

Town of Carefree



FISCAL YEAR BUDGET

2022-2023

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.





Table of Contents

Mayor’s Message	3
Town Administrator’s Message	4
Community Profile	7
Town Council Strategic Workplan	12
Budget Introduction	13
Operational Revenues	19
Operational Expenses	27
Organizational Chart	29
Departmental Budgets	30
Capital Improvement Program	81
Contingency Funds	84
Expenditure Limit Analysis	85
Appendix	87





Mayor's Message



It has been a true honor and privilege to represent my community as a Councilmember and subsequently as your Mayor. As I have learned during my eight years of volunteer public service, the annual budget process is one of the most important tasks the Town Council undertakes. Over the past Council term (2 years), the Council has worked with the Town staff to create a more detailed and understandable program base budget. This type of budgeting provides supporting narratives to explain both the forecasted revenues and planned expenses to support the operational demands of our community. As a result, the citizens now have a document at their fingertips which explains the Town's core municipal services and how the associated costs are covered.

Collectively, as a community, as we look towards the future, we should be mindful of the good conservative financial practices employed by both past and current stewards of our public funds. These conservative financial practices have permitted the growth of the Town's Capital Reserve Fund to help ensure we can continue to reinvest into the Town's aging infrastructure such as the public streets we regularly traverse. In the future, the Town will experience reduced revenues from its proportional share of State Shared Revenue as well as revenue it has received from new home construction as the community reaches its residential capacity. These diminishing revenues must be reconciled with the increased costs to operate the Town as a result of the need to maintain its aging infrastructure, inflationary impacts on Town operations in addition to potential desires from community members to provide higher levels of municipal services and/or amenities. Based upon the Town's sales tax centric financial model it remains important to seek a resilient and sustainable sales tax base. One of the dominant economic drivers of the state, region and local economies is eco-tourism. The diversification of the Town's tourism based businesses will help to mitigate future decreases in aforementioned revenue sources. The Town is making great progress to achieve this result. The recent naming of CIVANA as one of the top health and wellness resorts within the United States provides an exceptional example of the possibilities. The near term completion of the Hampton Inn by Hilton within the core of the Town Center provides more fertile ground for new dining opportunities, coffee shops and wine bars to complement our existing restaurants and shops. The possibility of a new boutique style resort in balance with the Boulders resort at the corner of Tom Darlington Drive and Carefree Highway provides for another opportunity to tap into the wealth generated by eco-tourism. In return, these businesses provide for compatible land uses which preserve the residential character found throughout the community while supplying the revenue needed to maintain the Town's core municipal services.

This vision of maintaining the quality low-density residential character of the community while finding complementing pieces to provide the necessary basic municipal services are represented in what the Town has and continues to invest within. This budget outlines the reasons behind these investments and how they are paid for. I would encourage all residents to take the time to review and ask questions of our core municipal staff who are dedicated to providing the citizens exceptional service.

It has been a pleasure working with you, my fellow residents and our talented staff these past eight years.



Town Administrator's Message



Over time, homeowners may choose to update their homes by perhaps remodeling kitchens or bathrooms. In some instances, life changes such as a family member moving in necessitate additional modifications to a home. At a much broader scale, as a community, we are not immune to these changes. As a community we frequently experience new residents moving in while other residents may seek a higher level of service or a new community amenity. Ultimately, any decision, whether it's a modification to your home or a modification to a town resource needs to be reconciled with ones financial capacity to attain the end result. This budget document is the Town's annual reconciliation of the community's service levels and how these respective expenses will be funded. This document outlines the organizational structure

of the Town, the core municipal services provided by the Town, and the associated costs and revenues to support these public services, facilities and amenities.

In the provision of municipal services, the Town has always sought creative and cost effective approaches to provide quality services. For example, Carefree operates the local courts serving both Carefree and Cave Creek. This partnership between communities decreases operational costs for both communities by sharing the court's staff. Another method to control costs is through agreements with other agencies such as the Maricopa County Sheriff's Office (MCSO). The contract with MCSO, although incrementally increasing each year, provides the Town an economical solution to access a full service law enforcement office. These law enforcement services are scalable to each community MCSO serves; however, when needed, additional specialty services are available at no additional costs.

Historically, another contracted service which has served the community for the past 15 years is the Town's partnership with Rural Metro for fire and emergency services. By executing this contract for fire and emergency services the Town extinguished the need for individual residents, businesses and property owners subscribing independently with Rural Metro. At that time, these individual subscription services averaged about \$750 per residence. Today, however, this individual subscription service fee would have averaged closer to \$1,000 per residence. With the Town's assumption of a master fire and emergency service contract, the Town began paying for these services through an increase in the Town's sales tax from 2% to 3%. Through this master contract, additional services such as fire hydrant inspections, public safety inspections, fire prevention services as well as performance metrics and reporting requirements were added. With these supplemental level of services, this partnership has served the Carefree community efficiently and effectively.

More recently, a citizen committee called the Public Safety Advisory Committee has been considering the costs and revenue options to qualify for the more robust regional Automatic Aid emergency dispatch system. This dispatch system would permit a seamless dispatch of the closest and most appropriate fire and emergency service assets within the Phoenix-Mesa metropolitan area regardless of jurisdiction boundaries, an



enhancement in services over the current Mutual Aid dispatch system afforded through the contract with Rural Metro. It is important to distinguish that unlike Automatic Aid, Mutual Aid does not provide any guarantees from nearby first responders that they will respond. However, in order to qualify for this higher level of service provided by the Automatic Aid dispatch system the consortium of communities participating require a uniform level of training, staffing and investments in assets/equipment to complement the system. Therefore, there will be additional annual operational costs and capital investments to qualify for this regional system. Throughout the next year, consulting fire and emergency service professionals will analyze the options for Carefree to qualify and the associated “all in” costs. Additionally, financial analysts will examine and report how these expenses can be covered in a financially solvent and sustainable manner. These recommendations will be presented to both the community and Town Council so collectively the best path can be identified to secure a regional approach to fire and emergency services.

Over the past year, the Town has made great progress to achieve many of the deliverables outlined in the Town Council approved 2020-2022 Work Plan. Some of the notable work items achieved include:

- an update to the 10 year street pavement maintenance plan using ROBOTICS technology,
- identified an updated 5-year Capital Improvement Plan (CIP),
- completed a \$1 million street pavement maintenance project
- worked with County and other first responders to update regional Emergency Operations Plan,
- secured a Flood Control Grant,
- updated MS4 Permit,
- updated Economic Development Plan,
- continue to expand outreach to businesses and partnerships,
- defined redevelopment district boundaries with cooperation of Town Center property owners,
- amended General Plan for a historically targeted property for a specialty resort site,
- reformatted Town website,
- continue to expand social media channels to share Town communications,
- expanded distribution of new Town newsletter to residents and HOAs,
- began broadcasting of in-person public meetings,
- increased community based activities in the amphitheater, and
- updated ordinances to ensure consistency with new state laws.

Looking towards next year, the Town’s Community Development Department will continue to see a high workload associated with the processing of permits from new homes to an expanding number of home remodels. Additionally, the statutory General Plan update process will be initiated to review the Town’s 10 year plan. Upon conclusion of the General Plan update process, the zoning ordinance and design guidelines will also be reviewed for consistency. The Town will continue with the current cycle of street pavement maintenance projects with another 25% of the public streets receiving surface treatments at a cost of approximately \$4 million. This next cycle of street maintenance projects will be coordinated with the completion of pipeline work associated with the Carefree Water Company’s water infrastructure improvement project currently under construction.



From a fiscal perspective, the pending opening of the Hampton Inn by Hilton will enhance the consumer base for many of the small businesses and restaurants within the Town Center. This anticipated access to new consumers have led to expansion and attraction of some small businesses. Two examples along the Easy Street promenade are Grind and Gears, a new bicycle and coffee shop and the expansion of Athens restaurant. Both of these business owners are seeking to capitalize on the access to these additional consumers. The direct result of these private investments provides for a more diverse experience in the Town Center and increased economic vitality. As this private investments flows into the Town Center currently empty store fronts will transition into economically sustainable businesses. In return, the capacity of the sales taxes generated by these small businesses will be enhanced. In return, these funds are allocated as illustrated in this budget to provide for the Town's core municipal services.

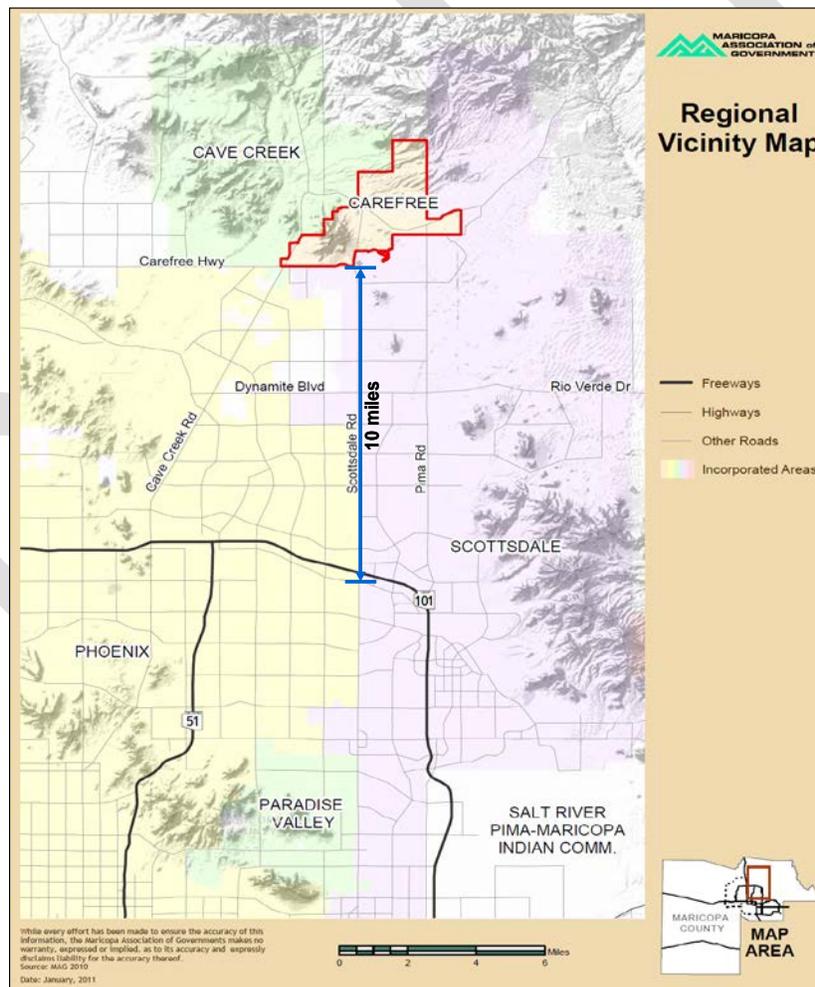
In summary, the Town continues to be managed in a fiscally conservative and responsible manner. Indeed, with an approximate \$7 million operating fund, Carefree has one of the most conservative municipal budgets within the state. As a result, when topics such as joining the regional Automatic Aid emergency dispatch system are publicly vetted, it is incumbent upon the public process to outline and understand the costs and the ability to fund. Therefore, over this next year, the Town will seek out answers and share the data generated by seasoned fire and financial professionals so Carefree citizens can be informed about their choices. Through the Town's expanding communications channels we will seek to further engage the citizens on these issues and update them on their status. As I enter my 20th year of service to the Carefree community, I continue to seek the best solutions that ensure the high quality of life Carefree is recognized for while ensuring a solvent financial future for the Town.



Community Profile

The Town of Carefree is located in 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.

FIGURE 1: 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, as a result 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 supporting businesses and restaurants were introduced.



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 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.

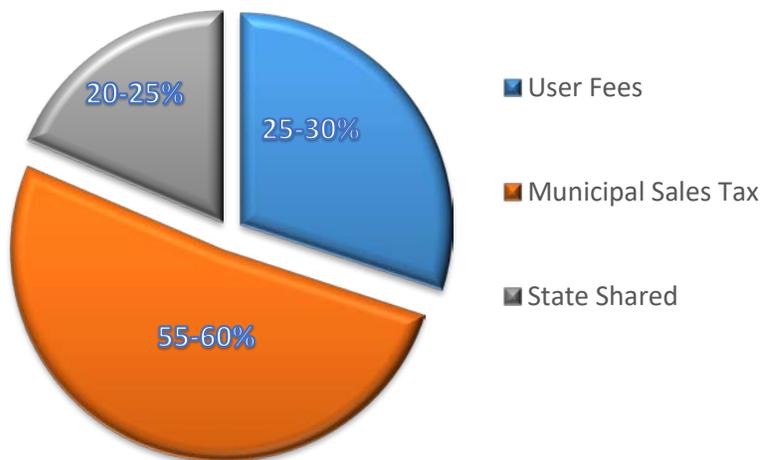
Carefree incorporated in 1984 and soon experienced its highest growth rate from 1990 to 2000 when approximately 1,300 new residents settled within the community. Over the next two decades the growth rate slowed from approximately 8% annually to approximately 1.5% annually. This slowing of growth can be attributed to Carefree approaching build-out with the majority of the community consisting of platted residential subdivisions with a handful of remaining undeveloped lots. As a result, today there is a transition occurring within the community from new home development to remodels and rebuilds of the aging 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 between 2000-2015, 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 fixed costs. 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.

Sources of Town Revenue (10 year ranges)



From a land use perspective, outside of these platted residential neighborhoods, there remains a few undeveloped properties on the fringes of the community. Due to the location of these undeveloped properties which are positioned adjacent to major intersections/streets that experience high volumes of traffic, there is an opportunity to develop these properties with uses that will generate needed sales tax revenues to continue to pay for core municipal services. Due to

the fact that the Town's financial model is reliant (between 55%-60%) on the generation of municipal sales tax to pay for municipal services, it is in the financial interest of the Town residents to optimize the land uses on these few remaining undeveloped properties to seek appropriate uses which contribute to the Town's tax base.



Seeking Financial Sustainability

Looking towards the future, inflationary impacts on contractual services, labor and supplies will be influenced by external national policy. Due to these external influences on inflationary indexes we should conservatively project an annual compounded increase of a minimum of 3% on all internal levels of services and expenses. Within ten years, this compounded increase on a minimum \$6,000,000 operating budget would yield the need of an additional \$1,800,000 in annual operational expenses.

In addition, as Carefree reaches build-out during this same time period, the funds collected from new homes through construction sales tax will diminish. In the past, construction sales tax from new home construction generally varied between \$400,000 to \$1,000,000 per fiscal year. Furthermore, the Town's proportional share of state shared revenues will be declining in the future. Historically, state shared revenue makes up approximately 25% of the Town's annual revenue stream. This decline can be attributed to a fixed amount of revenue which proportionally is shared per capita; therefore, as nearby communities populations expedientially increase, the Town's proportional share of this revenue will decrease, as the Town's growth rate will be comparatively negligible. Between the decreasing construction sales tax and declining state shared revenue there could be an annual decrease between these revenue streams of approximately \$400,000 annually. Adding these declining revenue streams in combination with the compounded inflationary index on annual operation costs results in a forecasted deficit of approximately \$2,200,000 annually within approximately a ten year period.

Furthermore, the Town needs to continue to support capital reserves to pay for future street pavement maintenance projects, drainage improvement projects, traffic circulation and pedestrian improvements as well as continuing to replace aging assets approaching their useful life such as vehicle/heavy equipment replacement. Based upon the continued need to reinvest into aging infrastructure and assets the Town should target an additional \$750,000 annually to allocate to its Capital Reserve Fund. It is important to note that, this reference to maintain existing capital assets does not take into account any future changes in level of services that may affect the need to generate additional funding. For example, it is anticipated that joining the regional fire and emergency Automatic Aid dispatch system will increase the Town's operation budget by approximately \$1,000,000 in the initial year. These new operational expenses need to be reconciled with a stable revenue stream to offset this additional financial commitment.

In summary, the key considerations impacting Carefree's revenues today are:

- inflationary increases to operational expenses can increase the Town's operational costs over a ten year period by an additional \$1,800,000;
- as Carefree, approaches build-out, it will lose approximately \$400,000 a year in construction related sales tax revenue from the reduction of new homes construction;
- the Town's proportional share of state shared revenues could decline by over \$125,000 over current levels of revenue; and
- as the Town's infrastructure/assets depreciate over time, an additional \$750,000 annually will be needed to address replacement costs.



Collectively, these impacts on Town revenues suggests that the Town will need an estimated additional \$3.0 million to \$3.5 million annually in revenues within approximately 10 year period to support future Town operations and capital projects. This analysis does not take into account the potential increase in the operational budget in the event the Town becomes part of the Automatic Aid dispatch system. As suggested earlier, if new levels of services are introduced, additional revenue dedicated to cover the correlated expense of such service must be considered to ensure a financially responsible solution and solvent financial future for the Town.

DRAFT



Town Council Approved Work Plan 2020-2022

During the fall 2020, the Town Council conducted a series of workshops to publicly discuss and develop a Work Plan for the 2020-2022 Council term. These public meetings were held after the conclusion of the Council election in August 2020. The timing of these meetings allowed for both incoming and outgoing Councilmembers to collectively discuss and consider a Work Plan for the upcoming Council term. As a result of this collaboration, the Council defined a guiding principle, value statement and core tasks (see below). One of the first products achieved on this work plan was the initiation of a program based budget. This new budget provides in depth narratives which outlines how the public money is spent and how public funds are raised to offset these expenditures.

Pursuant to this work plan over this past year, an updated street maintenance plan was created, a 5-year Capital Improvement Plan (CIP) was identified, Emergency Operations Plan updated, a Flood Control Grant secured, MS4 Permit updated, Economic Development Plan updated, outreach to businesses and partnerships expanded, redevelopment district boundaries defined with cooperation of Town Center property owners, General Plan amended for a historically targeted property for a specialty resort site, Town website reformatted, Ambassador program initiated, Visitor Center opened, new Town newsletter distributed to residents and HOAs, increased community based activities in the amphitheater and updates made to ordinances to ensure consistency with new state laws.

After the new Council is elected, a similar series of public Council workshops will be held to develop a new Work Plan for 2022-2024.

TOWN COUNCIL WORK PLAN 2020-2022

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



Budget Introduction

This is the second year of the Town's program based budget. The Town has received tremendous positive feedback from residents on this new 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 specific financial policies to fund base accounting and a more detailed outline of each of the Town's Departments 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

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 and updates to the standards for financial reporting and budgeting as established by the Governmental Standards Board.

Government 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 support's the community's core municipal services. The revenues supporting this Fund come from combined sources of municipal sales taxes, state shared revenue, utilities fees, permit and license fees, grants as well as other fees for services provided by the Town.

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. Therefore, the remaining liability is debited against the revenue within the Town's General Fund. As the annual compounded inflationary index on the master contract increases, this structural deficit will continue to grow. However, if the Town can enhance and diversify its tax base through economic development initiatives, the structural deficit could decrease or perhaps even be offset. It is also important to note that this does not take into account any increases to a future master contract with Rural Metro as the current contract expires in June 30, 2022. Additionally, if the level of service such as the addition of Automatic Aid is included in a future contract for emergency services, there will be a significant increase in annual expenses which will create an even larger imbalance or structural deficit to the current funding mechanism. Therefore, the options to offset the structural deficit and fully fund the fire program must be considered in context of any increase in service levels to Automatic Aid.

Highway User Revenue Fund:

The State of Arizona places a flat tax of .18 cents per gallon of gasoline. This tax is then proportioned to the State, Counties, Cities and Towns. The Town receives its proportional share based upon its population relative to those cities and towns within Maricopa County. As the communities with the County grow, Carefree's proportional share will decrease. It is important to note that these funds are restricted and can only be used for street and transportation related purposes such as pavement management, street signs, traffic management and street sweeping.



Municipal Court Funds:

Those whom 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 but over time there maybe considerations by future decision makers to add a level of service or build some additional infrastructure such as for example, bridging a wash crossing or developing a dog park. These improvements are considered Capital Improvements. A Capital Improvement Plan is typically prepared to evaluate, prioritize, budget for and fund these Improvements. Since Carefree's infrastructure is mostly built out this has not been accomplished in the recent past. However, 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 through incorporation of 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.

Water Company Fund:

The Town has assisted the Carefree Water Company improve and expand its infrastructure to serve Carefree residents. This assistance has taken form in a Water Infrastructure Finance Authority (WIFA) loan and a capital aid and advance loan. Both of these loans and the associated payments from the water company fall under this Fund. It is important to note that these two loans to the water company have not benefited the Carefree residents on the Cave Creek water distribution system and are now in the process of being incorporated into the Carefree water system.

Other Funds:

Many communities have other designated Funds in addition the Funds listed above, this includes but is not limited to Enterprise Funds which establish a separate business accounts 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 property tax. The Town does not assess these fees and thus, these accounts are currently not relevant to the Town's current budget.



Guiding Financial Policies

Historically, the Town has been managed in a fiscally conservative manner to ensure that the Town maintains a solvent financial foundation. In order to consistently ensure that this foundation is maintained, the Town has implemented financial policies. Over time, these policies need to be adapted to ensure the Town remains solvent. There are four attributes to the Town's financial solvency: *cash solvency* – the ability to pay bills, *budget solvency* – the ability to balance the budget, *long range solvency* – the ability to pay future costs, and *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 course of the fiscal year management approves all costs up to \$15,000. Those investments over the \$15,000 threshold require Council authorization. The Town uses a number of cooperative purchase agreements and state contracts to ensure expenses are publicly procured. Those non-unique 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, the Town Clerk and Mayor further validate 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:

In order 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. These tax payments by law are considered confidential and cannot be disclosed for specific businesses. As the agency which collects all revenues, ADOR administers 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 as much as possible both the direct and indirect costs of the program or service. Periodically, the Town will update these fee schedules to address escalation of cost of services and 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.

Rainy Day Fund Policy:

Due to the fact that the Town is heavily reliant on the volatility of one revenue stream, municipal sales tax, the Town has maintained approximately 40-50% of its annual operations in a Rainy Day Fund. This Fund balance is to ensure that the Town can maintain the solvency of municipal services for at least a six month period of time. It is important to note, that during significant economic contractions resulting from the Great Recession and the COVID-19 pandemic shut downs, the Town did not access these funds but instead reduced its operational expenses. This may point to the future consideration to re-evaluate the required levels of this Rainy Day Fund and instead, make some of this money available to fund future Capital Improvements.

Financing Alternatives Policy:

The Town has used 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 \$11.56MM, 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 expenditures 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 this costs over perhaps a twenty (20) year time period. 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. It is important to note that any type of bond that assesses



one's real estate will be required to be approved by the electorate. The community's leadership has been adverse to this approach as the pay-as-you-go model has served the community well; however, based upon the looming limitations on the Town's expenditures limits it may not be possible to continue this practice if, in the future, the community desires to address larger more costly capital improvements.

Budgetary Basis of Accounting:

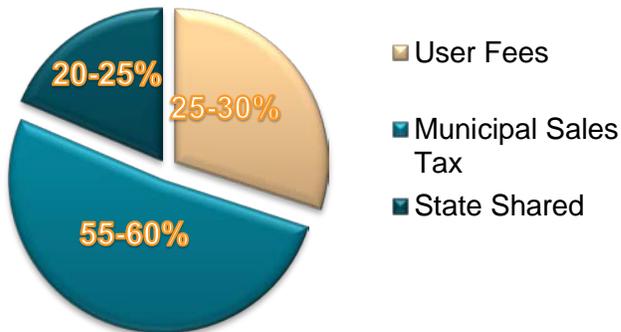
The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements.

1. In accordance with Arizona Revised Statutes, the Town Administrator submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. 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 prior to the beginning of the fiscal year on July 1st; however, state statute permits up to the 3rd 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 approved on November 3, 1998.
5. The Town Administrator, subject to the Town Council approval, may at any time transfer any unencumbered appropriation balance between department or activity.



Town Operational Revenues

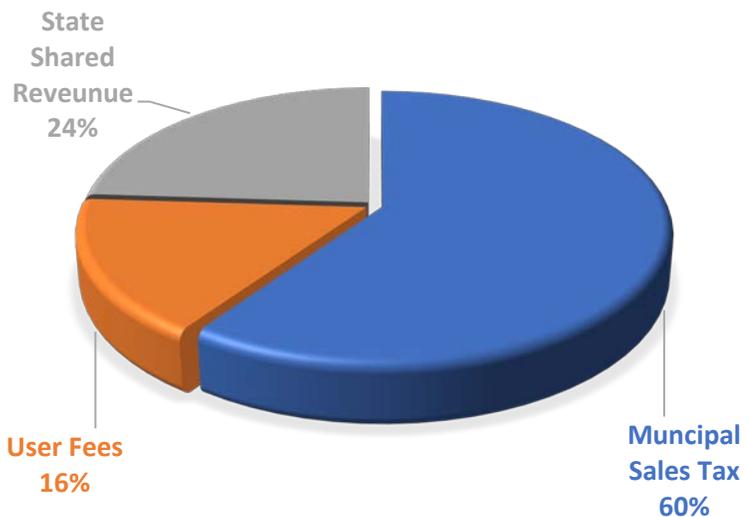
**Specific Sources of Town's Revenue
(10-Year Ranges)**



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, the majority of the Town's revenue comes from one source, municipal sales tax. Sales tax revenues will track with the performance of local businesses and therefore, is 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

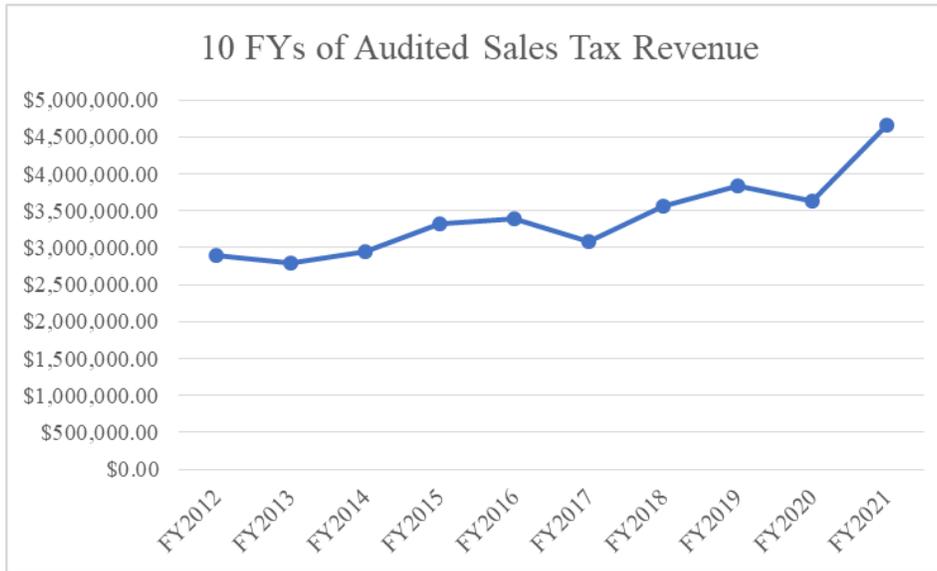
communities continue to grow at significantly higher rates than Carefree, the proportional share of Carefree's state shared revenue will diminish over time.

For this next fiscal year, as the chart to the right illustrates, it is estimated that approximately 60% of the Town's revenue will come from its local sales tax. User Fees are estimated to make up approximately 16% of the Town's revenue while state shared revenues are anticipated to increase slightly to approximately 24% of the Town's revenue. The next several pages will take a deeper dive behind these percentages to gain a better understanding of these revenue streams.





Municipal Sales Tax Forecast:



Sales tax revenue expands and contracts with economic cycles. The 10-year period on the adjacent chart illustrates a period of time that is nestled between the Great Recession and the COVID shutdowns. The early years of this time period illustrate the contraction and slow recovery resulting from the Great Recession. During the later years, of this timeline the local economy showed significant growth as a result of a core grouping of essential

services consumers sought out during the COVID pandemic. These local essential services which experienced growth and positively contributed to this enhanced revenue were: groceries, hardware and healthcare products. These essential services more than offset the hospitality driven businesses which were adversely impacted by the COVID restrictions.

A notable growth area in local sales tax revenue is online sales which the Arizona Department of Revenue recently began tracking. In addition, recent court decisions regarding payment of online sales tax have led to dramatic increases within this sales tax category. The adjacent chart illustrates the designation of the new category in fiscal year 2019 and the growth in revenue as of last fiscal year. Another emerging trend is purchasing

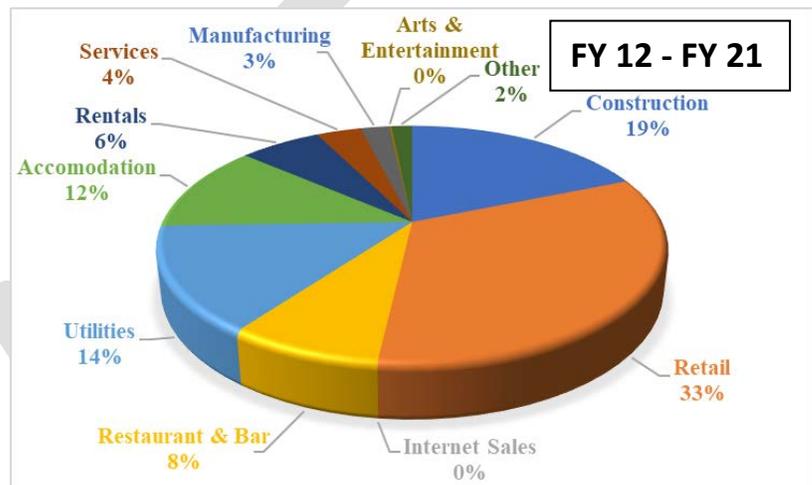


product online and picking up in store. This allows the consumer to shop from the convenience of their home and pick up at a time of their choosing. This change in buying habit will also impact future revenue trends as stores which permit online purchases will experience additional growth. Restaurants have also seen the benefit



from these online purchases. In some instances this growth has come through the use of smart phone applications to permit the consumer to also purchase customized orders for pickup or delivery. These online applications can provide incentives to the consumer and permits restaurants to expand their appeal beyond conventional dine-in traffic. As the consumers buying habits evolve to online purchases it will be interesting to track how this new category will expand and its impacts to the retail category which tracks purchases within brick and mortar businesses. Based upon the limited online presence of many of the small businesses within Carefree, this online expansion will mainly be attributed to larger businesses, however, over time, the accessibility of this technology may become more scalable to the smaller retailers and restaurants as new point of sale systems are introduced.

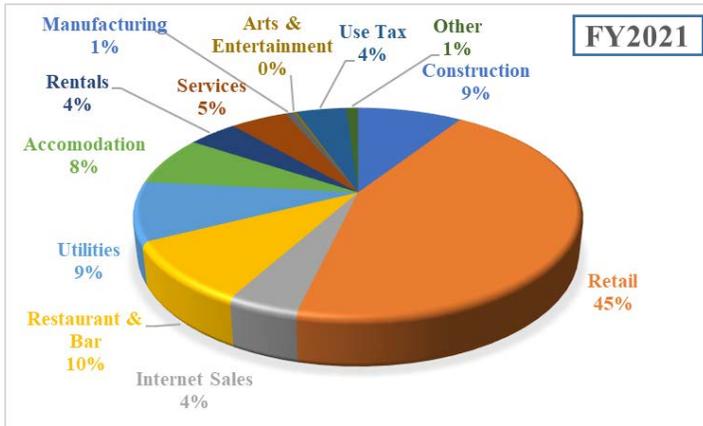
The chart to the right illustrates the average percentages of revenue from the various business categories within the Town of Carefree over the last ten fiscal years. Retail has consistently contributed at least 1/3 third of the Town's annual sales tax receipts. The main contributors to this revenue are the large box retailers within the community. This imbalance is critical to note because if for some reason one of the large box retailers exits the marketplace, it would present significant negative ramifications on the Town's revenue streams. This is why, just like any personal investment portfolio, risk is balanced through diversification. In the case of the Town, efforts to diversify these top tax payers will help to balance that risk.



It is also important to note that the internet sales over the past ten years illustrates an insignificant number due to the fact that this is a recently added category. However, as outlined earlier, this category will grow in the future as both consumers and businesses adapt to online sales portals.

Another sales tax category to highlight is construction sales tax. Over the past ten years, approximately 20% of the Town's sales tax revenues were collected from mainly new construction projects. As the Town reaches build out (development of remaining privately owned properties), this one time revenue will diminish.

Outside of internet sales, two categories that can and will experience revenue growth are accommodations and restaurants. Due to the fact that eco-tourism is an economic driver in the region, many high end communities throughout the region have capitalized on these two categories to support their community finances. As CIVANA expands its brand as premier health and wellness resort, the Hampton Inn by Hilton opens and the possibility of a premier low profile resort at the corner of Carefree Highway and Tom Darlington Drive emerges, these hospitality brands will provide opportunities to expand the eco-tourism footprint within the community for a broad range of visitors. In return, these visitors will help to increase the customer base for the restaurants which in return provides the organic foot traffic which feeds many of the small businesses within the Town Center. This evolution does not happen overnight, it is a process that will take some time to develop but, incremental changes are occurring that will help to diversify the Town's sales tax base.



Over the recently completed fiscal year 2021, the Town collected an all-time high in sales tax revenue of approximately \$4.7 million. These inflated sales tax receipts were influenced by changes in consumer behavior that many economist attribute to the COVID pandemic. As you can see, retail receipts were up by over 10% from the ten year average. As discussed earlier, the largest contributors to Carefree’s tax base consist of a core group of large retailers selling essential products such as groceries, health care products and hardware. The performance of

these anchor businesses during the pandemic exceeded expectations. Meanwhile, hospitality receipts from accommodations and restaurants were negatively influenced by the pandemic. Another interesting decline was construction sales tax which was reduced by approximately 50%. Indeed, there remains a high level of construction activity within the community, however, with the supply chain issues brought on by the pandemic it is taking longer to complete construction projects. These delays often impact the collection in sales tax revenue attributed to new construction and thus the decline over the ten year averages.

Based upon the aforementioned local factors and external influences/impacts from inflation the Town is projecting an approximate 10% decline from actual sales tax receipts received in FY21. This 10% decline aligns with sales tax receipts collected in the current FY22 (7 months of receipts) and the 16 year averages for the remaining 5 months. This will result in an anticipated \$4.25 million of sales taxes for FY23. From a comparative perspective, over the last 16 fiscal years, the average sales tax revenue collected was approximately \$3.36 million per fiscal year (dash line illustrated in chart below). This chart also illustrates the upward trajectory of sales tax since FY17, with the pinnacle occurring in FY21. Due to the fact that sales tax receipts correlate with the cycles of the economy, the Town must always be mindful regarding increased service levels with the volatility of supporting revenue streams. In other words, the decision to increase any municipal service level must be considered with a solvent, sustainable and less volatile revenue stream to support the fixed costs of such service.





User Fees:

User Fees are essentially fees the Town charges 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 and is correlated with both new builds and remodeling activity throughout Town. As of the date drafting this report (spring 2022) there are 17 custom homes under construction and 7 additional new residences under permit review. Due to low interest rates and the continued hyperactivity in the housing market, we will continue to see consistent revenues in the form of building fees. 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 and garage/storage the Water Company occupies. Additionally, Rural Metro Fire and Emergency Services pays the Town to have both Engine 825 (originally based in Cave Creek) as well as an ambulance operate from the Carefree Fire Station. 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.

Table 1: Source and Amount of User Fees anticipated for FY22.

Source of Fee	Amount
Building Permit (32%)	\$375,000
Utilities Fees (26%)	\$300,000
Court Service Fee (16%)	\$185,000
Fines (13%)	\$150,000
Rental Income (7%)	\$76,000
Licenses (4%)	\$45,000
Agreements (2%)	\$26,000
Interest (1%)	\$5,000
Clerk Fees (0%)	\$800
TOTAL	\$1,162,800

It is important to note that potential Grants are not included in the above revenue figures, however, the Town is in the process of working on several Grants to help offset capital investments that may be made in the near term in the fire and emergency service program. Additionally, the Town has applied for and will be receiving a Grant for a flood mitigation project just north of the intersection of Carefree Drive and Cave Creek Road. This grant will included approximately \$480,000 from the Flood Control District to alleviate flooding concerns inherited by the Town from an old County approved drainage ditch and culvert. These aforementioned Grant funds are budgeted under Grants in the Town budget and could include a total of approximately \$1,250,000 if the Town is determined to be a successful recipient by the awarding entities.



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 use for any municipal public purpose.

State income Tax:

In 1972, a citizen's initiative provided that 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 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.

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. 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 the population of the municipality in relation to the total population of the county the municipality is located within.



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 of time 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 onetime bump to the HURF allocations. In the subsequent fiscal years you can see these funds return to their typical funding levels.

Chart : State shared revenue totals by category and overall.

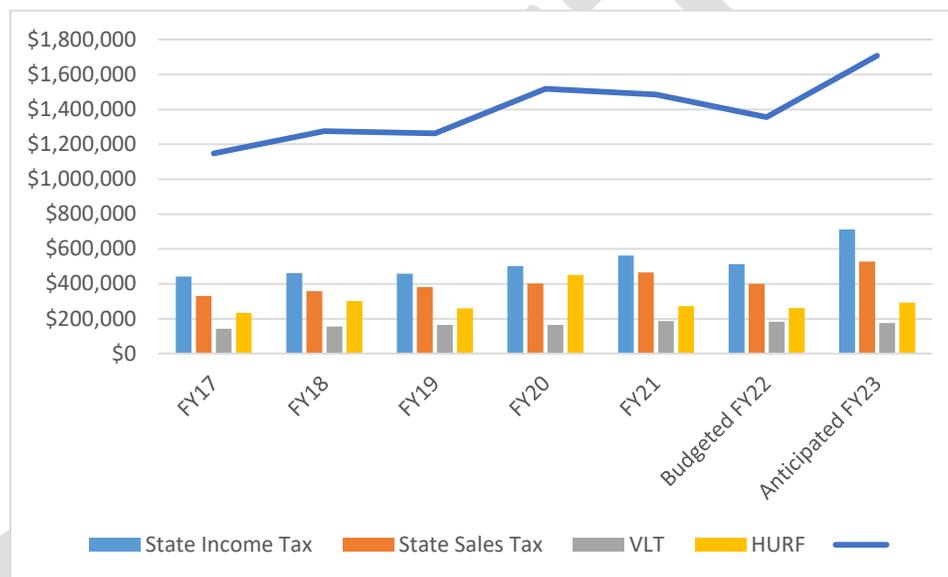


Table : Amounts of State Shared Revenue per Category.

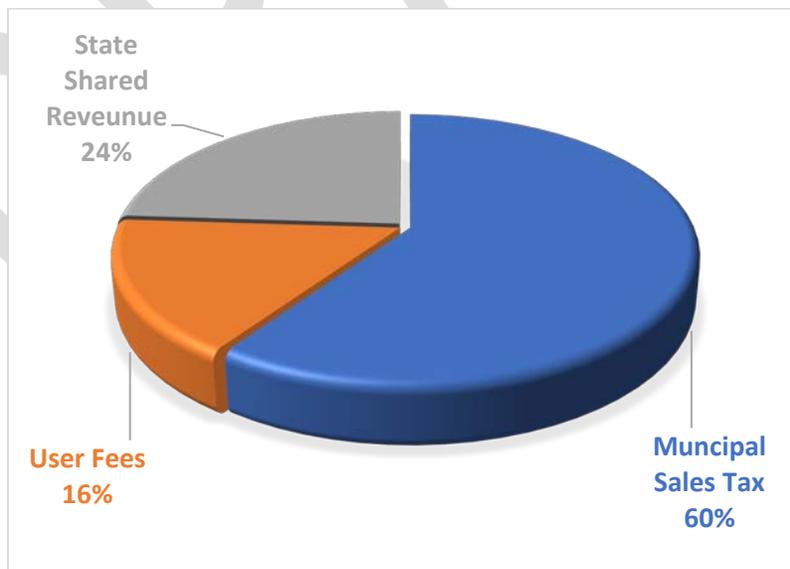
Category	FY17	FY18	FY19	FY20	FY21	Budgeted FY22	Anticipated FY23
State Income Tax	\$441,658	\$461,253	\$458,121	\$501,223	\$561,223	\$512,000	\$712,000
State Sales Tax	\$331,317	\$358,203	\$381,302	\$400,795	\$465,873	\$400,000	\$528,000
VLT	\$141,743	\$154,674	\$163,809	\$164,941	\$185,551	\$182,000	\$175,000
HURF	\$232,986	\$301,771	\$258,855	\$451,158	\$272,183	\$261,000	\$293,000
TOTALS	1,147,703	1,275,902	1,262,087	1,518,118	1,484,830	1,355,000	\$1,708,000



SUMMARY:

In summary, of the approximate \$7.12 million in anticipated revenue to the Town, over 3/4^{ths} of this revenue originates from two local sources: User Fees and Municipal Sales Tax. The other quarter of revenue comes from State Shared Revenue. Due to the fact that Carefree's proportional share of State Shared Revenue will decline over time, the Town must look to evaluate and implement opportunities to enhance the revenue streams it currently controls: municipal sales tax and user fees. This offsetting revenue is also needed to address the escalating costs to operate the Town most notably due to inflation and aging infrastructure. The economic development initiatives the Town has been undertaking will help to diversify and balance the current risk associated with the Town's limited sales tax producers and help to yield additional municipal sales tax. These economic development efforts are not unique to the Town, it is common place for local communities to seek complements to fuel their economic engine. Carefree is no different, finding the complements to the Town's revenue producing businesses is a fiscally prudent and solvent strategy.

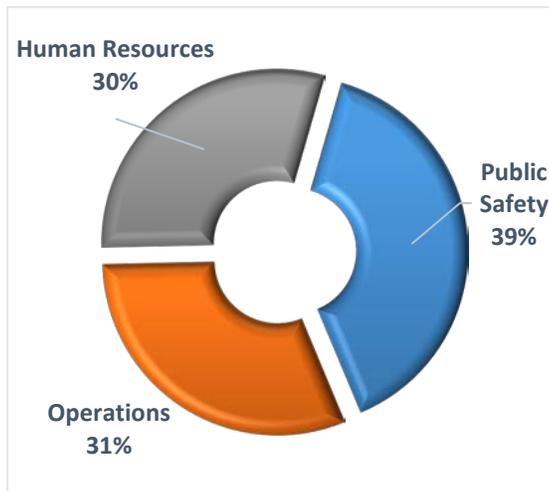
Category	Amount
Municipal Sales Tax	\$4,250,000
User Fees	\$1,162,000
State Shared Revenue	\$1,708,000
TOTAL	\$7,120,000





Town Operational Expenses

OVERALL OPERATIONAL EXPENSES:



At a high level, the Town’s annual operating expenditures fall within 3 broad categories: Human Resources, Public Safety Contracts, and Operations. The Town’s largest area of expense has and continues to be public safety which consumes 39% share or over \$2.6 million of the Town’s \$6.7 million operation budget for the upcoming fiscal year 2022-2023. The remaining funds are almost evenly split between operational expenses and human resources. It is anticipated that expenses associated with general operations will exceed \$2 million while salaries and benefits which support the Town’s 17 employees will be just shy of \$2 million. In addition, as typical, the Town has a budget contingency of \$200,000 which brings the anticipated expenses just under the \$6.9 million in revenues.

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 will be outlined in the next section.

Public Safety

The Town is currently investigating its options to join the regional automatic aid dispatch system; however, with the potential significant increase in costs associated with this proposition, the community must participate in a process to ensure that they support this long term commitment from both a functional and financial perspective. The costs increase below are not associated with regional automatic aid but increases to both contractual services with both Maricopa County Sheriff’s Office (MCSO) and Rural Metro Fire and Emergency Services.

Table : Summary of Public Safety Divisional Costs;

	ACTUAL FY 2021	BUDGET FY 2022	ESTIMATED FY 2022	FORECASTED FY 2023
Law Enforcement Services	\$508,054	\$539,392	\$531,923	\$563,194
Fire and Emergency Services	\$1,660,180	\$1,620,920	\$1,601,290	\$2,058,500
TOTALS	\$2,168,233	\$2,160,312	\$2,133,213	\$2,621,694



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. The biggest contributors to the increase in personnel costs is associated with healthcare costs. Due to increased claims brought on by the COVID pandemic, the healthcare Trust has increased it’s rates by approximately 13%. Due to these increases in health rates and escalating inflationary indices, a 3.5% COLA and 1.5% merit increase is being proposed. Pursuant to the Town’s four departments the following table details the forecasted total costs per department.

Table : Total Salary and Benefits per Department for Fiscal Year 2022-2023

DEPARTMENTS	FTEs	Salary & Benefits
Administration	5	\$653,961
Community Development	5	\$628,585
Public Works	5	\$501,867
Courts	2	\$189,382
TOTALS	17	\$1,973,795

Operations Expenses:

The final broad category is operations. 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 as well as office supplies.

Table : Department/Divisional Operation Expenses

Department/Division	ACT. FY21	EST. FY22	BUDGET FY23
Mayor and Council	\$18,664	\$17,306	\$12,330
Town Clerk	\$67,605	\$83,694	\$89,861
Court	\$74,413	\$68,029	\$79,510
Administration	\$185,922	\$204,129	\$389,100
Legal	\$248,334	\$152,025	\$160,000
Risk Management	\$70,374	\$113,565	\$120,000
Planning and Zoning	\$12,871	\$10,228	\$124,100
Building Safety	\$68,328	\$118,049	\$81,750
Code Enforcement	\$5,567	\$39,360	\$3,260
Facilities	\$377,237	\$428,821	\$608,446
Engineering	\$36,836	\$17,670	\$238,450
Econ Dev/Marketing	\$10,407	\$69,400	\$159,050
TOTALS	\$1,176,558	\$1,322,276	\$2,065,857



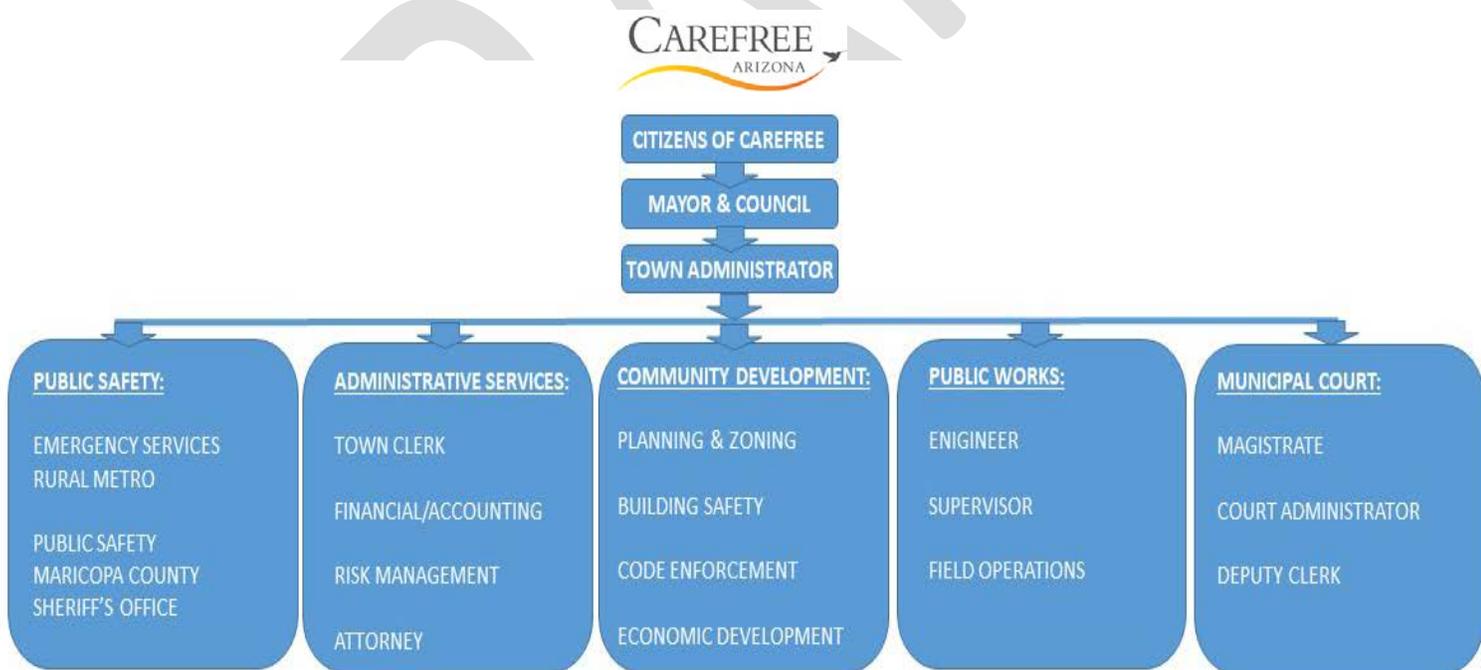
Town Organizational Structure

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 two year 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 under 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 whom 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

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 make adjustments to ensure local regulations and policies are in 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, a majority of the Council may decide upon and direct the Administrator and/or attorneys to address certain issues or circumstances.

Goals for Fiscal Year 2022-2023:

As expressed earlier in this budget document, the Town Council created a 2-year work plan in the fall of 2020. This work plan spoke of improved communications, diversification of the tax base through strategic economic development initiatives, and quality development and reinvestment in the Town's infrastructure. At a high level these initiatives include but are not be 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 & Council	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OFFICE SUPPLIES	\$1,789	\$500	\$200	\$500
TELEPHONE	\$618	\$675	\$675	\$680
INS WORK COMP VOLUNTEERS	\$384	\$400	\$400	\$400
DUES & SUBSCRIPTIONS	\$25	\$200	\$100	\$200
MISCELLANEOUS	\$847	\$1,000	\$795	\$1,000
SPECIAL PROJECTS - GRANTS APPL	\$9,798	\$200,000	\$9,278	\$0
INFORMATION TECHNOLOGY	\$33	\$2,500	\$1,500	\$50
MILEAGE	\$223	\$100	\$400	\$500
LODGINGS & MEALS	\$3,023	\$5,000	\$3,507	\$5,000
EDUCATION & TUITION	\$1,925	\$4,000	\$451	\$4,000
TOTALS	\$18,664	\$214,375	\$17,306	\$12,330



MEET THE MAYOR AND COUNCIL:

Mayor Les Peterson



Les Peterson is a valley native, and earned BA and MA degrees from ASU in 1965 and 1967. His early business career was in promotion and marketing with Procter and Gamble and Pillsbury, followed by 30+ years in management consulting focused upon marketing and long-range business planning. He has worked with over 180 different companies, on over 1000 brands and service areas, in business development and related areas.

Les is a past president of the Boulders Homeowners Association, and a member of the Paradise Valley Community College President's Advisory Board. Les served for fourteen years as one of two outside "judges" in the MBA entrepreneurial studies program at Cornell University. He is a guest lecturer at ASU in marketing in international markets.

Les is a 24 year Carefree resident, and served on the Carefree Planning and Zoning Commission. He was elected to the Carefree Town Council in 2013, and was elected by the Council to become Vice Mayor in June of 2013. He became Mayor in 2015.

The primary areas of focus for Les include economic development and marketing for the Town of Carefree. Les is a fiscal conservative who will help strengthen our community by handling our town's finances responsibly.

Vice Mayor John Crane



John Crane is a 29 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 currently serves as Vice Mayor. Previously, John served on the Carefree Subdivision Committee and as the Vice Chairman of the Carefree Planning and Zoning Commission. John is serving his 11th year as president and board member of the Carefree Foothills Homeowners' Association, is a Desert Foothills Land Trust board member and is an Arizona Site Steward monitoring Indian archeological sites in the Cave Creek / Carefree area.

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. After serving seven years as a nuclear submarine officer, he entered the electronics field. For the past 24 years, as a business owner, he has served as a sales representative for Asian, European, and US semiconductor material and equipment suppliers to customers in North America.

John believes local government, as the level of government closest to the people, must be transparent and responsive and must work. While successful economic development is key to the Town's future, a balance must be struck between citizen and commercial interests and fiscal restraint.



Councilmember Vince D'Aliesio



What is best for the citizens you are elected to represent ALWAYS supersedes all other objectives.

Vincenzo "Vince" D'Aliesio: born in Waterbury, CT, moved to Phoenix, AZ, July 1972, at 7 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 since. Proud AZ native: Graduated from Camelback High, attended SCC and PVCC, graduated from ASU, a Master's 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 24-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 on the importance of always doing what's right. 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."

Lives in the first house built in Carefree (by Gerry Jones), has worked as an insurance broker, educator, coach, and student, most importantly a husband of 24 years to Cheryl and father of three: Noah, a 17-year-old son and two 14-year-olds, Sophie & Matthew, all three educated in CCUSD schools from kindergarten, and now in high school. The D'Aliesio's also have a rescue Chi-Pin named Snoopy and two desert tortoises: Stanley & Sammy Hagar, in addition to the many beautiful coyotes, javalina, 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, Ottawa, MCC, Camelback & Campo Verde High Schools, and the Arizona Interscholastic Association, as well as sports radio & tv: co-host of the JV Sports Show. 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 previously served as President of the Board of Directors of the Cave Creek Museum. Vince currently serves as a member of the League of Arizona Cities and Towns Budget & Finance Committee and the Kiwanis Club of Carefree.





Councilmember Tony Geiger



Tony Geiger has been a resident of Carefree for over twenty years. Tony's career focused on various levels of management and sales for manufactures of equipment used in water and sewer infrastructure. Tony's last 11 years included leading the executive management team. Additionally, Tony started and sold two small marketing companies serving the infrastructure market in Arizona. This management experience has given Tony in-depth knowledge of finance, budgeting, engineering and marketing.

Since 2013, Tony has taken these practical professional experiences and has volunteered thousands of hours dedicated to improving the water and sewer infrastructure servicing Carefree.

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 for University of Phoenix and investment theory for 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 the 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) Johnson is a California Bay Area native that has lived in Carefree since 2005. He became a permanent resident in 2013 and holds a B.S. Degree in Accounting from CSUH and an AA Degree from Chabot College. Mike 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 in Telecommunications technology startups and public companies. 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. It goes without saying that he believes government should serve all of Carefree and its greater good.



Councilmember Cheryl Kroyer

Cheryl is currently serving her second term on the Town Council. Her chief area of concentration has been in the Town’s marketing. Over the last 2+ years, she has worked on getting better signage around Town; economic development efforts; setting and executing Town branding; and participating in efforts to incorporate all of the Town’s homes and businesses into the Carefree Water Company.

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 and to 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 a number of 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.



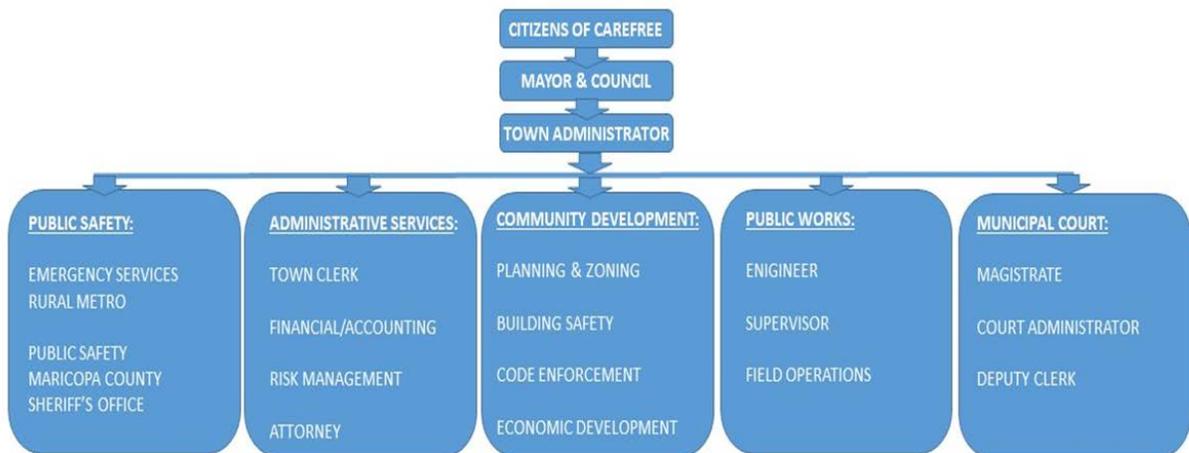
TOWN ADMINISTRATIVE SERVICES:

The Town Administration acts as the nucleus to the organization by coordinating and managing the work flow 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 supports the Administration Department is 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 structure. Within each Department are interrelated Divisions. The services provided by each Department and the associated Divisions will be outline 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 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, County Agency Permits, Emergency Management Fees and Maricopa Association of Government and Maricopa County.

Table : Summary of Town Administrative Services Department Expenses.

Town Administrative Services	FTEs	Salaries & Benefits	Operations
Town Management	2	\$298,904	\$389,100
Town Clerk	2	\$284,150	\$89,861
Communications	1	\$70,907	
TOTALS	5	\$653,961	\$478,961

In addition to these 5 full time positions, 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 specialize 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.

Table : Summary of Risk Management Services Expenses.

Risk Management Services		
Town Attorney		\$160,000
Insurance		\$120,000
TOTALS		\$280,000



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 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 promotes 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 2021-2022:

- Managed cleanup of Town Gardens with significant pruning of overgrown vegetation, replenished decomposed granite, re-stucco and painted amphitheater and restroom building, began pedestrian light replacement program of rusted lights, upgraded and expanded WIFI system in Gardens and installed new security camera system that is helping to curtail vandalism.
- Assisted Public Safety Advisory Committee to conduct public meetings and generate report for the community and Council regarding evolving circumstances associated with public safety.
- Began program to detail costs associated with the possibility of Carefree joining the regional Automatic Aid partnership and evaluation of the Town's financial capacity to help define options to ensure financially solvent solutions associated with any changes to service levels.
- Closely worked with and coordinated with each Town department to continue to implement Council's approved work plan and compliance to state statutes.
- Coordinated with legal representatives to address the community's best interests and mitigate risk.
- Managed Town service contracts to ensure efficient and effective levels of service.
- Hired Communications Manager to strengthen communications and engage residents, businesses and community interest in Town related issues, services and programs.
- Worked with new Town Engineer to manage, maintain and/or replace the Town's aging infrastructure and assets as well as review projects and development to ensure regulatory compliance.

Goals & Objectives for Fiscal Year 2022-2023:

- Work with Communications Manager to further engage residents and stakeholders using multiple communication channels.
- Work with consultants to implement community and Council 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 budget, Town Administrator and Executive Assistant/Office Manager. The costs associated with these positions and the Division are outlined below.

Table : Town Management Salaries and Benefits - 2 FTE positions.

TOWN ADMINISTRATION	FY22-23	FY21-22
SALARIES - 2 FTE	234,844	229,264
FICA	14,560	13,514
MEDICARE EXPENSE	3,400	3,809
ASRS RETIREMENT CONTRIBUTION	28,581	27,457
GROUP MED/DENTAL/LIFE/AD&D	16,311	19,170
VISION CARE	268	268
WORKMANS COMPENSATION	380	380
UNEMPLOYMENT INS.-DES	560	560
SALARIES & BENEFITS	298,904	294,422

Table : Town Management Operational Expenses.

Town Management	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OFFICE SUPPLIES	\$11,124	\$15,000	\$15,177	\$15,000
EQUIPMENT MAINT.- Generators, HVAC	\$7,163	\$9,000	\$7,350	\$9,000
GASOLINE	\$884	\$1,000	\$1,661	\$1,500
OFFICE EQUIP. MAINT-Copier Serv.	\$13,088	\$16,000	\$16,352	\$17,000
VEHICLE	\$1,011	\$1,500	\$961	\$4,400
INTERNET & WiFi, CivicPlus Rewrite	\$15,991	\$15,300	\$15,500	\$16,500
TELEPHONE	\$6,207	\$5,500	\$5,850	\$6,000
POSTAGE	\$2,455	\$2,600	\$3,630	\$3,500
BANK CHARGES - CC FEES	\$6,528	\$12,000	\$6,582	\$9,000
AAA SECURITY SERVICE	\$489	\$515	\$560	\$600
UTILITIES	\$5,819	\$6,500	\$6,350	\$6,600
TRASH Disposal - 8 Sundial	\$2,978	\$3,100	\$3,689	\$3,900
RECORD ARCHIVES	\$0	\$0	\$3,571	\$3,600
JANITOR SERVICES	\$18,000	\$18,000	\$18,000	\$18,000
OFFICE WATER - 5 Gallon	\$943	\$950	\$1,023	\$1,000
DUES & SUBSCRIPTIONS	\$29,906	\$29,000	\$28,345	\$30,000
ADOR Assessment	\$10,149	\$10,149		\$10,149
AZDOA OpenBooks Website yearly	\$1,000	\$1,000		\$1,000
League of Cities	\$6,432	\$6,432		\$6,330
MAG Assessment	\$1,361	\$1,361		\$1,460
AZDES MS4&Maricopa Cty Dust Control Permit	\$4,500	\$4,500		\$4,500
Maricopa Cty Emergency Mgmt	\$1,549	\$1,549		\$1,586
Urban Land Institute	\$570	\$570		\$600
Various Prof Org Dues	\$4,345	\$3,439		\$4,375
MISCELLANEOUS	\$473	\$500	\$2,746	\$500
SPECIAL PROJECTS /PROFESSIONAL FEES	\$0	\$35,000	\$34,125	\$200,000
INFORMATION TECH - Office 365 Subsc	\$29,135	\$30,000	\$29,450	\$32,000
LODGINGS & MEALS	\$676	\$2,500	\$1,912	\$2,500
EDUCATION & TUITION	\$1,300	\$1,500	\$1,060	\$1,500
BUILDING MAINTENANCE	\$1,846	\$9,000	\$235	\$7,000
TOTALS	\$185,922	\$243,465	\$204,129	\$389,100



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, daily staffing and HR requirements including coverage for phones and front desk 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 is the manager of the Cave Creek Cemetery (located within the Town of Carefree) and is responsible for all records related to past burials, plot purchases and organization of plots and interment details, and requests for burial information from family members and genealogy researchers. Finally, as the Secretary of the Carefree Water Company and District Clerk for the Town of Carefree 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.

Accomplishments for Fiscal Year 2021-2022:

- Processed and completed the application and required federal and in-house steps required to receive a \$450,846 grant from the State of Arizona for the AZCares Fund Program.
- Processed and completed the application and required in-house steps required to receive the \$1,311,540 federal awards from the Coronavirus Local Fiscal Recovery Fund Non-Entitlement Units.
- Managed, prepared, and notices 58 Public Meetings/Public Hearings including Town Council, Carefree Water Company/Utilities Community Facilities District, Public Safety Advisory Committee and Sky Ranch Community Relations Committee.
- Responded to a 70% increase in the number of Public Records Request.
- Updated job descriptions and managed the recruitment of a record number of new employees or Town officers including, front desk, Public Works, Court Administrator, Deputy Court Clerk and Municipal Court Judge.
- Maintained and trained staff on the new records management archival system for the Town Clerk Division and began the transfer of vital documents to a secure storage location.
- Attended and graduated from the inaugural Desert Foothills Leadership Academy, a nine month program.
- Attending the 2021 State of Arizona Election Recertification program to maintain certification as an Election Official.
- Attending training to maintain Arizona Municipal Clerk certification.



- Maintained paralegal/legal assisting certification with the National Association of Legal Assistants.
- Volunteered as part of a team to collect donations and school supplies for every teacher at the Black Mountain Elementary School as part of the inaugural **Tote for Teachers** program benefitting a Cave Creek Unified School District School.
- Assisted the Town Attorney in collecting facts and materials and responding to a Complaint filed with the Arizona Ombudsman (falsely) a violation of Open Meeting Law requirements.
- 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.
- Assisted in the defense of personal injury claims filed against the Town of Carefree.

Town Accountant

- Researched, purchased and installed Nine (9) new Windows 10 PC workstations for the Town Hall staff.
- Coordinated with chosen vendors to install an eight camera security system in the Carefree Desert Gardens.
- Document, generate reports and provides detailed information required for annual financial audits and budgeting for the Town and staff.
- Provided accounting and IT support to staff and management on a daily and weekly basis.
- Provided professional and thorough guidance and coordination of all public meetings and notices.

Division Goals for Fiscal Year 2022-2023:

- Manage and oversee the 2022 Primary and General Election, including both the Town election and the Maricopa County polling location being held in Carefree.
- Secure and implement the AgendaQuick software program to streamline the agenda and minutes process in addition to giving the Communications/Social Media department supportive meeting streaming capabilities.
- Coordinate with the Town Accountant to obtain and institute a new, dynamic accounting program and transfer of all data.
- Complete the application process to obtain the Master Municipal Clerk (MMC) designation from the International Association of Municipal Clerks.
- Assist the Front Desk/Permit Technician in obtaining her Notary Public certification to reduce the current demands of the Notary workload and continue to manage the Notary officers within Town Hall.
- Complete 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 in order to assure a smooth and complete archiving process.
- Continue to manage the Cave Creek Cemetery as well as develop a strong and reliable software program to maintain the historic records.
- Continue to provide a high level of customer service to citizens and the public.



There are two full time employees within the Clerks office, the Town Clerk and Deputy Clerk/Accountant. Similar to other Divisions in the Town both the Clerk and Deputy Clerk wear many hats including but not limited to the Town financial oversight, cemetery management, technology oversight, notary services and legal documentation coordination. Over the next fiscal year, new software will be purchased to better assist in the creation of financial documentation that supports the new budget format. This data will be used in future budget preparation.

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

Town Clerk	FY22-23	FY21-22
SALARIES - 2 FTE	216,525	206,294
FICA	13,425	12,790
MEDICARE EXPENSE	3,140	2,991
ASRS RETIREMENT CONTRIBUTION	26,351	25,601
GROUP MED/DENTAL/LIFE/AD&D	23,527	27,092
VISION CARE	183	183
WORKMANS COMPENSATION	450	409
UNEMPLOYMENT INS.-DES	550	550
SALARIES & BENEFITS	284,150	275,910

Table : Town Clerk Operational Expenses

Town Clerk	FY 2021 Actual	FY 2022 Budget	FY 2022 Est Yr End	FY 2023 Budget
OFFICE SUPPLIES	\$0	\$200	\$150	\$200
OFFICE EQUIP. MAINT (Agenda Software)	\$1,505	\$10,323	\$6,730	\$20,861
ACCOUNTING & AUDITING	\$27,294	\$27,800	\$31,000	\$52,500
Annual Audit	\$23,000	\$23,500	\$23,500	\$24,500
ADP Fees, Employee Handbook & Audit State	\$4,294	\$4,300	\$7,500	\$8,000
New Accounting Software, Install Training				\$20,000
LEGAL ADVERTISING	\$6,616	\$5,000	\$6,904	\$5,000
DUES & SUBSCRIPTIONS	\$555	\$600	\$615	\$700
MISCELLANEOUS	\$200	\$200	\$100	\$200
INFORMATION TECHNOLOGY	\$996	\$5,000	\$6,275	\$1,000
ELECTIONS	\$1,605	\$3,000	\$0	\$7,000
MILEAGE	\$0	\$600	\$175	\$600
LODGINGS & MEALS	\$145	\$1,000	\$255	\$1,000
EDUCATION & TUITION	\$1,395	\$900	\$450	\$800
TOTALS	\$67,605	\$82,423	\$83,654	\$89,861



Communications:

Community engagement assumes many different forms through verbal, written and broadcasted 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 a 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 through the use of 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 20201-2022:

- Filled vacancy of Communications Manager
- Updated Town's website.
- 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 2022-2023:

- 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. This individual not only coordinates the dissemination of communications with staff, elected and appointed officials as well as with outside entities. In addition, they will help to manage the inaugural Ambassador program after the current limitations associated with health pandemic subsided. The Communication Manager will be located in the Town's visitor center next to the amphitheater. This will also house the Ambassador program and create better oversight and use of the



Town’s facilities. Associated with the communication program will be updates to the Town’s websites and added graphics to provide for a more sophisticated appearance. 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.

Table 10: Communications Salaries and Benefits – 1 FTE.

COMMUNICATIONS	FY22-23	FY21-22
SALARIES - 1 FTE	\$63,000	\$57,000
FICA	\$3,906	\$3,800
MEDICARE EXPENSE	\$914	\$900
ASRS RETIREMENT CONTRIBUTION	\$7,667	\$7,400
GROUP MED/DENTAL/LIFE/AD&D	\$1,598	\$1,400
VISION CARE	\$17	\$17
WORKMANS COMPENSATION	\$190	\$190
UNEMPLOYMENT INS.-DES	\$200	\$200
SALARIES & BENEFITS	\$77,492	\$70,907



Risk Management:

There are two specific areas of contractual services under Town Administrative Services when it comes to risk mitigation – General 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 the majority of 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.

Accomplishments for Fiscal Year 2021-2022:

- The Town Attorney attended Council meetings when requested 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 2022-2023:

- 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 to active litigation.



LEGAL	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
ATTORNEY - Contract	\$128,956	\$100,000	\$97,939	\$100,000
ATTORNEY-UNCLASSIFIED	\$119,378	\$60,000	\$54,086	\$60,000
TOTALS	\$248,334	\$160,000	\$152,025	\$160,000

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 it 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.

RISK MANAGEMENT	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
INSURANCE	\$70,374	\$120,000	\$113,565	\$120,000
TOTALS	\$70,374	\$120,000	\$113,565	\$120,000



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 work in collaboration with one another to implement Town's vision, strategies, regulations and policies.

The following tables outline the dedicated staffing levels and the overall summary of costs of operating each of the Divisions within the Community Development Department.

Table 11: Summary of Community Development Expenses .

Community Development	FTEs	Salaries & Benefits	Operations
Building Safety	1	\$172,226	\$81,750
Planning & Zoning	2	\$228,715	\$124,100
Code Enforcement	1	\$52,515	3,60
Economic Development	1	\$175,129	\$159,050
TOTALS	5	\$628,585	\$364,900



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 of all building permits as well as conducting inspections to ensure compliance to 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 also contracts out 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 2021-2022:

- The Building Division conducted 3,904 inspections over the course of the fiscal year.
- The permitted construction projects added over 84,116 square feet, remodeled 15,670 square feet and was valued at a total of over \$11.2MM.
- The Building Division also performed 1,298 site visits, 230 plan reviews, approved 17 new single-family residences, approved 55 home remodels and continues to inspect Town Center Developments – the Hampton Inn and the View Townhomes.

Goals for Fiscal Year 2022-2023:

- Review and update permit fee structure to ensure cost recovery for services rendered.
- Investigate options for on-line permitting for applying for permits, payments and paperless reviews.
- Adopt updated versions of International Building Codes.
- Update Professional Certificates.
- Complete up to 60 hours of continuing education.
- Maintain timely plan reviews and inspections.



Table : Building Safety Salary and Benefits – 1 FTE

BUILDING & SAFETY	FY22-23	FY21-22
SALARIES - 1 FTE	136,394	129,923
FICA	8,456	8,055
MEDICARE EXPENSE	1,978	1,884
ASRS RETIREMENT CONTRIBUTION	16,599	16,123
GROUP MED/DENTAL/LIFE/AD&D	15,286	13,594
VISION CARE	173	177
WORKMANS COMPENSATION	1,932	1,720
UNEMPLOYMENT INS.-DES	350	750
SALARIES & BENEFITS	181,169	172,226

Table : Building Safety Operational Expenses

BUILDING SAFETY	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OFFICE SUPPLIES	\$0	\$600	\$413	\$600
UNIFORMS	\$235	\$350	\$0	\$400
OPERATING SUPPLIES - Code Manuals	\$0	\$1,000	\$0	\$1,000
GASOLINE	\$1,984	\$2,000	\$2,600	\$2,900
VEHICLE MAINTENANCE	\$401	\$500	\$33	\$100
CAPITAL OUTLAY	\$0	\$35,000	\$35,541	\$0
TELEPHONE	\$618	\$650	\$621	\$650
DUES & SUBSCRIPTIONS	\$0	\$350	\$0	\$350
MISCELLANEOUS	\$0	\$0	\$0	\$0
INFORMATION TECHNOLOGY	\$0	\$2,500	\$2,129	\$200
PROFESSIONAL FEES BROWN&ASSOC	\$65,090	\$60,000	\$76,712	\$75,000
MILEAGE	\$0	\$0	\$0	\$0
LODGINGS & MEALS	\$0	\$0	\$0	\$150
EDUCATION & TUITION	\$0	\$0	\$0	\$400
TOTALS	\$68,328	\$102,950	\$118,049	\$81,750



Planning and Zoning:

The Planning and Zoning Division is charged with the orderly growth of the community 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 the use of property by defining the appropriate density and intensity of the development. From time to time, special planning studies are conducted to assist in development of new policies or regulations. The Planning and Zoning Division also coordinates with the Building Safety Division and Engineering Division to review permitting 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:

- Processed 21 Zoning Applications/Preapplications, held 10 Public Meetings/Public Hearings including Town Council meetings.
- Reviewed 170 Building Permits for compliance with the Town's Zoning Ordinance, including 17 new single family residential lots.
- Maintained new archival system for the Planning and Zoning Division and began the transfer of vital documents to a secure storage location.
- Supported Town Clerk and Town Administrator with Meeting Minutes for Town Council and Public Safety Advisory Committee Meetings.
- Transitioned new Town Engineer to assume rights-of-way oversight and general procedures as it relates to the Planning and Zoning Division.
- Addressed Numerous Walk-ins/Phone calls/Development Questions/Public Records Requests

Goals:

- Oversee the hiring of a Planning consultant for the *General Plan* update process and manage the project.
- Continue to support efforts related to *Redevelopment Plan for Town Center* under the Economic Development Division.
- Continue to manage the *Master Signage and Access Plan* for Town Center.
- Create new fee structure for Planning and Zoning applications.
- Planning technician training for planning clerk to support Building Division permit reviews.
- Continue to manage zoning cases and entitlement processes.
- Continue to provide a high level of customer service.



Table : Planning and Zoning Salaries and Benefits – 2 FTE

PLANNING & ZONING	FY22-23	FY21-22
SALARIES - 2 FTE	167,159	160,525
FICA	10,364	9,953
MEDICARE EXPENSE	2,424	2,328
ASRS RETIREMENT CONTRIBUTION	20,343	19,921
GROUP MED/DENTAL/LIFE/AD&D	25,778	26,308
VISION CARE	367	367
WORKMANS COMPENSATION	1,720	1,450
UNEMPLOYMENT INS.-DES	560	800
SALARIES & BENEFITS	228,715	221,651

Table : Planning and Zoning Operational Expenses

PLANNING AND ZONING	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OFFICE SUPPLIES	\$802	\$900	\$2,300	\$2,000
GASOLINE	\$1,249	\$1,200	\$1,889	\$2,100
OFFICE EQUIPMENT MAINT.	\$536	\$600	\$0	\$600
VEHICLE MAINTENANCE	\$575	\$800	\$1,010	\$1,000
TELEPHONE	\$618	\$700	\$667	\$700
DUES & SUBSCRIPTIONS	\$1,330	\$1,200	\$735	\$1,200
MISCELLANEOUS	\$0	\$270	\$679	\$700
INFORMATION TECH	\$1,701	\$2,500	\$2,453	\$15,000
PROFESSIONAL FEES (General Plan)	\$5,811	\$74,000	\$0	\$100,000
LODGINGS & MEALS	\$0	\$400	\$45	\$400
EDUCATION & TUITION	\$250	\$400	\$450	\$400
TOTALS	\$12,871	\$82,970	\$10,228	\$124,100



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 Fiscal Year 2021-2022:

- Processed over 480 business licenses
- Processed over 450 vendor certificates (March- November)
- Conducted 298 Investigations
- Updated Emergency Operations Manual

Goals for Fiscal Year 2022-2023

- Assist in the data and refinements of:
 - Emergency Operations Plan
 - Town and Fire Department COOP (Continuity of Operations Plan)
 - Maricopa County Hazard Mitigation Plan
 - Town of Carefree Emergency Operations Plan
 - Work with Planning and Zoning to update Codes to refine as need
- Continue to process all business licenses, vendors certificates, and investigate code violations

Table 15: Code Enforcement Salary and Benefits – 1 FTE

CODE ENFORCEMENT	FY22-23	FY21-22
SALARIES - 1 FTE	38,802	28,906
FICA	2,406	1,792
MEDICARE EXPENSE	563	419
ASRS RETIREMENT CONTRIBUTION	4,722	3,587
GROUP MED/DENTAL/LIFE/AD&D	4,406	4,665
VISION CARE	91	91
WORKMANS COMPENSATION	1,200	750
UNEMPLOYMENT INS.-DES	325	200
SALARIES & BENEFITS	52,515	40,410



Table : Code Enforcement Operational Expenses

Code Enforcement	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
EQUIPMENT MAINTENANCE	\$186	\$600	\$456	\$600
GASOLINE	\$1,256	\$1,500	\$1,432	\$1,600
VEHICLE MAINTENANCE	\$945	\$500	\$1,230	\$100
CAPITAL OUTLAY	\$0	\$35,000	\$35,816	\$0
TELEPHONE	\$426	\$460	\$426	\$460
MISCELLANEOUS	\$895	\$200	\$0	\$200
INFORMATION TECHNOLOGY	\$1,784	\$2,500	\$0	\$100
LODGINGS & MEALS	\$74	\$0	\$0	\$0
EDUCATION & TUITION	\$0	\$200	\$0	\$200
TOTALS	\$5,567	\$40,960	\$39,360	\$3,260

DRAFT



Economic Development:

Due to the fact that 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 all of the required Town services. Therefore, it is important that Carefree import dollars to the local economy via retail trade through regional and out of state 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 projects, as well as operational needs. Nearing functional build-out will cause a decline in the reliability of this revenue source in the future. This build-out will also have an effect on 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.

In 2020, the Town hired its first economic development professional, migrating away from a strategy primarily based around marketing and events, with a focus on developing relationships with businesses and property owners, and systemic changes that would facilitate the development of complementary retail and Town Center Revitalization. After significant analysis in 2020, an initial 24-month Economic Development Workplan was created and approved by Town Council December 2020. This plan put an emphasis on 1. The attraction of destination travel, building upon the current assets of Civana and soon to be opened Hilton hotels 2. The redevelopment/revitalization of the Town Center, for which the goal is to maintain the local flavor of business while enhancing the pedestrian retail environment and visitor experience. 3. Development of regional and neighborhood retail at the intersection of Carefree Highway and Cave Creek Road, with a particular future focus on the northeast corner as well as the potential future development of a low profile high, high quality hospitality use at the northwest corner of Tom Darlington Drive and Carefree Highway.

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 visitor 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 2015, the Town completed the Village Center Master Plan (VCMP). This plan took a comprehensive look at needs for revitalization and future development. As a component to the VCMP, the Economic Development Division, working cooperatively with the Planning Division, took on responsibility for the tasks outlined in the implementation schedule. As further evaluation occurred regarding this plan, many of the deliverables were difficult due to the nature of limitations for how Town funding can be utilized to support revitalization. Therefore, the Town initiated the Redevelopment Area process, and in August 2021, approved the initial boundary for the Town Center Redevelopment Area. The Redevelopment Area is state legislation that allows Towns to be more proactive and have better financial tools to assist with revitalization of designated areas. This approval then required that a Redevelopment Plan be created per state law. This plan is currently in process,



and will be a focal point for completion in 2022. Additionally, the Town is in process on a Signage, Circulation and Parking Plan, that will be completed along with the Redevelopment Plan, and is a key deliverable outlined in the VCMP. This plan will look at 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 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 primary trade area (within a 15 minute driving distance).

Marketing and events is 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 that 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 Centers signature event along with Wheels and Wings located at Sky Ranch.

As the Town looks at its economic development objectives, the key is to ensure compatibility of uses and area, 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 is measures as both direct and indirect revenues received vs. costs to operate the economic development program.

Key Accomplishments Fiscal Year 2021-2022:

- Completed the General Plan Amendment for the northwest corner of Tom Darlington and Carefree Highway to facilitate a resort.
- Gained approval for the Town Center Redevelopment Area boundary, and initiated the Redevelopment Area Plan process.
- Started the Signage, Circulation and Parking Plan process
- Managed the Thunderbird Fine Arts and Wine Festival as well as other key events through COVID.
- Continued the growth of Third Thursday Art Walks.
- Continued to assist in growth of the Farmers Market.
- Continued the development of events in the Gardens including holiday events and music concerts.

Focus for Fiscal Year 2022-223



- Completion of the Redevelopment Plan
- Initiate first steps in revitalization plan implementation
- Completion of the Signage, Circulation and Parking Plan, and identify phasing and funding
- Facilitate development for the key Carefree Highway parcels

Table : Economic Development Salary and Benefits – 1 FTE.

ECONOMIC DEVELOPMENT		
	FY22-23	FY21-22
SALARIES - 1 FTE	132,543	126,284
FICA	8,218	7,830
MEDICARE EXPENSE	1,922	1,831
ASRS RETIREMENT CONTRIBUTION	16,130	15,672
GROUP MED/DENTAL/LIFE/AD&D	15,580	13,506
VISION CARE	291	298
WORKMANS COMPENSATION	250	325
UNEMPLOYMENT INS.-DES	195	457
SALARIES & BENEFITS	175,129	166,202

Table : Economic Development & Marketing Operational Expenses

Economic Development/Marketing	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
MARKETING DIGITAL MEDIA & EQUIP	\$2,231	\$26,000	\$6,800	\$35,000
ED INITIATIVES-professional services		\$75,000	\$55,000	\$80,000
SEASONAL EVENTS	\$188	\$0	\$440	\$500
VET'S DAY	\$3,649	\$0	\$2,223	\$2,300
GARDENS SEMINARS		\$0	\$1,250	\$1,250
WEBSITE & VISITOR CTR MATL	\$4,079	\$26,000	\$3,687	\$36,000
PROFESSIONAL TRADE ORGS	\$260	\$4,000	\$0	\$4,000
TOTALS	\$10,407	\$131,000	\$69,400	\$159,050



PUBLIC WORKS DEPARTMENT:

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

Table 17: Summary of Public Works Expenses:

Public Works	FTEs	Salaries & Benefits	Operations
Town Engineer	1	\$138,329	\$123,450
Facilities	4	\$363,538	\$608,466
TOTALS		\$501,867	\$731,916



Town Engineer:

The Town Engineer oversees governmental regulatory compliance requirements and ensures the best maintenance practices are used to effectively and efficiently manage capital improvements and assets. Over the past ten years, the Town has contracted part-time assistance and used the skills within the Town Administration to temporarily fill the role of the Town Engineer. Due to growing regulatory compliance requirements and the growing need for an in house Engineer to coordinate public work activities, address questions pertaining to drainage issues, workloads associated with the permitting process and need to develop and continuously update Capital Improvement Plan, a full-time position is required to sufficiently address the workload.

Accomplishments for Fiscal Year 2021-2022:

- Review and approved 45 Building Permits
- Review and approved 44 ROW Permits
- Review and approved 24 Grading and Drainage inspections
- Review and approved ADEQ MS4 Compliance
- Applied for MAG Safety Improvement Program Funding
- Awarded grant from Maricopa County Flood Control Small Projects Assistance Program (SPAP)
- Complied with Dust Control Block Permit
- Created a Bid Package for Cave Creek Road Improvements and Pedestrian Safety Improvements
- Design Review and billing approval for two engineering consultants
- Worked with 40 different residents on grading and drainage issues
- Supervision of PW Staff including hiring for vacated staff position
- Working on 10 Year PM Report & Implementation
- Conducted 34 Construction Inspections at the View and the Hampton Inn
- Created a new 5-year Capital Improvement Plan
- Conducted 10 reviews of water infrastructure project
- On-going coordination with the Water Manager, P&Z Director, and Economic Development Director
- On-going Coordination with Mayor, Town Council, and P&Z Staff
- 90 Pre-Con and Post Construction review of ROW Permits
- 8 Culvert and Wash Inspections
- Initiated an asphalt emergency repair for Father Kino Road
- 125' Guard rail Installation
- 5 Review of Pedestrian Circulation Plans
- Developed plans for Ridgeview Dr/Ho Road Crosswalk

Goals for Fiscal Year 2022-2023:

- Ensure continued regulatory compliance and training.
- Update program to maintain culverts.
- Complete update to Town's Pavement Preventative Maintenance Plan.



- Create replacement and maintenance schedules for 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 projects.
- Continue to conduct grading and drainage inspections and review plans for compliance issues.

Table : Town Engineer Salary and Benefits – 1 FTE

Engineering	FY22-23	FY21-22
SALARIES - 1 FTE	111,350	107,110
FICA	6,904	6,641
MEDICARE EXPENSE	1,615	1,553
ASRS RETIREMENT CONTRIBUTION	13,551	13,292
GROUP MED/DENTAL/LIFE/AD&D	2,839	13,202
VISION CARE	0	177
WORKMANS COMPENSATION	1,620	1,350
UNEMPLOYMENT INS.-DES	450	560
SALARIES & BENEFITS	138,329	143,884

Table : Town Engineer Operational Expenses

Engineering	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OFFICE SUPPLIES	\$1,069	\$3,000	\$33	\$500
OPERATING SUPPLIES - Code Manuals	\$0	\$350	\$0	\$350
GASOLINE	\$0	\$1,500	\$28	\$1,200
VEHICLE MAINTENANCE	\$0	\$2,000	\$0	\$2,000
TELEPHONE	\$187	\$650	\$330	\$500
DUES & SUBSCRIPTIONS	\$0	\$1,500	\$0	\$1,500
MISCEL.	\$874	\$300	\$0	\$300
INFORMATION TECHNOLOGY	\$4,985	\$0	\$0	\$100
PROFESSIONAL FEES	\$29,722	\$115,000	\$16,255	\$115,000
Signage Inventory				\$15,000
Transportation/Ped Projects				\$100,000
LODGINGS & MEALS	\$0	\$0	\$0	\$500
EDUCATION & TUITION	\$0	\$1,500	\$1,024	\$1,500
TOTALS	\$36,836	\$125,800	\$17,670	\$123,450



Facilities Division:

The Facilities Division is charged with managing and maintaining the Town's public facilities and assets. This includes keeping streets clean from debris, repairing damage to streets and helping to coordinate pavement maintenance projects, manage/repair traffic signage and oversee and assist in the management of public amenities, facilities or properties.

Over the past year, the facilities staff has spent nearly 1,700 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 debris. The staff also spends approximately 700 hours trimming, mowing and re-grading the shoulders of many of the public streets to mitigate encroachment of brush into drivers view sheds and around signage while also reducing fire hazards within the community. Additionally, facilities does 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 3,600 hours repairing lights, painting surfaces and walls and repairing vandalism. Storm cleanup is another essential service provided by the facilities staff. 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 2020-2021:

- Implemented a program to efficiently use new brush chipper to better manage overgrowth of plant material along Towns rights-of-way.
- Thinned all tree canopies within the Town Center Gardens.
- Painted all walls and buildings within the Town Center Gardens.
- Built storage facility for golf cart and amphitheater chairs and tables to create space in the greenroom.
- Converted greenroom into a flexible space for visitor center, meeting space, office space and event space.
- Installed new drainage culvert in cemetery to stop erosion along driveway.
- Treated surface of amphitheater and painted floor of Splash Pad.
- Repaired all lights and electrical outlets covers within Town Center Gardens.
- Oversaw conversion of Firehouse bay lighting to energy efficient LED lights.
- Ensured all Town Center Irrigation leaks were address immediately upon automated notification to mitigate water loss.
- Regularly remove trash along collector and arterial streets.
- Participated in MS4 training and conducted inspections.
- Conducted culvert inspections.

Goals for Fiscal Year 2021-2022:

- Ensure continued regulatory compliance and training.
- Continue and refine 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.
- Work with Town Engineer to create replacement schedule for equipment with limited useful life.
- Coordinate with Town Engineer Capital Improvement Plans and Projects.

Table : Facilities Salaries and Benefits – 4 FTEs

Facilities	FY22-23	FY21-22
SALARIES - 4 FTE	254,967	235,405
FICA	15,808	14,595
MEDICARE EXPENSE	3,697	3,413
ASRS RETIREMENT CONTRIBUTION	31,029	29,214
GROUP MED/DENTAL/LIFE/AD&D	40,048	44,277
VISION CARE	668	788
WORKMANS COMPENSATION	16,400	17,400
UNEMPLOYMENT INS.-DES	920	1,415
SALARIES & BENEFITS	363,538	346,507

DRAFT



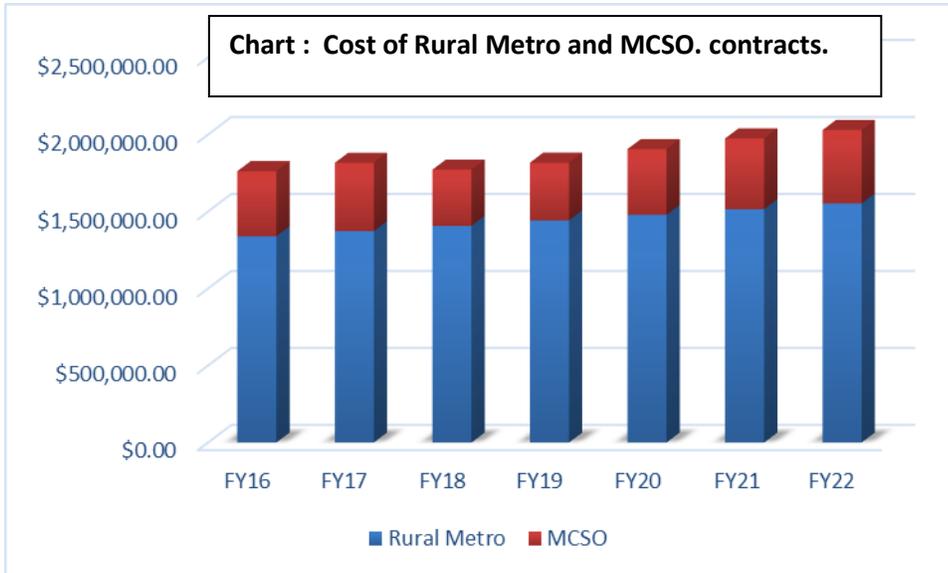
Table : Facilities Operational Expenses

Facilities	FY 2021	FY 2022	FY 2022	FY 2023
	Actual	Budget	Est Yr End	Budget
OPERATING SUPPLIES	\$3,324	\$4,000	\$2,923	\$4,000
EQUIPMENT	\$1,873	\$2,000	\$1,250	\$2,000
EQUIPMENT RENTAL/LEASE	\$3,032	\$6,000	\$2,096	\$6,000
EQUIPMENT MAINTENANCE	\$0	\$7,000	\$3,809	\$7,000
GASOLINE	\$8,099	\$11,000	\$12,524	\$14,000
SIGNS	\$2,256	\$25,000	\$12,700	\$25,000
VEHICLE MAINTENANCE	\$5,615	\$10,000	\$3,826	\$10,000
PUBLIC WORKS MATERIALS,SUPPLIES	\$9,563	\$45,000	\$38,693	\$45,000
CAPITAL OUTLAY - (LIFT EQUIPMENT)	\$40,919	\$45,000	\$60,350	\$55,000
INTERNET	\$1,375	\$1,500	\$1,500	\$1,500
TELEPHONE	\$2,810	\$3,500	\$2,485	\$3,000
AAA HOME SECURITY SERVICE	\$1,532	\$1,580	\$1,580	\$1,580
UTILITIES	\$8,876	\$10,500	\$9,515	\$10,500
LANDFILL FEES	\$6,499	\$11,000	\$17,040	\$18,000
TRASH PICK UP	\$910	\$1,100	\$910	\$1,200
CHEMICALS	\$13	\$1,000	\$1,000	\$1,000
PERMITS & OTHER FEES	\$415	\$600	\$455	\$600
LEASE OF YARD	\$3,726	\$3,726	\$3,726	\$3,726
MISCELLANEOUS	\$35	\$500	\$0	\$500
SPECIAL PROJECTS	\$11,658	\$18,500	\$5,682	\$10,000
INFORMATION TECHNOLOGY	\$213	\$250	\$0	\$250
PROFESSIONAL FEES-Median Contract	\$59,460	\$60,000	\$59,460	\$60,000
752.000 BUILDING MAINTENANCE	\$9,265	\$9,000	\$13,107	\$13,000
SUBTOTALS	\$181,467	\$277,756	\$254,631	\$292,856
TOWN CENTER GARDENS				
OPERATING SUPPLIES	\$21,247	\$20,000	\$5,797	\$10,000
REPAIRS - pet damage, light repl	\$39,806	\$138,500	\$15,475	\$50,000
CAPITAL OUTLAY - stucco/rhinoshield, furniture	\$1,234	\$0	\$0	\$90,000
LANDSCAPE MNT - Contract	\$24,000	\$24,000	\$24,000	\$24,000
UTILITIES	\$40,908	\$50,000	\$42,555	\$50,000
RESTROOM SUPPLY & MNT	\$7,025	\$10,000	\$7,826	\$10,000
CHEMICALS	\$1,806	\$1,000	\$770	\$1,000
JANITOR SERVICE	\$33,910	\$27,660	\$51,660	\$51,660
SUBTOTALS	\$169,936	\$271,160	\$148,083	\$286,660
COUNCIL CHAMBERS				
INTERNET	\$1,290	\$1,550	\$1,548	\$1,550
UTILITIES	\$4,672	\$5,000	\$5,150	\$6,000
TRASH PICKUP	\$632	\$700	\$809	\$900
JANITOR SERVICE	\$18,000	\$18,000	\$18,000	\$18,000
BUILDING MAINT.	\$1,240	\$2,500	\$600	\$2,500
SUBTOTALS	\$25,834	\$27,750	\$26,107	\$28,950
TOTALS	\$377,237	\$576,666	\$428,821	\$608,466



Public Safety:

There are two main components 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 and retain these first responders.

On average, the costs to provide comprehensive

public safety services makes up on average approximately 35%-40% of the Town's operational expenses. The above table illustrates the escalating costs of these public safety contracts. In FY18 there was a recalibration of the MCSO service level to reduce traffic enforcement in the summer months. This recalibration resulted in a slight reduction in costs for service that year; however, the trend illustrates a consistent annual increase in costs of these public safety contracts. With next year, together, the two contracts with MCSO and Rural Metro will be approximately \$2.35 MM. 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 is dedicated to providing the town 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 Police 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 increase level of service; however, any increase in service must be reconciled with a revenue stream to offset the increase in costs. Recently, some residents have inquired about the use of photo radar to more effectively modify the behavior of the bad actors driving through the community. The human element of patrolling traffic speeds is only as good as the Deputy being at a specific location to document and issue a citation. However, the use of technology such as photo radar is more consistent and effective in reducing traffic speed. If this technology is used within the community it can help redeploy the Deputies focused on traffic calming to more neighborhood patrols and a stronger presence throughout the community. This can also help to fund additional increases in the contract to more evenly cover the community throughout the year. Any decision regarding photo radar will need to be publicly vetted prior to the Town Council considering the deployment of such activity. In addition, both MCSO and the Administrative Office of the Court would need to further consider the application of photo radar and the internal processing of these violations.

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

Table 21: Budget of Law Enforcement.

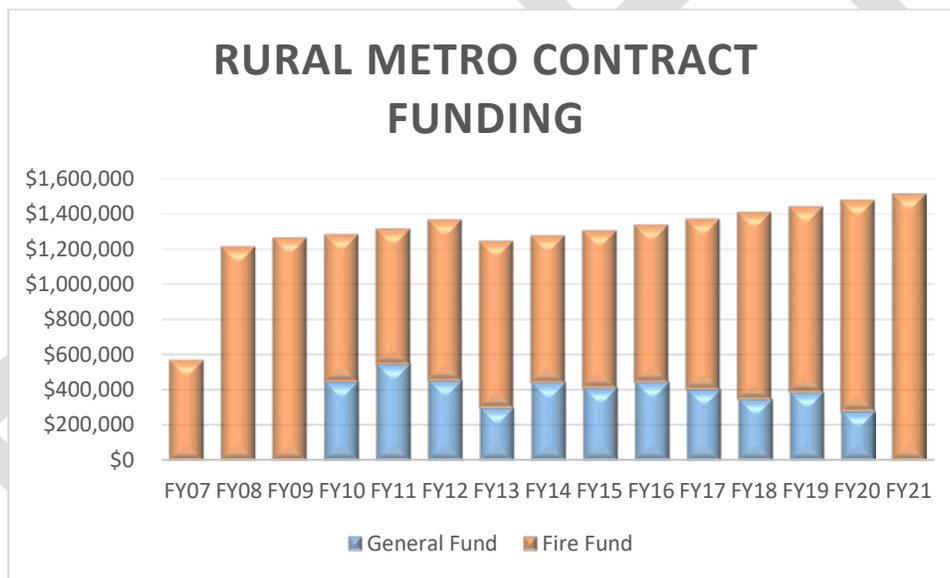
Law Enforcement	ACTUAL	BUDGET	ESTIMATED	FORECASTED
	FY 2021	FY 2022	FY 2022	FY 2023
MCSO CONTRACT	\$459,594	\$476,559	\$476,559	\$499,278
COUNTY JAIL	\$4,790	\$15,000	\$8,361	\$15,000
TOWN PROSECUTOR - CF	\$16,480	\$20,000	\$20,300	\$21,000
TOWN PROSECUTOR - CC	\$24,440	\$25,000	\$23,870	\$25,000
COUNTY ANIMAL CONTROL	\$2,750	\$2,833	\$2,833	\$2,916
TOTALS	\$508,054	\$539,392	\$531,923	\$563,194



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 fixed costs of these assets from the contract and provides for a limited contract based upon the costs of labor.

The master contract is in part, funded through a dedicated 1% municipal sales tax and placed in a dedicated fund called the Fire Fund. As illustrated in the Chart below, the revenue generated by this dedicated sales tax for the most part, has not covered the entire costs of the master contract. In the early years of the master contract, there was a surplus in the Fire Fund since: 1. the sales tax dedicated to the Fire Fund began in 2005, 18 months before the master contract began and 2. the first year of the master contract began 6 months through the fiscal year. It was not until year three (FY10) that a structural deficit (shortage) arose. This structural deficit existed until this past year (a total of 11 fiscal years) when the Town received a record amount of sales tax revenue and therefore, the fire fund covered the entire costs of the contract in FY21.



The current master contract with Rural Metro is set to expire on June 30, 2020. In anticipation of this expiration as well as Cave Creek’s decision to move away from their subscription service model with Rural Metro and instead, contract with the Daisy Mountain Fire District, the Council appointed a citizen committee to evaluate Carefree’s options. In summary, after 8 months of public meetings, the Committee recommended to the Council and community that the Town seek options to join the regional automatic aid dispatch program (the Public Safety Advisory Report can be found on the Town’s website at: www.carefree.org). The citizen committee’s recommendations were influenced by nearby fire departments threatening to decline and/or canceling mutual aid assistance previously provided to Rural Metro and the loss of the Rural Metro fire department in Cave Creek which previously provided assistance to Carefree. Carefree sought to qualify for Automatic Aid through the personnel services provided by Rural Metro (which would have been the most



efficient and cost effective approach); however, the Automatic Aid consortium made up of 20 municipalities and fire districts refuses to conduct business with Rural Metro. This leaves the options to partner with either Daisy Mountain or the City of Scottsdale or perhaps form the Town’s own fire corps. The Town is studying its options to determine the most financially solvent approach and how the additional costs can be sustainably funded. Over the upcoming months, future Town Council meetings and public open houses will be held to publicly discuss issues, options and decisions. It is anticipated that these public forums will conclude this fall with a Town Council meeting to finalize the options and decisions. Based upon this timeline and an expiring contract with Rural Metro, the Town will consider a short term extension with Rural Metro later this spring. It is anticipated that this extension will come with an escalation to the current costs of the contract. During presentations with the Citizen Committee, Rural Metro suggested that they will be seeking an approximate \$275,000 annual increase to the current contract. This will bring the costs of this contract to approximately \$1.85 MM annually. Due to this increase, it is anticipated, based upon forecasted sales tax revenue for the next fiscal year that the Fire Fund will experience a structural deficit yet again.

Over the past year the Fire Department responded to over 500 calls for assistance. The average response time for a code 3 (emergency call) was 3 minutes and 12 seconds. The total calls includes but is not limited to:

- Approximately 330 medical calls
- 77 snake removal request
- 7 brush files
- 4 vehicle fires
- 1 residential fire
- 15 traffic accidents
- 2 lock outs
- 6 requests to check hazards

Table 22: Budget for Fire and Emergency Services.

Fire & Emergency Services	ACTUAL	BUDGET	ESTIMATE	FORECASTED
	FY2021	FY 2022	FY 2022	FY 2023
EQUIPMENT	\$101,108	\$5,000	\$5,169	\$79,000
EQUIPMENT MAINTENANCE	\$13,198	\$15,000	\$10,256	\$20,000
GASOLINE	\$5,743	\$8,000	\$8,000	\$12,000
OFFICE EQUIP MAINTENANCE	\$1,797	\$10,000	\$1,800	\$10,000
VEHICLE MAINTENANCE	\$7,716	\$12,000	\$2,220	\$15,000
UTILITIES	\$9,183	\$11,000	\$14,727	\$15,000
RURAL METRO FIRE PROTECTION**	\$1,515,532	\$1,553,420	\$1,553,420	\$1,900,000
BUILDING MAINTENANCE - AC, Lights	\$5,903	\$6,500	\$5,698	\$7,500
TOTALS	\$1,660,180	\$1,620,920	\$1,601,290	\$2,058,500



Municipal Court:

Municipal Courts have jurisdiction over violations arising under the town ordinances and codes in the communities the court serves. In addition, the court presides over civil traffic, criminal traffic, and misdemeanor violations set forth in state law. Further, the court 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 is personnel. The personnel includes the contracts for Presiding Judge, pro-tem judges, public defender, interpreter, court administrator, deputy clerks and bailiff. The Town Prosecutor is an additional labor expense that is not captured within the specific court budget but can be found within legal services under the Town Administration Department. The personnel costs make up approximately 3/4s of the court's annual expenses. Several years ago, the Towns of both Cave Creek and Cave Creek agreed that a 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 Cave Creek Town Council and the judge selects the court administrator and deputy clerk(s). The Town of Cave Creek manages and pays all expenses associated with the operation of the court and in return Cave Creek pays Cave Creek 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 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 are in compliance with 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.

Table : Summary of all Municipal Court Positions.

FTE Position	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Presiding Judge*	1.0	1.0	1.0	1.0	1.0
Pro Tem Judge*	3.0	3.0	3.0	4.0	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	2.0	1.0	1.0	1.0	1.0

*Services provided through contracts.

Table : Summary of Types of Charges processed by the Court.

Charges Filed		FY 19/20	FY20/21	FY21/22*
Criminal (non-traffic)	30	32	32	10
Criminal Traffic				
Failure to Appear (traffic & non-traffic)	3	1	0	0
DUI	25	16	22	19
Serious Criminal Traffic	3	2	12	5
Other Criminal Traffic	15	25	13	14
Civil Traffic	929	921	1,388	681
Town Code	6	9	8	13
Total	1,011	1,006	1,475	742

*FY 21/22 Figures include only the first half of the year (July 2021 – December 2021).



Accomplishments for Fiscal Year 2021-2022:

- Updated and created when needed all criminal and civil traffic forms to comply with law and rule change.
- Implemented significant revisions to civil traffic bond card to reflect changes in the law, reflect consistency with other jurisdictions, and secured prosecutorial agreements to focus on corrective action.
- Streamlined court process to improve customer service, safety of customers and staff and efficiently address cases on docket.
- Proposed changes to Carefree Town Code to reflect changes in law (Ordinance No. 2021-03 Adopted 9/7/21).
- Renewed agreement to allow continued participation in East Valley Regional Veteran's Court.
- 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) in order to stay apprised of upcoming changes and best practices.
- Attendance at Annual Statewide Judicial Conference, Governor's Office on Highway Safety Conference, and New Judge Orientation.
- 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.
- Low cost technology implemented to facilitate attendance at COJET and virtual meetings for all court staff.
- Initiated Security and Emergency Preparedness Committee meetings, completed comprehensive Court Security Assessment, updated Court Security Plan, reviewed and changed security protocols and equipment to conform with Arizona Supreme Court requirements and ensure safety of customers and court staff.
- 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.
- Recruitment, selection and onboarding of Court Administrator and Deputy Court Clerk positions.
- Annual fiscal audit performed with zero findings.

Goals for Fiscal Year 2022-2023:

- 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 at all materially relevant meetings and conferences to ensure best practices being employed at the court.
- Identify materially relevant educational opportunities to enhance and improve court staff knowledge and performance of duties.
- Evaluate internal court administrative orders for update and revision as needed.



- Identify and evaluate for possible implementation changes to the court’s website to improve ease of use, functionality, and promote access to justice.

The Table below outlines 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.

Table 25: Consolidate Court Salaries and Benefits – 2 FTEs

COURT	FY22-23	FY21-22
SALARIES - 2 FTE	135,425	143,311
FICA	8,396	8,885
MEDICARE EXPENSE	1,964	2,078
ASRS RETIREMENT CONTRIBUTION	16,481	17,785
GROUP MED/DENTAL/LIFE/AD&D	25,861	25,970
VISION CARE	285	270
WORKMANS COMPENSATION	420	325
UNEMPLOYMENT INS.-DES	550	865
SALARIES & BENEFITS	189,382	199,490

Table : Consolidated Court Operational Expenses*

Court	FY 2021 Actual	FY 2022 Budget	FY 2022 Est Yr End	FY 2023 Budget
OFFICE SUPPLIES	\$4,775	\$5,000	\$4,852	\$6,000
OFFICE EQUIP. MAINTENANCE	\$7,340	\$8,000	\$7,457	\$8,000
CAPITAL OUTLAY	\$0	\$0	\$0	\$0
ACCOUNTING & AUDITING	\$3,500	\$3,600	\$3,600	\$3,710
POSTAGE	\$0	\$1,000	\$907	\$1,000
APS/SEWER-UTILITIES	\$613	\$0	\$0	\$0
OFFICE WATER	\$471	\$550	\$560	\$600
DUES & SUBSCRIPTIONS	\$1,442	\$1,500	\$2,124	\$2,500
MISCELLANEOUS - Vets Court, etc	\$750	\$2,000	\$909	\$2,000
INTERPRETER	\$1,216	\$2,000	\$1,170	\$2,000
MILEAGE	\$0	\$500	\$0	\$500
LODGINGS & MEALS	\$0	\$850	\$0	\$850
JURIES	\$0	\$1,000	\$0	\$1,000
PUBLIC DEFENDER - Contract	\$1,210	\$2,500	\$650	\$2,500
TOWN MAGISTRATE - Contract	\$51,911	\$55,842	\$45,000	\$46,350
MAGISTRATE PRO-TEM	\$811	\$1,000	\$450	\$1,000
EDUCATION & TUITION	\$375	\$700	\$350	\$1,500
TOTALS	\$74,413	\$86,042	\$68,029	\$79,510

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



Alternative Funds

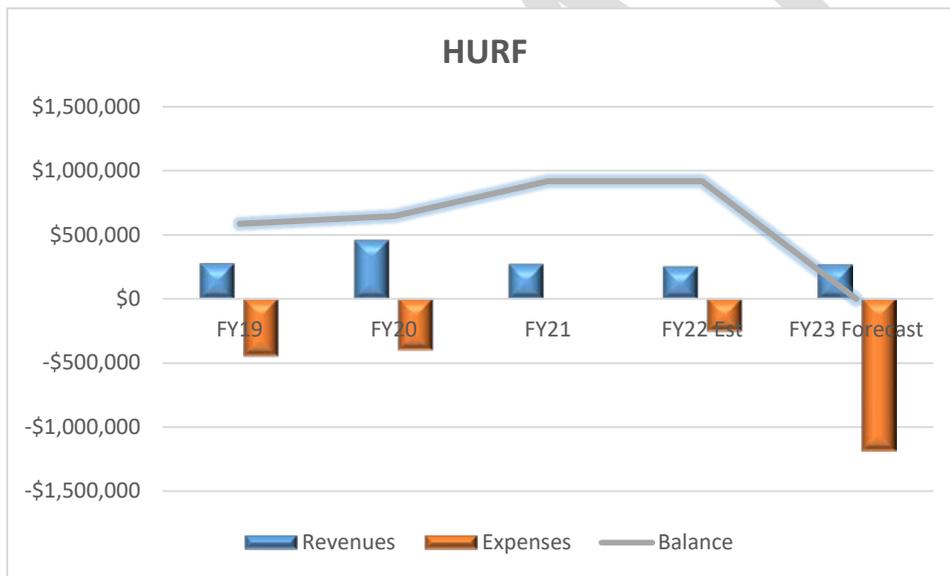
The General Fund is used to account for revenue and expenses associated with the Town’s annual operations. In addition to the General Fund there are numerous restricted funds which are for specific purposes as required by Arizona State Statute, Town Code or policy. The following is outline of these Funds.

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. On a municipal level, this funding can only be used for constructing, reconstructing and maintaining of roadways as well as traffic control devices and signage.

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

Chart 12: 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 help offset the costs for the street maintenance projects. However, these funds do not typically 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. At the present time, the balance of HURF is approximately \$900,000. The majority of these funds will be used for the street maintenance projects program in for FY 22 & FY23. It is important to note, as the asphalt continues to age, its useful life decreases and options should be considered to fund an asphalt replacement project throughout the community.

Approximately 3 years ago, the Town began the current cycle of Street Maintenance Projects. To date nearly 55% of the streets were treated with a crack seal and fiber micro surface treatment. The remaining streets were delayed in anticipation of the future water infrastructure improvement projects currently under construction



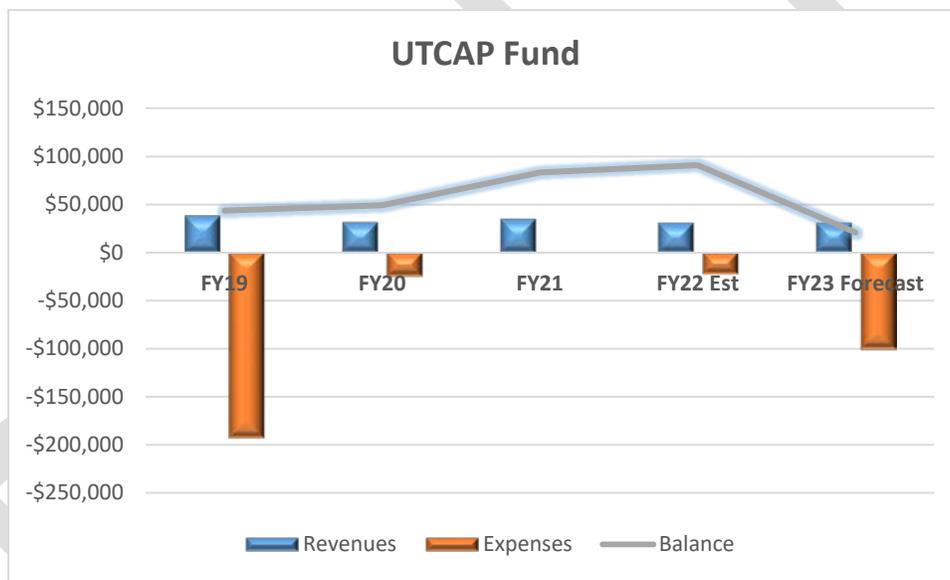
and other conflicting utility improvements within the streets and/or nearby construction. Over the next few years, as this utility work is completed, these roadways will receive a chip and cape seal.

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 fund the Town street maintenance program.

As you can see from the chart below, there is approximately \$25,000 in annual revenue. These monies are saved and then subsequently invested in street maintenance projects over time. A residual balance of \$25,000 is typically maintained to ensure any claims by Southwest Gas for reimbursement can be funded.

Chart 13: 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. In order to assist in these efforts, there was a Capital Advance as well as a Capital Lease established.

Capital Advance – Water Infrastructure that were originally paid for out of the Town’s General Fund are 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 repay the capital advance. Amortization of assets within the Water Fund acquired under the capital advance is included with depreciation expense. The future minimum capital advance obligations and the net present value of these minimum capital advance payments at year end are as follows:

Table 26: Balance of the Town’s Capital Advance Loan to 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	\$21,313	0

Capital Lease – A million gallon water reservoir was also transferred to the Water Company under a Capital Lease. As such for accounting purposes, the lease is recorded at the present value of its future minimum lease payments as of the inception date. Similar to the Capital Advance, amortization of assets within the Water Fund acquired under the capital lease is included with depreciation expense.

Table 27: 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	\$471,034



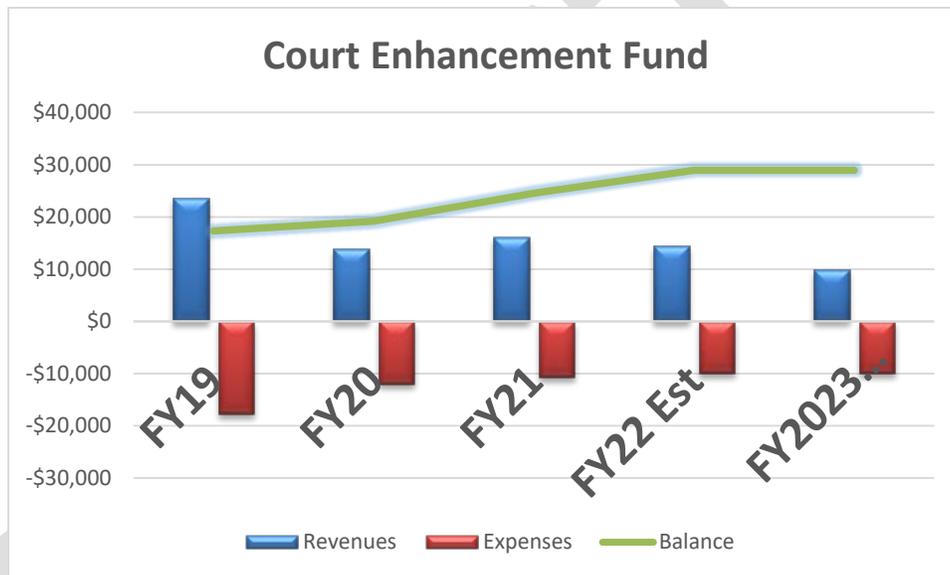
Municipal Court Funds:

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

Court Enhancement Funds:

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

Chart 14: Five Year Balance of Court Enhancement Funds.

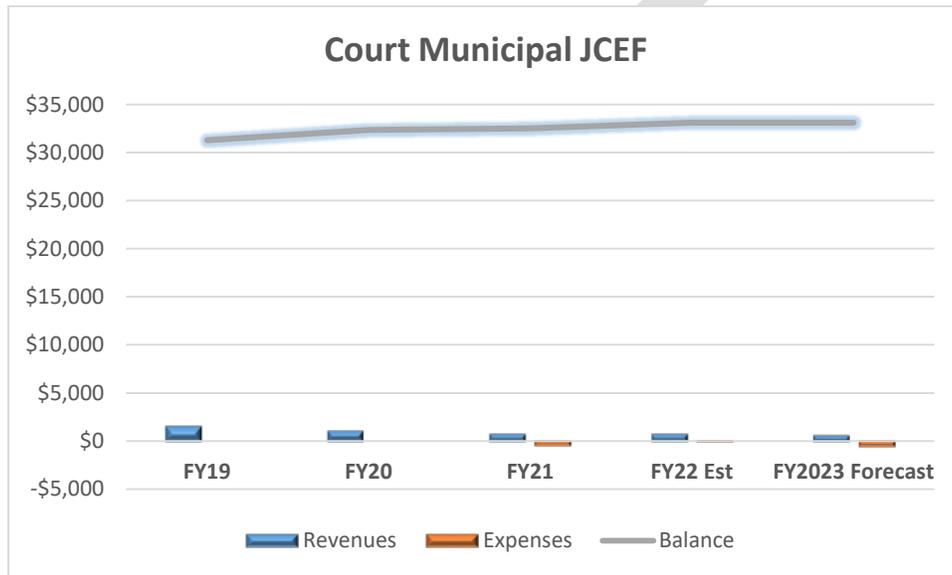




MJCEF:

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 \$35,000. This Fund can be used for future capital expenditures to support the court's needs.

Chart 15: Five Year Balance of Court Restricted MJCEF Funds.

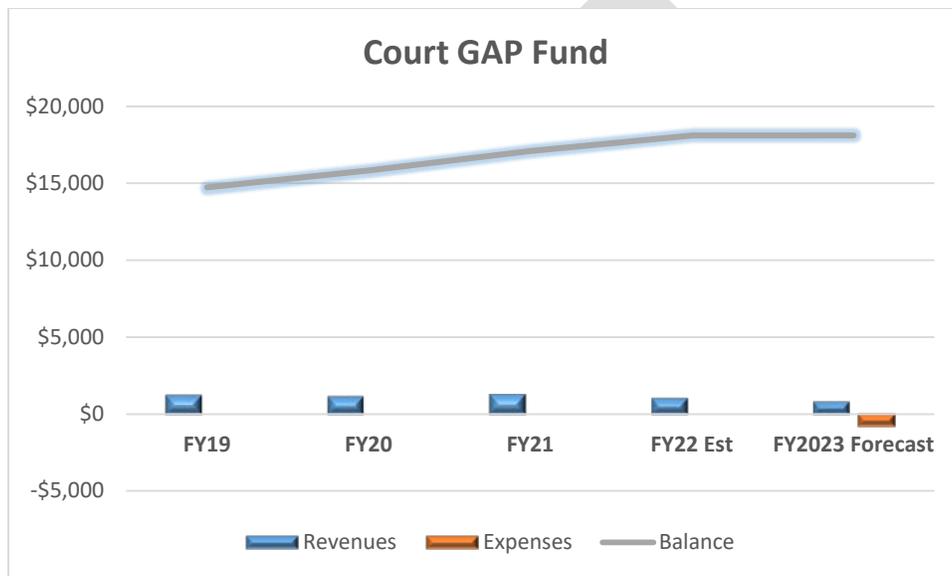




GAP:

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. Similar to 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.

Chart 16: Five Year Balance of Court Restricted GAP Funds

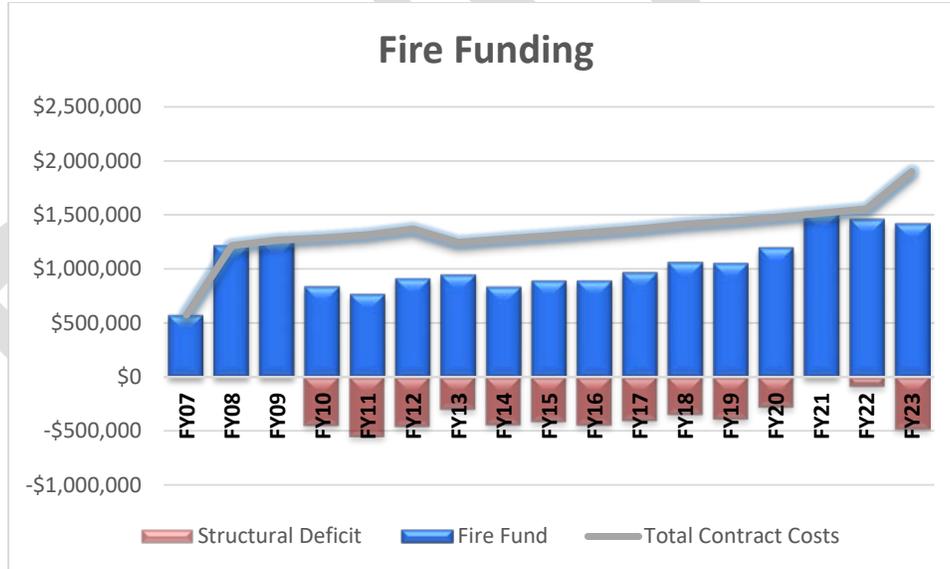




Fire Fund:

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 2005 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 current master contract with Rural Metro is set to expire on June 30th, 2022. The Town is currently negotiating a short term bridge contract with Rural Metro to help facilitate a transition to the regional automatic aid program. This new contract is estimated to increase the costs by another \$275,000 per year. These growing costs for this contract on top of future costs associated with automatic aid require the Town to seek a more sustainable and solvent future to fund the escalating costs of fire and emergency services. A financial consultant has been retained to study the Town’s capacity to pay under the Town’s current financial model and potential options if the Town’s current financial model does not support a solvent financial solution. For a more detailed understanding of the Town’s options for Fire and Emergency Services please review the citizen committee report on the Town’s website (www.carefree.org). The report is called the Public Safety Advisory Report and Recommendations.

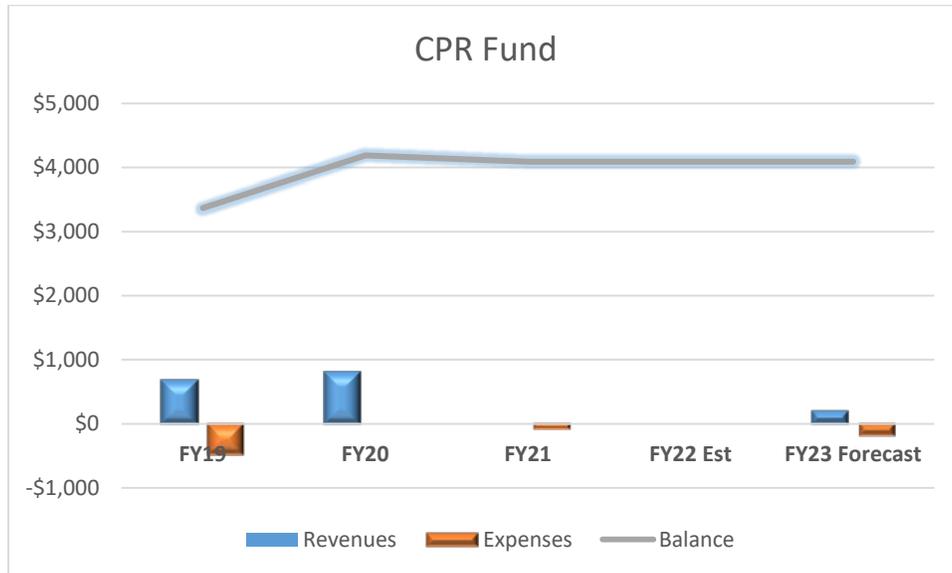
Chart 17: Fire contract structural deficit:





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 have not been held and therefore, the balance of the funds have remained at around \$4,000.



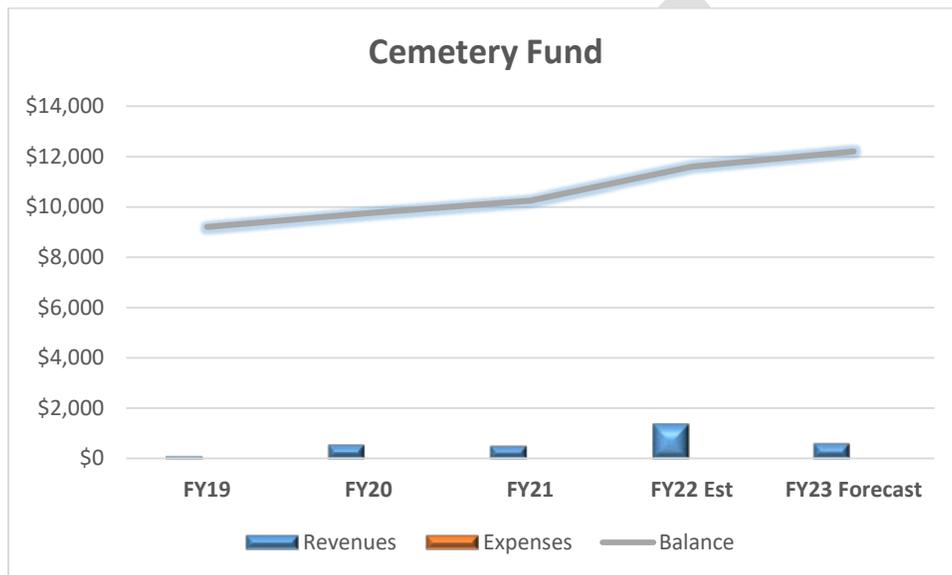
DRAFT



Cemetery Fund:

The Town operates a small cemetery located south of Cave Creek Road on the east side of Pima Road. Although over recent years there have been resources used to grade, clean up and repair portions of this cemetery, the expenses associated with these improvements came from the Public Works Department. In the future, these funds will be used to further comply with dust control requirements and some aesthetical improvements. Currently, the balance to this Fund is just over \$12,000.

Chart 18: Five Year Balance of Cemetery Fund.



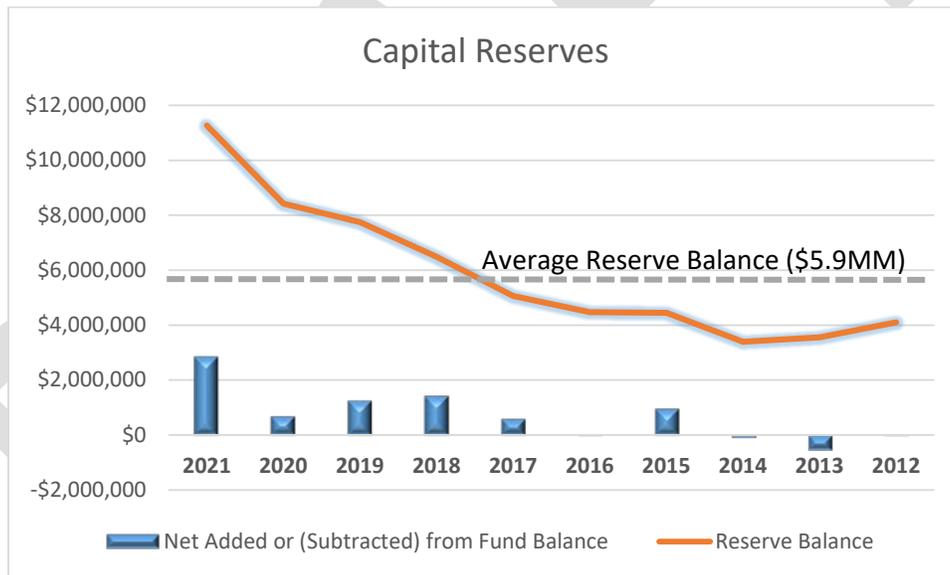


CAPITAL RESERVE FUNDS:

Over the past ten years, the Town has increased its Capital Reserve Fund by over \$6 million by minimizing operational expenses. This reserve account has been used to fund Capital Projects such as street maintenance, Town Center improvements, Public Works equipment, and the purchase of buildings for both the Town Hall, Town Council Chambers, a Fire Station and all associated equipment and apparatus. As the Town’s infrastructure ages, the Town will need to prioritize competing investments with these finite resources.

In addition to the increases to the capital reserves, over this period of time, there have been significant economic contractions. However, even during these significant economic contractions the Town has preserved its \$2.5MM rainy day fund. In order to reconcile the future infrastructure expenses the Town may need to evaluate the amount of rainy day funds as the Town has proven it can navigate historic economic downturns without the need for such large rainy day fund balances. However, the Town must always be cognizant that its revenues are correlated with the fluctuations within the economy and thus, due to the elasticity of these revenues, the Town should maintain a higher level/percentage of rainy day funds than other communities which have offsetting, less volatile revenue streams.

Chart 19: Balance of Capital Reserve Fund





Capital Improvement Program

Currently, the community is seeing significant reinvestment in older homes. Many of these homes due to their age are being updated to address 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 are 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 through 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 2012. The Town is in the middle of its current street maintenance cycle with approximately 45% of the streets treated with a polyflex crack seal and a fiber micro-surface. The Town will complete the current street maintenance cycle over the several years as well as complete an update of its pavement evaluation. This update to the pavement condition will outline the future requirements and financial needs to address street maintenance over the next 10 years.

In addition to the maintenance to the street surface, there is infrastructure associated with the street including existing crosswalks, signage, and drainage outlets. Each of these assets will need to be maintained and or improved overtime. Furthermore, as a new generation of residents move into town, as 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 its equilibrium with the bed of the wash. Therefore, the focus of the public works efforts are to minimize/remove brush and debris that would inhibit flows into the culverts and ensure integrity of wing/head walls are maintained to push the water through the culvert. Overtime, 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 recondition and repair the asset. Currently, here's 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 cameras to broadcast public meeting through the internet.
- Town Hall/Administrative Offices – The majority of Town staff work out of this building. The property is located 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 – Over the last several months the flex space has been remodeled to house the new communication manager, visitor center, storage and changing areas for future performances. This provides a better functioning and more professional space for the various users groups. 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. Currently, Rural Metro pays utilities with the exception of water and 50% of the waste water. The Town pays to repair all equipment and overtime has replaced furniture or other equipment. Over the last several years, the most significant repairs have focused around the roof and the garage doors.
- 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 to both Public Works and the water Company buildings have been redone. The ongoing maintenance to these spaces are 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 street lamps to directional signage and landscape to the amenities within the gardens such as the amphitheater, splash pad, playground and fountains. Due to the heavy use of these items, over time, they will need to be refreshed. Additionally, new ways of managing the space need to be introduced to mitigate damage that is occurring from vandalism and from the frequency of pets relieving themselves. This will include 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 should be explored to focus appropriate areas and help preserve the integrity of the facilities.

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 associated revenue offsets.

Table 28: Fiscal Year Capital Projects

EXPENSES	AMOUNT
Drainage Project	\$650,000
Signage	\$50,000
Pavement Maintenance Project	\$3,200,000
Fire Infrastructure	\$1,100,000
TOTAL	\$5,000,000
REVENUES	AMOUNT
Potential Fire Grants	\$750,000
County Drainage Grant	\$480,000
Capital Reserve/HURF Contribution	\$3,770,000
TOTAL	\$5,000,000



Budget Contingency

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

DRAFT



Expenditure Limit Analysis

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 mechanism to adjust the base due to 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 upon Carefree's permanent base adjustment, the expenditure limit for FY2022/23 is \$11,557,360.

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.

Table : Expenditure Limitation Analysis.

Total Expenditures:	\$14,209,122
Exclusions from Revenues:	
Bond Proceeds	\$ 0
Debt Service Payments	\$ 244,000
Dividends, Interest, Gains	\$ 6,000
Grants (Fire, Flood Control)	\$ 1,250,000
ALF	\$ 10,000
Contributions from private organizations	\$ 0
HURF	\$ 1,280,000
UTCAP	\$ 100,000
Refunds, Reimbursements	\$ 656,000
Voter approved exemptions	\$ 0
Total Exclusions:	\$ 3,546,000
Total Expenditures Subject to Limitation:	\$ 10,663,122
Expenditure Limitation:	\$ 11,557,360
Under Limitation by:	\$ 894,238



Page left intentionally blank

DRAFT

Appendix

AUDITOR GENERAL SCHEDULE