To assist in these efforts, there was a Capital Advance as well as a Capital Lease established.

**Capital Advance** – Water Infrastructure that was originally paid for out of the Town’s General Fund is incrementally being paid back to the Town through a Capital Advance with zero percent interest. The lease agreement qualifies as a capital advance for accounting purposes and therefore, has been recorded at the present value of its future minimum payments as of the inception date. Charges for service from the Water Fund are used to reimburse the capital advance. Amortization of assets within the Water Fund acquired under the capital advance is included with depreciation expense. The Capital Improvement budget for FY24 anticipates a new advance of \$2 million. These funds will be invested in an upgrade to the Peaceful Place pump station and additional fire hydrants as well as the replacement of an undersized and deteriorating water line in the northern portions of Carefree known as the Highlands or Cow Track Estates. These neighborhoods are part of the original Carefree water service area. The additional fire capacity and hydrants will permit better fire protection in these neighborhoods during the wildfire season. This repayment of these funds will be added to the amortization schedule of the Capital Aid and advance loan. The current minimum capital advance obligations and the net present value of these minimum capital advance payments are illustrated in the table below. The new advance would be added to the back end of the repayment schedule:

**Current balance of the Town’s Capital Advance Loan to the Water Company.**

Payment Date	Payment Amount	Balance After Payment
June 30, 2023	\$207,170	\$1,145,635
December 31, 2023	\$10,000	\$1,135,653
June 30, 2024	\$10,000	\$1,125,653
December 31, 2024	\$50,000	\$1,075,653
June 30, 2025	\$50,000	\$1,025,653
December 31, 2025	\$100,000	\$925,565
June 30, 2026	\$100,000	\$825,653
December 31, 2026	\$100,000	\$725,653
June 30, 2027	\$100,000	\$625,653
December 31, 2027	\$207,170	\$418,483
June 30, 2028	\$207,170	\$211,313
December 31, 2028	\$211,313	0



**Capital Lease** – A million-gallon water reservoir was also transferred to the Water Company under a Capital Lease. For accounting purposes, the lease is recorded at the present value of its future minimum lease payments as of the inception date. Like the Capital Advance, amortization of assets within the Water Fund acquired under the capital lease is included with depreciation expense. Including this year, there are only 4 remaining payments.

**Balance of Capital Lease Loan to Water Company.**

Payment Date	Payment	Balance
June 30, 2023	\$244,764	\$1,205,326
June 30, 2024	\$244,764	\$960,562
June 30, 2025	\$244,764	\$715,798
June 30, 2026	\$471,034	\$0





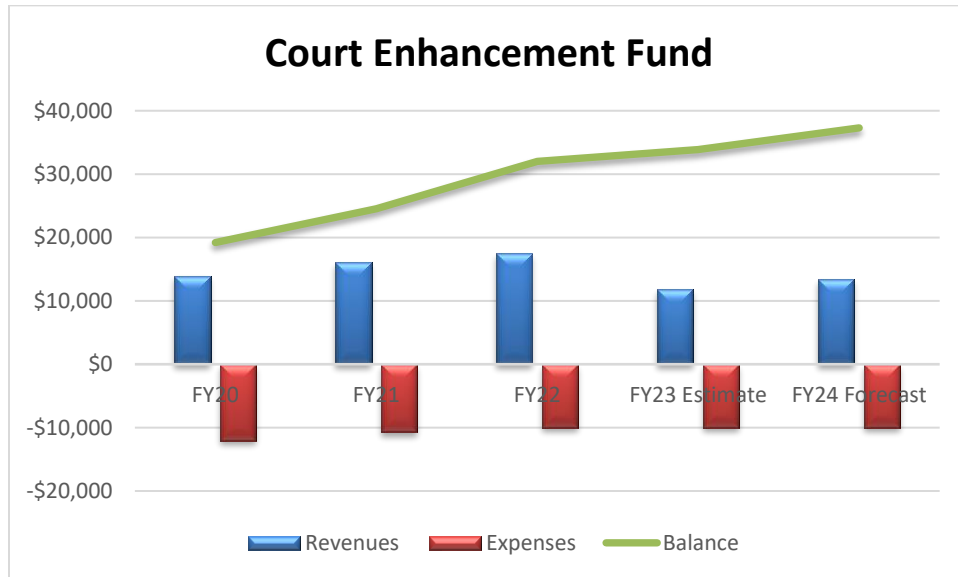
### **Municipal Court Funds:**

There are several dedicated Court Funds established by State statute: Court Enhancement, MJCEF and GAP. Although a minor revenue stream is associated with these restricted Court accounts their specific purpose is to support the judicial needs of the Court.

### **Court Enhancement Funds:**

The chart below outlines the revenues, expenses, and annual fund balance. Although there is not a significant number of monies within this fund, this balance is devoted to specific investments in court operations.

### **Five-Year Balance of Court Enhancement Funds.**

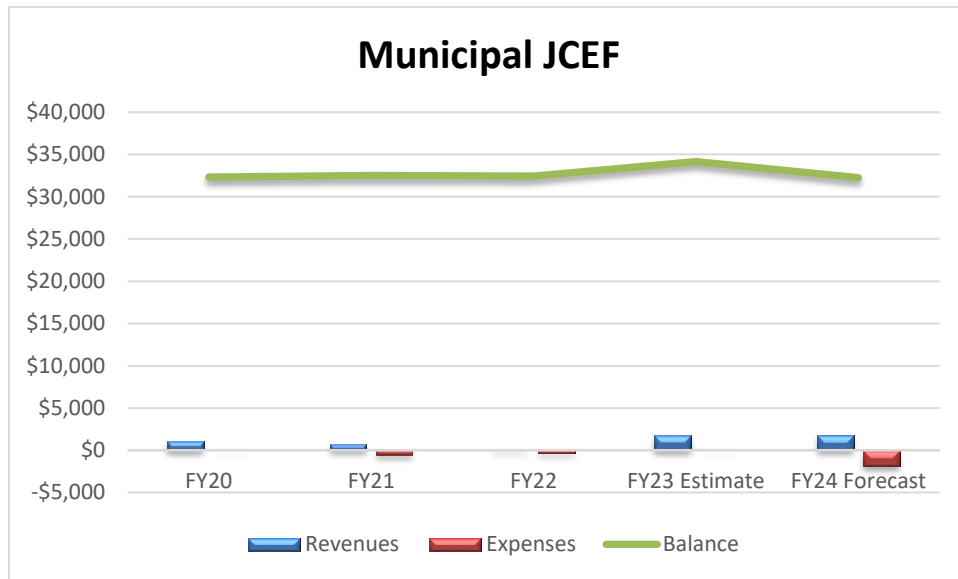




**MJCEF:**

The chart below outlines the revenues, expenses, and annual fund balance of MJCEF. These Funds are allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Over the last five years, there have been nominal expenditures from this Fund and thus the balance is less than \$33,000. This Fund can be used for future capital expenditures to support the court's needs.

**Five Year Balance of Court Restricted MJCEF Funds.**

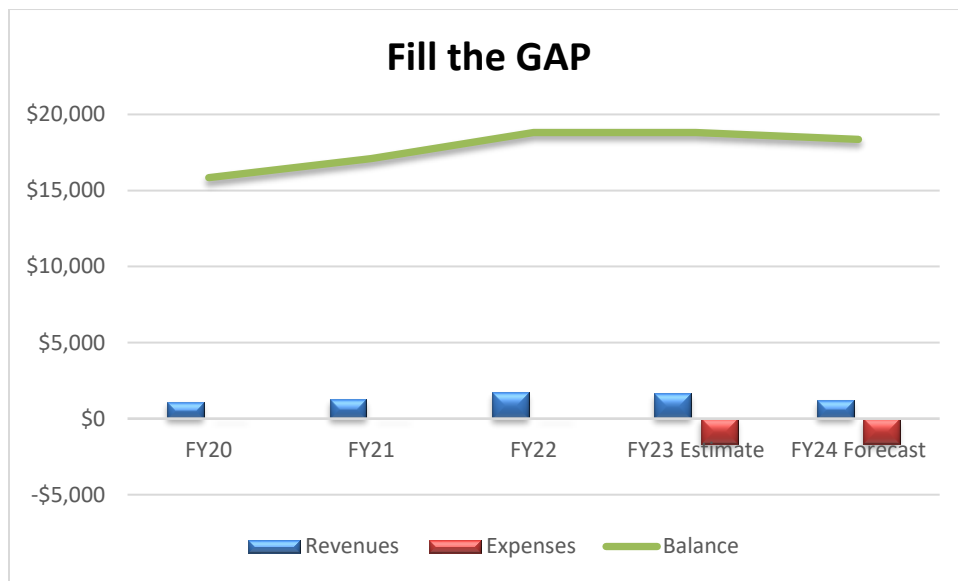




**GAP:**

The chart below outlines the revenues, expenses, and annual fund balance of GAP. This Fund is allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Like MJCEF, over the last five years, there has been limited expenditures from this Fund and thus the balance is approximately \$18,000. This Fund can be used for future capital expenditures to support the court's needs.

**Five-Year Balance of Court Restricted GAP Funds**



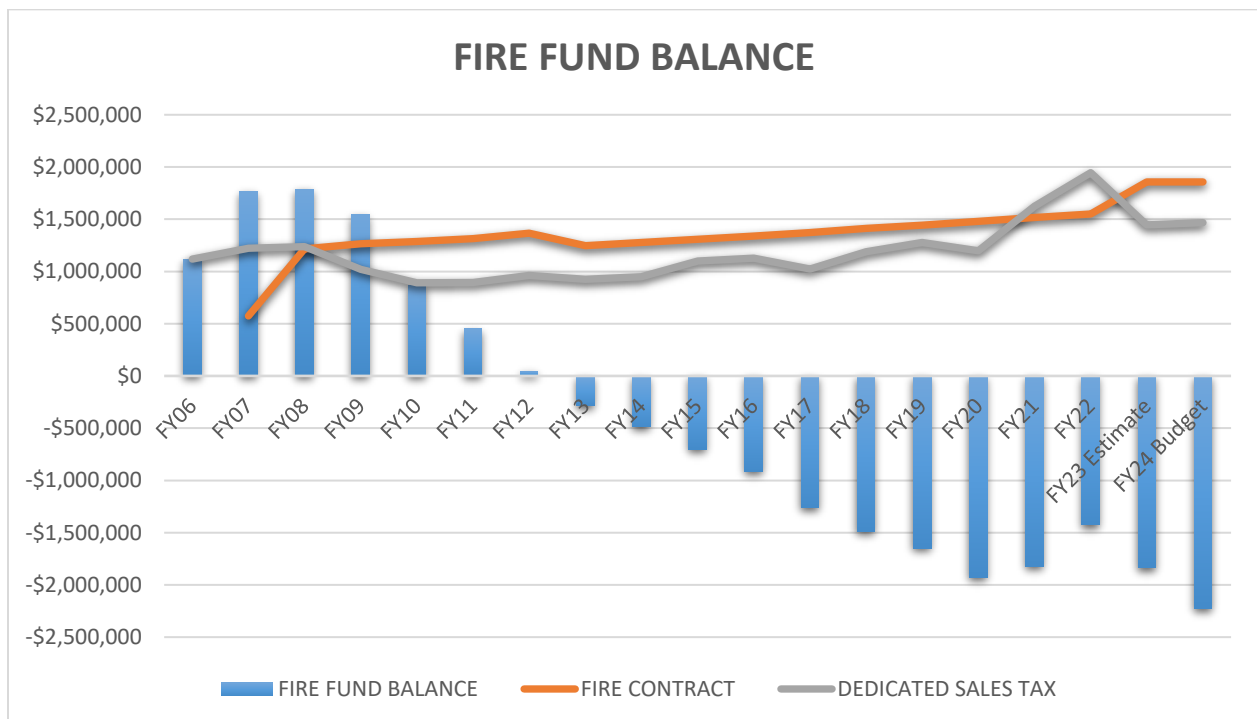


**Fire Fund:**

The Town assesses a total of 3% sales tax on retail products purchased within the Town. One-third of this assessment on retail products is earmarked to the Fire Fund. The Fire Fund was originally established in 2006 to pay for the master contract with Rural Metro. As depicted in the chart below, this Fund historically has not covered the costs of the master contract with Rural Metro and therefore contains what is termed a structural deficit. This deficit has averaged around \$400,000 per year and must be paid out of the Town’s operational funds. This is not a long-term sustainable solution as this supplement from the operational funds creates organizational insolvency as the dependency of the supplement grows over time. The orange line in the below chart illustrates the cost of the Rural Metro contract. The gray line illustrates the dedicated sales tax designed to pay for this contract. As the graph illustrates, when the gray line is below the orange line a structure deficit is being experienced. Inversely, when the gray line is above the orange line a surplus is experienced. In the early years of the contract, a surplus was realized since the sales tax started to be collected in 2006 and the contract did not begin until halfway through the 2007 fiscal year. In recent years, due to the economic growth being experienced in the macro economy a surplus was realized again, however, this was short-lived as the increase in the contract outpaced these economic gains. The blue bars indicate the initial surplus and subsequent overall deficit of the fire fund. Currently, the fund has an overall deficit of over \$2.2 MM.

In June 2022, the contract with Rural Metro was renewed for a total of five-years with a provision to cancel this commitment after 18-months if the community supported a transition to the regional Automatic Aid system. Based upon the recent community vote, the community supports continuing its relationship with Rural Metro thereby the contract automatically renews for an additional 42-months to fulfill the 5-year term.

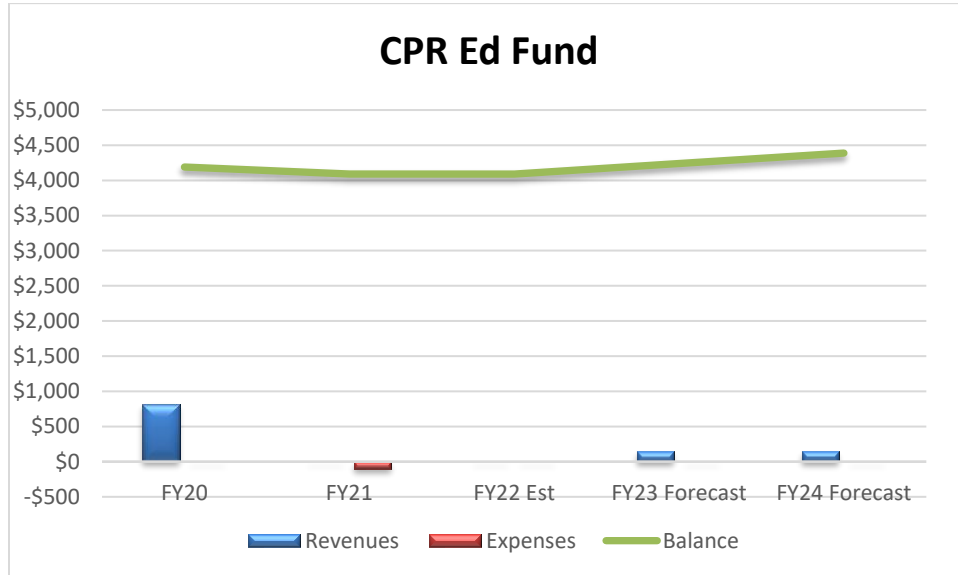
**Fire contract structural deficit:**





**CPR Fund:**

As part of the master contract, the fire department conducts a CPR program. The revenues and expenses associated with this program are captured within this specific Fund and simply reimburse the costs of the program for supplies. During the COVID pandemic these classes were not held and therefore, the balance of the funds has remained at around \$4,250.

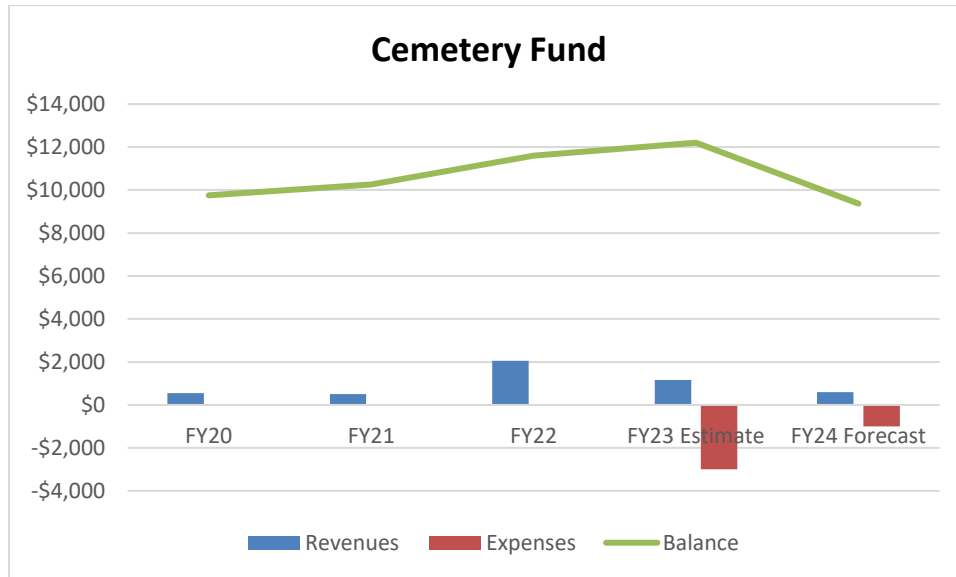




**Cemetery Fund:**

The Town operates a small cemetery located south of Cave Creek Road on the east side of Pima Road. These funds are collected to cover general maintenance of the cemetery. The Town conducted an extensive cleanup this past fiscal year. Currently, the balance for this Fund is just over \$12,000.

**Five Year Balance of Cemetery Fund.**





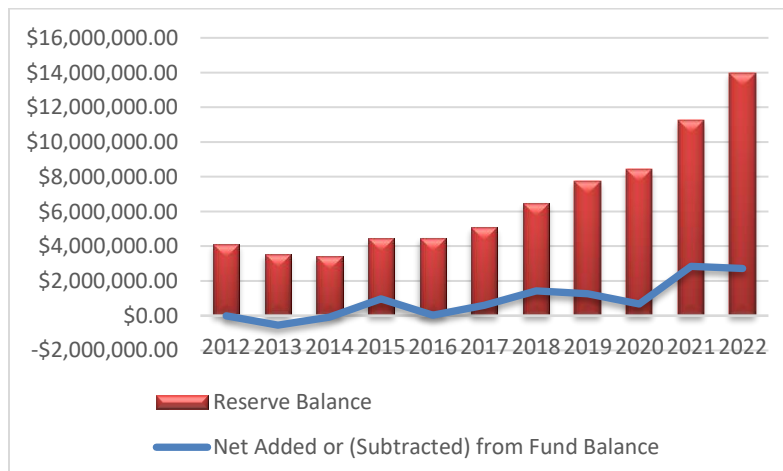
## CAPITAL RESERVE FUNDS:

The Town's largest financial asset/liability is its 110 miles of public streets. Like a privately run homeowners association (HOA), money is annually set aside to offset the costs associated with maintaining the subdivision's infrastructure. In a homeowner's association, a Capital Reserve Study forecasts the useful life of the subdivision's infrastructure and the associated costs to maintain and extend the life of the asset. In a municipality, that same process is called a Capital Improvement Plan (CIP). Through each of these documents (HOA Reserve Study & Municipal CIP) costs are identified and the responsible governing body ensures funding is incrementally set aside to reinvest in the community's aging infrastructure. Failure to maintain these capital reserves results in deferred maintenance and the rapid deterioration of the aging infrastructure and thus higher repair costs. Therefore, due to the tremendous financial liabilities associated with infrastructure maintenance, it is imperative to adequately fund these capital reserves to pay for the ongoing financial commitment of these expensive infrastructure maintenance projects.

The Town has been managed in a financially conservative manner. In doing so, one-time sales tax revenues generated from new construction have contributed to the increase in the Capital Reserve Fund during high-growth years. This one-time savings enables a pay-as-you-go approach rather than a debt service approach. As the community reaches buildout, these one-time revenues will significantly diminish however, the costs to maintain the aging infrastructure will only increase. Therefore, since this revenue stream is volatile and not sustainable it is imperative to ensure the integrity of today's revenues is available to fund the expanding costs of the aging infrastructure.

The Capital Reserve Funds have been used to fund multiple millions of dollars in street maintenance projects, Town Center improvements, Public Works equipment, and the purchase of buildings for the Town Hall, Town Council Chambers and Fire Station, and all associated emergency equipment and apparatus. As these assets and infrastructure age, the Town will need to prioritize competing needs with these finite resources. The costs projections to maintain streets and other Town infrastructure exceeds the total savings the Town currently has allocated to reinvest in its aging infrastructure. Therefore, it is critical to continue to maximize savings and seek grants to help offset these expanding costs.

### Balance of Capital Reserve Fund







## Capital Improvement Program

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Currently, the community is seeing significant reinvestment in older homes. Many of these homes, due to their age, are being updated to address the desires of the existing market and new technology. Similarly, over time, the Town's supporting infrastructure needs to be updated.

### *Streets:*

One of the Town's largest capital assets and liabilities is the public streets serving the community. These streets are subject to the extreme heat and rays of the harsh desert sun. As a result, there is significant oxidation which leads to the drying and cracking of the asphalt and the degradation of the street surface. To reduce the impacts of these natural environmental conditions on the streets the Town regularly performs cycles of street preventative maintenance. This is done by observing the various forms of asphalt distress and rating the pavement condition index (PCI). This helps to identify the various forms of maintenance including but not limited to crack seal, fog seal, slurry seal, chip seal, mill, and overlay. The Town last conducted a pavement evaluation in 2022. The Town is in the middle of its current street maintenance cycle with approximately 65% of the streets retreated. The next 35% will require between \$6-\$8 million in repairs. The Town anticipates it will complete the current street maintenance cycle over the next three fiscal years.

In addition to the maintenance of the street surface, there is infrastructure associated with the street including pedestrian crosswalks, signage, and drainage outlets. Each of these assets will need to be maintained and or improved over time. Furthermore, as a new generation of residents moves into town, as is typical, there are requests for additional signs, crosswalks, sidewalks, street modifications, intersection modifications and landscape modifications. These requests must be reconciled with a cohesive plan to prioritize the projects and create a sustainable funding mechanism. Current Town capital reserve funds are earmarked to maintain the existing aging Town assets. The introduction of new infrastructure should provide for a new separate funding mechanism to ensure an imbalance is not created resulting in the inability to maintain existing, aging infrastructure.

### *Drainage Facilities:*

The Public Works Department performs maintenance on several hundred drainage culverts that are located underneath the Town's public rights-of-way. The Department has an inspection schedule to clean debris from the entrance and exits of these culverts. Many times, the bed of the wash leading into these culverts will fluctuate. This results in sedimentation deposits within these culverts. Typically removing this sedimentation does not increase the capacity of the culvert as the sedimentation levels will always reach their equilibrium with the bed of the wash. Therefore, the focus of the public works efforts is to minimize/remove brush and debris that would inhibit flows into the culverts and ensure the integrity of wing/headwalls are maintained to push the water through the culvert. Over time, some of these culverts and headwalls will need additional maintenance.



### *Public Buildings:*

The Town owns numerous buildings which house various administrative functions. Over time, as any capital asset ages, funds will need to be reinvested, to recondition and repair the asset. Below is a description of the five town-owned buildings/facilities.

- Town Council Chambers – This building is the most recent addition and was remodeled to facilitate public meetings. The ongoing maintenance costs are captured in the Town Administration budget. Some additional improvements in this next fiscal year may include some upgrades to the audio equipment to better capture recordings of meetings.
- Town Hall/Administrative Offices – The majority of Town staff work out of this building. The property is in a highly desirable and visible area near the new hotel, across from the Sundial and adjacent to Cave Creek Road. As a result, from an economic development perspective, it may be more appropriate to reposition the building/property for restaurant/retail uses rather than Town offices. However, the staff will need a suitable space to relocate to. Currently, the ongoing maintenance costs are captured within the Town Administration budget.
- Amphitheater multiple-purpose room – This room hosts the visitor center, storage, and changing areas for performances. Additionally, the eastern portion of the building provides public restrooms for the gardens and amphitheater. The ongoing costs to maintain this space are captured in the Town Center facilities budget.
- Fire Station – The fire station was built in 2006 and is part of the Town's fire safety program. The Town pays to repair all equipment and has incrementally replaced furniture or other equipment. Over the last several years, the most significant repairs have focused on the roof, the garage doors, resealing of windows, and the replacement of HVAC equipment.
- Public Works/Water Company – the Town owns the buildings which house both the Public Works Department and the Water Company. The Town has converted the lighting system to LED which provides for a higher quality of lighting at a lower monthly cost. In addition, the roofs of both the Public Works and the Water Company buildings have been redone. The ongoing maintenance of these spaces is captured in the Public Works Department budget.
- Lease Space – the Town leases a privately owned lot adjacent to the Public Works facility to provide capacity to store material and equipment to support the Facilities team.

### *Town Center:*

Within the Town Center is a significant amount of public infrastructure/assets within and around the Town Gardens. From the streetlamps to directional signage and landscape to the amenities within the gardens such as the amphitheater, restrooms, splash pad, playground, fountains, and pet stations. Due to the heavy use of these assets over time, they will need to be refreshed. Additionally, new ways of managing space need to be introduced to mitigate damage that is occurring from vandalism and from the frequency of pets relieving themselves. This has included but is not limited to landscape replacement, security cameras, replacement of metal poles, ceramic painting of surfaces, and retreatment of other paved surfaces. Additionally, pet relief



stations have been installed to help minimize damage occurring from pets urinating on plant materials and other surfaces.

Over the balance of the next fiscal year, the following items in the table below have been identified as the current fiscal year priorities/expenses and the anticipated revenue offsets.

### Fiscal Year Capital Projects

Capital Projects	FY24
<b>Drainage (Flood Control District)</b>	\$487,000
<b>Pedestrian (Crosswalk MAG)</b>	\$405,000
<b>Town Center Improvements</b>	\$600,000
<b>Street Maintenance Project</b>	\$2,940,000
<b>Water Infrastructure (Original Carefree System*)</b>	\$2,000,000
<b>Fire Apparatus Replacement (CDS Appropriation)</b>	\$950,000
<b>Subtotal</b>	<b>\$7,382,000</b>

\* Note: There are two water infrastructure projects that will be financially supported with these proposed funds. One located in the northern reaches of the original Carefree water system along Silver Saddle. The Water Company has received a partial federal grant for this project (\$800,000). This project will include the replacement of an undersized and deteriorating waterline and the addition of 7 new fire hydrants. The second project will include upgrades to the Peaceful Place pump station and 7 new fire hydrants located on the east side of Black Mountain and also part of the original Carefree Water system. The Peaceful Place fire protection improvements would benefit 52 properties in the original Carefree system and 21 properties in the newly annexed system.

### Anticipated Funding Sources

Anticipated Funding Sources	FY24
<b>Grant Funding</b>	\$1,652,000
<b>Utility Cap Fund</b>	\$120,000
<b>Highway User Funding</b>	\$1,250,000
<b>Capital Reserve Funding</b>	\$4,360,000
<b>Subtotal</b>	<b>\$7,382,000</b>



## Budget Contingency

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The contingency fund is established to absorb unanticipated expenses during the fiscal year. This permits additional flexibility to fund additional expenses if there is sufficient revenue to support such expenses. Annually, this fund is \$200,000 but can be adjusted by the Council during the budget process.



## Expenditure Limit Analysis

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Each year the Arizona Economic Estimates Commission develops expenditure limits for local governments. These expenditure limitations are based on a formula using 1979-80 expenses adjusted for inflation and population growth. However, many communities have used statutory mechanisms to adjust the base due to the growing needs of the respective communities. On November 3, 1998, the citizens of Carefree approved a permanent base adjustment of \$1,047,314. Therefore, based on Carefree's permanent base adjustment, the expenditure limit for FY2023/24 is \$12,460,872.

It is important to note that there are certain exemptions and deductions from this expenditure limit. For example, debt service payments, HURF, bond proceeds, stimulus funds, and grant expenditures are not included when determining compliance with expenditure limitations. The Table below is an estimation of the Town's expenditure limitation, deductions and exclusions, and final spending authority.

### Expenditure Limitation Analysis.

Total Expenditures:	\$14,801,859
Exclusions from Revenues:	
Bond Proceeds	\$ 0
Debt Service Payments	\$ 244,000
Dividends, Interest, Gains	\$ 228,000
Grants (Fire, Flood Control)	\$ 1,652,000
ALF	\$ 10,000
Contributions from private organizations	\$ 0
HURF	\$ 1,650,000
UTCAP	\$ 130,000
Refunds, Reimbursements	\$ 0
Voter approved exemptions	\$ 0
Total Exclusions:	\$ 3,914,000
Total Expenditures Subject to Limitation:	\$ 10,887,859
Expenditure Limitation:	\$ 12,460,872
Under Limitation by:	\$ 1,573,000

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# Appendix

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AUDITOR GENERAL SCHEDULE