

**NOTICE OF REGULAR MEETING  
OF THE CAREFREE TOWN COUNCIL**

**WHEN:** TUESDAY, DECEMBER 6, 2022

**WHERE:** CAREFREE TOWN COUNCIL CHAMBERS  
33 EASY STREET, CAREFREE, AZ 85377

**TIME:** 5:00 P.M.

Pursuant to A.R.S. 38-431.02, notice is hereby given to the members of the Town Council of the Town of Carefree, Arizona and to the general public that the members of the Town Council will hold a meeting open to the public. For any item listed on the agenda, the Council may vote to go into Executive Session for advice of counsel and/or to discuss records and information exempt by law or rule from public inspection, pursuant to Arizona Revised Statutes §38-431.03.

The agenda for the meeting is as follows:

**CALL TO ORDER**

**SILENT ROLL CALL**

*One or more members of the Council may be unable to attend the meeting in person and may participate by technological means or methods pursuant to A.R.S. §38-431(4).*

**PLEDGE OF ALLEGIANCE**

**REGULAR AGENDA:**

**ITEM #1**     **SWEARING IN CEREMONY** – Introduction and taking of oaths for the newly elected Mayor and council members.

**ITEM #2**     Selection of Vice Mayor to serve from the date of appointment through the end of his/her term pursuant to Carefree Town Code Section 2-2-2.

**ROLL CALL OF NEW COUNCIL**

**CONSENT AGENDA**

All items listed hereunder are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a council member so requests, in which event the item will be removed from the consent agenda and will be discussed separately:

- ITEM #3** Approval of the October 25, 2022 Town Council Regular Meeting Minutes.
- ITEM #4** Acceptance into the public record of the October, 2022 paid bills.
- ITEM #5** Acceptance into the public record of the November, 2022 paid bills.
- ITEM #6** Acceptance of the cash receipts and disbursements report for September, 2022.

**CALL TO THE PUBLIC**

- ITEM #7** Call to the Public: Consideration of comments from the public. Pursuant to Section 2-4-7(G) of the Town Code and A.R.S. 38-431.01(H), those wishing to address the Council need not request permission in advance. The public may address the Council on matters not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter, direct staff to study the matter, reschedule the matter for further consideration and decision at a later date, or may ask that a matter be put on a future agenda. However, the Council may not discuss or take legal action at this time. Please limit your comments to not more than 3 minutes.

**REGULAR AGENDA:**

- ITEM #8** Current Events.
- ITEM #9** Review, discussion and possible action to accept the findings of the 2021-2022 Fiscal Year audit.  
*A representative from the firm of Heinfeld Meech will attend electronically.*
- ITEM #10** **PUBLIC HEARING** – Review and discussion regarding amendment to the Carefree, Arizona - Code of Ordinances (Town Code) related to the repeal and replacement of Article 6, Offenses, Chapter 6-8 Short-Term Rentals Responsible Party Requirements and other Violations to align with recently passed state legislation. *(First Reading)*.
- ITEM #11** Review, discussion and possible action to accept the proposed Public Involvement Plan prepared by Michael Baker International, to initiate the General Plan Update process.
- ITEM #12** Review, discussion and possible action to accept the terms of settlement in The Town of Carefree v. The Boulders Homeowners Association CV 2021-006704 for the purchase price of the real property known as the Boulders Underground Fresh Water Reservoir Site.

**ITEM #13** Approval of an Application for Series 6 Bar Liquor License for Lawrence Foppe and Sticks Golf & Cigar Lounge located at 37555 E. Hum Road, Suite 109, Carefree, AZ. (This is a second, duplicate license).

**ITEM #14** Approval of an Application for Series 12 Restaurant Liquor License for Tania Hicks and Christina Sumpter as controlling persons for Tox Bar located at 100 Easy Street, Suite 2, Carefree, AZ.

**ITEM #15** Adjournment.

DATED this 29<sup>th</sup> day of November, 2022.

TOWN OF CAREFREE

BY: Kandace French Contreras  
Kandace French Contreras, Town Clerk/Treasurer

Items may be taken out of sequence

***\*All official Town Council and Commission meetings are scheduled to be held in-person within Town of Carefree Council Chambers located at 33 Easy St.***

***The Town is currently in the process of upgrading its audio/visual equipment. Audio recordings of official meetings will be posted to our website for public record until the new equipment is available for video recording.***

***Thank you for your patience as we work to improve our systems.***



**FOR SPECIAL ACCOMMODATIONS**

Please contact the Town Clerk, 8 Sundial Circle (PO Box 740), Carefree, AZ 85377; (480) 488-3686, at least three working days prior to the meeting if you require special accommodations due to a disability.

**MINUTES OF THE REGULAR MEETING  
OF THE CAREFREE TOWN COUNCIL**



**WHEN:** MONDAY, OCTOBER 25, 2022

**WHERE:** CAREFREE TOWN COUNCIL CHAMBERS  
33 EASY STREET, CAREFREE, AZ 85377

**TIME:** 5:00 P.M.

**Town Council Attending:**

Mayor Les Peterson  
Vice Mayor John Crane  
Vince D'Aliesio  
Tony Geiger  
Stephen Hatcher  
Mike Johnson  
Cheryl Kroyer

**Town Council Absent:**

None

**Staff Present:**

Gary Neiss, Town Administrator; Michael Wright, Town Attorney; Mark Milstone, Town Engineer, Stacey Bridge Denzak, Director of Planning and Zoning; Joshua Rison, Building Official; Kandace French Contreras, Town Clerk, Treasurer

Mayor Peterson called the meeting to order at 5:00 p.m.

Stephen Prokopek led the Council in the Pledge of Allegiance.

**CONSENT AGENDA**

All items listed hereunder are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a council member so requests, in which event the item will be removed from the consent agenda and will be discussed separately:

- ITEM #1** Approval of the March 1, 2022 Town Council Regular Meeting Minutes.
- ITEM #2** Approval of the May 3, 2022 Town Council Regular Meeting Minutes.
- ITEM #3** Approval of the October 4, 2022 Town Council Regular Meeting Minutes.
- ITEM #4** Acceptance of the cash receipts and disbursements report for August, 2022.
- ITEM #5** Approval of the Proposal & Contract with Behmer Roofing for repair to the Public Works building located at 7177 Ed Everett Way, Carefree.



**ACTION:** Agenda items 1 through 5 APPROVED.

**MOTION:** Council Member Cheryl Kroyer.

**SECOND:** Council Member Vince D'Aliesio.

**VOTE:** Approved 7-0

<b>Voting Member</b>	<b>Aye/Nay</b>
Mayor Les Peterson	Aye
Vice Mayor John Crane	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Cheryl Kroyer	Aye

**CALL TO THE PUBLIC**

**ITEM #8 Call to the Public.**

**Mike Wold** of Carefree, appeared and spoke regarding the Healing Memories Workshop, the Town's support of the workshops and announced the next Healing Memories Workshop is November 18-20, 2022 at Spirit in the Desert. There have been 32 Healing Memories Workshops in Arizona and 17 held in Carefree at Spirit in the Desert.

**REGULAR AGENDA:**

**ITEM #7 Current Events.**

There were the following announcements:

Nov 4-6, 2022 - Thunderbird Artists Art & Wine Festival

Nov 11, 2022 - Veterans Day Program 3-5pm at Sanderson Lincoln Pavilion

Nov 12, 2022 - Kiwanis Pancake Breakfast

The Visitor Center is open but unstaffed at this time.

Mayor Peterson gave an update on the progress of the water service expansion project.

There are three more presentations scheduled to provide information on Fire & Emergency Services and potential funding mechanisms. Remaining meeting dates are:

Thursday, Nov. 3<sup>rd</sup> 5:00 PM, at Christ the Lord Lutheran Church 9205 E Cave Creek Rd, Carefree

Thursday, Nov. 10<sup>th</sup> 5:00 PM, at Council Chambers 33 Easy Street

Thursday, Nov. 17<sup>th</sup> 5:00 PM, a Zoom presentation for those unable to attend the in-person events.

**ITEM #8** Review, discussion and possible action to approve Resolution 2022-17 amending compensation rate for Pro Term Judge services.

Presentation of information by the Carefree – Cave Creek Consolidated Court Judge, Tara Parascandola.

**ACTION:** Resolution 2022-17 was APPROVED.

**MOTION:** Council Member Vince D’Aliesio.

**SECOND:** Council Member Mike Johnson.

**VOTE:** Approved 7-0

<b>Voting Member</b>	<b>Aye/Nay</b>
Mayor Les Peterson	Aye
Vice Mayor John Crane	Aye
Vince D’Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Cheryl Kroyer	Aye

**ITEM #9** Presentation of the “Carefree Cares” / CCUSD Excellence Award in conjunction with Cave Creek Unified School District, honoring a teacher from each school in the district each quarter.

Presentation by Council Members, Cheryl Kroyer and Vince D’Aliesio.

The following teachers and staff were recognized:

- Jordyn Blonder, Kindergarten Teacher, Lone Mountain Elementary School.
- Meaghan Brewster, Paraprofessional, Horseshoe Trails Elementary School.
- Lisa Fisnot, 3<sup>rd</sup>/4<sup>th</sup>/5<sup>th</sup> Grade French Immersion Teacher, Desert Sun Academy.
- Don Larson, PE Teacher, Sonoran Trail Elementary School.
- Jessica Levine, Exceptional Student Services Teacher, Black Mountain Elementary School.
- Kristina Pancoast, Multi Age Teacher, Desert Willow Elementary School.
- Amanda Seaman, Mathematics Teacher, Cactus Shadows High School.

**ACTION:** PRESENTATION ONLY

**ITEM #10** Presentation and discussion with Rebeca Field of Kimley-Horn, consultant for the Comprehensive Sign and Circulation Plan, updating the Mayor and Town Council on the Plan's final components before taking it through the approvals process.

**ACTION:** PRESENTATION ONLY

**ITEM #11** Review, discussion and possible action to approve Ordinance 2022-02 adopting the revised Town of Carefree Building Code to comply with the 2018 International Building Code. (*Second Reading*).

Presentation of information by Building Official, Joshua Rison, which included a citation of amendments since the presentation of the first reading on October 4, 2022.

**ACTION:** Ordinance 2022-02 was APPROVED as amended.

**MOTION:** Council Member Stephen Hatcher.

**SECOND:** Council Member Vince D'Aliesio.

**VOTE:** Approved 7-0

Voting Member	Aye/Nay
Mayor Les Peterson	Aye
Vice Mayor John Crane	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Cheryl Kroyer	Aye

**ITEM #12** Review, discussion and possible action to approve Authorization of Capital Improvement Funds for the Design and Construction of the Carefree Drive drainage project including the Stanley Group engineering design fees.

Presentation of information by Town Engineer, Mark Milstone.

**ACTION:** Agenda item APPROVED.

**MOTION:** Council Member Michael Johnson.

**SECOND:** Council Member Tony Geiger.

**VOTE:** Approved 7-0

Voting Member	Aye/Nay
Mayor Les Peterson	Aye
Vice Mayor John Crane	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Cheryl Kroyer	Aye

**ITEM #13** Adjournment.

**ACTION:** Agenda item APPROVED.

**MOTION:** Council Member Cheryl Kroyer.

**SECOND:** Council Member Tony Geiger.

**VOTE:** Approved 7-0

Voting Member	Aye/Nay
Mayor Les Peterson	Aye
Vice Mayor John Crane	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Cheryl Kroyer	Aye

Mike Johnson	Aye
Cheryl Kroyer	Aye

**ADJOURNED AT 6:36 P.M.**

DATED this 26<sup>th</sup> day of October, 2022.

TOWN OF CAREFREE

BY:

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Kandace French Contreras, Town Clerk/Treasurer

TOWN OF CAREFREE

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Les Peterson, Mayor

Attest:

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Kandace French Contreras, Town Clerk/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Regular Meeting of the Town of Carefree held October 25, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

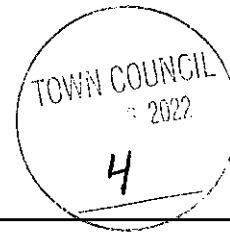
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Kandace French Contreras, Town Clerk

Check Register Report

ALL CHECKS OCTOBER 2022

BANK: NATIONAL BANK OF ARIZONA



Date: 10/28/2022  
 Time: 11:24 am  
 Page: 1

Town Of Carefree

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>NATIONAL BANK OF ARIZONA Checks</b>							
48732	10/07/2022	Printed		3595	AMAZON CAPITAL SERVICES	Sept22 Office Sup, Projector	465.84
48733	10/07/2022	Printed		3705	AUDIO VISUAL EXPERTS LLC	Council Chamber Recording 75%	10,454.70
48734	10/07/2022	Printed		3695	BEHMER ROOFING SHEET METAL	Park building Reroof 1/2	1,800.00
48735	10/07/2022	Printed		3389	BLUE360 MEDIA	AZ Crim & Traffic Subscrip	139.23
48736	10/07/2022	Printed		1470	BROWN & ASSOCIATES	Sep22 Bld Insp 90 Hours	6,300.00
48737	10/07/2022	Printed		0389	CAREFREE WATER COMPANY, INC	Oct 22 Water All Depts	2,990.42
48738	10/07/2022	Printed		3299	CIRCLE K UNIVERSAL	Sep 22 Gasoline All depts	1,155.48
48739	10/07/2022	Printed		3417	COE & VAN LOO II LLC	Professional Services Sep 22	555.00
48740	10/07/2022	Printed		1329	COLONIAL SUPPLEMENTAL INS	Sep 22 Supplemental Ins	112.35
48741	10/07/2022	Printed		1460	COX COMMUNICATIONS	Oct22 Town Internet&Phones	1,017.98
48742	10/07/2022	Printed		3210	ECOBLU POOLS MY POOL GAL, INC	Oct22 Gardens Fountains Serv	944.63
48743	10/07/2022	Printed		3704	EMS CONSULTING GROUP	Sign Collection Service 1/2	6,750.00
48744	10/07/2022	Printed		0136	FOOTHILLS GRANITE, LLC	Gold Rip Rap Downtown	155.29
48745	10/07/2022	Printed		1320	KARSTEN'S ACE HARDWARE	Sep 22 Pub Wrks Supplies	63.30
48746	10/07/2022	Printed		3584	KIMLEY-HORN AND ASSOCIATES, INC	Sep22 Carefree Sign Plan	3,309.00
48747	10/07/2022	Printed		3611	KRAETZ, JOHN	Sep 22 Fire Contract Consult	806.25
48748	10/07/2022	Printed		0010	MARICOPA COUNTY	Sep 22 MCSO jail Housing	548.45
48749	10/07/2022	Printed		3619	MILSTONE, MARK	Roads & Streets Conf Reimb	219.94
48750	10/07/2022	Printed		3221	NATIONAL BANK OF ARIZONA	Sep22 Gardens Furniture	2,678.60
48751	10/07/2022	Printed		3221	NATIONAL BANK OF ARIZONA	St Sweeper Brushes, St LightLED	8,662.59
48752	10/07/2022	Printed		3015	NOTHING BUT NET	Oct 22 Comp Maint Agreements	1,530.87
48753	10/07/2022	Printed		3342	PHOENIX BUSINESS JOURNAL	Year Subscrip Phoenix Bus Jrnal	119.46
48754	10/07/2022	Printed		1691	SPARKLETT'S	Sep 22 Bottled Water All	155.66
48755	10/07/2022	Printed		1794	STAPLES ADVANTAGE	Town Office Supplies	833.82
48756	10/07/2022	Printed		3115	VERIZON WIRELESS	Sep 22 Mobile Phones All	488.42
48757	10/14/2022	Printed		3504	AAA SMART HOME	Sec Sys Maint 8 Sundial Circle	138.51
48758	10/14/2022	Printed		0300	ARIZ PUBLIC SERVICE	OCT22 Electric All Dept	2,906.87
48759	10/14/2022	Printed		3705	AUDIO VISUAL EXPERTS LLC	Council Chamber Recording 25%	3,485.00
48760	10/14/2022	Printed		3695	BEHMER ROOFING SHEET METAL	Park building Reroof Last 1/2	1,800.00
48761	10/14/2022	Printed		3695	BEHMER ROOFING SHEET METAL	Maint Bld Reroof First 1/2	8,250.00
48762	10/14/2022	Printed		1669	CAREFREE FLOORS, INC.	WaterCo Kitch, Bath Flr Last1/2	1,112.06
48763	10/14/2022	Printed		1460	COX COMMUNICATIONS	Oct 22 Internet Ser 33 Easy St	129.00
48764	10/14/2022	Printed		2059	DESERT FOOTHILLS LANDSCAPE	Oct 22 Gardens Maint	2,000.00
48765	10/14/2022	Printed		2059	DESERT FOOTHILLS LANDSCAPE	Oct 22 Medians Maint	4,955.00
48766	10/14/2022	Printed		3615	DOMENICO, DEBBIE	Miles AZBO Training Phoenix	60.62
48767	10/14/2022	Printed		3615	DOMENICO, DEBBIE	Reimb Town Hall RestRm Faucet	53.56
48768	10/14/2022	Printed		703	GOV FINANCE OFFICERS ASSN	FY23 Dues K French, Jim Keen	140.00
48769	10/14/2022	Printed		3520	JENNINGS STROUSS & SALMON, PLC	Sep 22 Legal Serv Town	2,779.20
48770	10/14/2022	Printed		3578	LIBERTY UTILITIES	Sep 22 Sewer Gardens	787.90
48771	10/14/2022	Printed		1876	LOWE'S	Sep 22 Pub Wrks Supplies	747.18
48772	10/14/2022	Printed		1023	MARICOPA COUNTY ENVIRONMENTAL	Refuse Collection Var Permit	2,100.00
48773	10/14/2022	Printed		0091	MARICOPA COUNTY TREASURER	SEP22 Court Remittance	573.70
48774	10/14/2022	Printed		3403	PROSKILL PLUMBING, HEATING	7 New Emerg Exit Light Fire St	2,985.00
48775	10/14/2022	Printed		3403	PROSKILL PLUMBING, HEATING	Town Hall Mens Bathroom Faucet	425.00
48776	10/14/2022	Printed		3010	REPUBLIC SERVICES #753	Oct 22 Trash PU Town Hall	604.25
48777	10/14/2022	Printed		3010	REPUBLIC SERVICES #753	Sep 22 Shop 40Yd RollOffs	1,945.19
48778	10/14/2022	Printed		3614	ROUNDS CONSULTING GROUP	Fire Serv & Revenue Proj	9,125.00
48779	10/14/2022	Printed		3425	RURAL ARIZ GROUP HEALTH	Oct22 MedicalDentalVision Ins	16,901.06
48780	10/14/2022	Printed		0668	RURAL METRO FIRE DEPT.	Sept 22 Fire Truck Diesel	602.42
48781	10/14/2022	Printed		0668	RURAL METRO FIRE DEPT.	Oct 22 Fire Service Contract	152,416.66
48782	10/14/2022	Printed		0021	STATE TREASURER	Sep 22 Court Remittance	7,088.99



# Check Register Report

ALL CHECKS NOVEMBER 2022

BANK: NATIONAL BANK OF ARIZONA



Date: 11/18/2022  
 Time: 10:05 am  
 Page: 1

Town Of Carefree

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>NATIONAL BANK OF ARIZONA Checks</b>							
48826	11/01/2022	Printed		1738	AMERICAN PUBLIC GARDENS ASSN	Carefree gardens Dues 2023	175.00
48827	11/01/2022	Printed		3699	CANON FINANCIAL SERVICES, INC	Printer Plotter Lease	101.43
48828	11/01/2022	Printed		1460	COX COMMUNICATIONS	Nov 22 Town Internet&Phones	1,031.99
48829	11/01/2022	Printed		1320	KARSTEN'S ACE HARDWARE	Oct 22 Pub Wrks Supplies	172.13
48830	11/01/2022	Printed		3015	NOTHING BUT NET	Nov 22 Comp Maint Agreements	1,530.87
48831	11/01/2022	Printed		1340	SOUTHWEST RISK SERVICES	@023 Town Commuter Ins	96.22
48832	11/01/2022	Printed		3461	TITAN COMMERCIAL CLEANING	Oct 22 Town, Gardens Cleaning	7,305.00
48833	11/01/2022	Printed		809	TOWN OF CAVE CREEK	RestitutionTR2022-000021	1,300.00
48834	11/04/2022	Printed		3595	AMAZON CAPITAL SERVICES	Building Off Books, Econ Disply	1,112.97
48835	11/04/2022	Printed		3463	BUSTAMANTE & KUFFNER PC	Oct 22 Town Prosecutor Service	3,800.00
48837	11/04/2022	Printed		0389	CAREFREE WATER COMPANY, INC	Nov 22 Water All Depts	2,832.75
48838	11/04/2022	Printed		3299	CIRCLE K UNIVERSAL	Oct 22 Gasoline All Depts	1,419.72
48839	11/04/2022	Printed		0136	FOOTHILLS GRANITE, LLC	11 loads River Rock StageCoach	1,162.34
48840	11/04/2022	Printed		3602	HUNTER GUARD RAIL AND FENCE	Car Accident Damage NW CC Rd	5,938.52
48841	11/04/2022	Printed		3584	KIMLEY-HORN AND ASSOCIATES, INC	Oct 22 Carefree Sign Plan	9,207.50
48843	11/04/2022	Printed		0010	MARICOPA COUNTY	Oct 22 MCSO Jail Housing	1,371.13
48844	11/04/2022	Printed		3010	REPUBLIC SERVICES #753	Nov22 Trash PU 8 Sundial Circl	606.98
48845	11/04/2022	Printed		3010	REPUBLIC SERVICES #753	Maint Shop 40 Yd Rolloff 10/27	1,040.33
48846	11/10/2022	Printed		3625	AETNA LIFE INSURANCE CO	Nov 22 Supplemental Ins	222.96
48847	11/10/2022	Printed		3107	ARIZ DEPT ADMINISTRATION	AZ OpenBooks Potal Annual	1,000.00
48848	11/10/2022	Printed		3334	ARIZ DEPT OF ENVIRONMENTAL	Phase 2 MS4 Annual Fee	2,500.00
48849	11/10/2022	Printed		1470	BROWN & ASSOCIATES	Oct 22 Building Insp 85 Hrs	5,950.00
48850	11/10/2022	Printed		1470	BROWN & ASSOCIATES	Plan Rev 6800 E Hawksnest Rd	275.00
48851	11/10/2022	Printed		3502	CACTUS TEES	Pub Wrks Unif 24 Shirts 8 Caps	1,088.63
48852	11/10/2022	Printed		1329	COLONIAL SUPPLEMENTAL INS	Oct 22 Supplemental Ins	74.90
48853	11/10/2022	Printed		1058	DAILY JOURNAL CORPORATION	Legal Ad Ord -2022-02	122.11
48854	11/10/2022	Printed		2059	DESERT FOOTHILLS LANDSCAPE	Nov 22 Medians Maint	4,955.00
48855	11/10/2022	Printed		2059	DESERT FOOTHILLS LANDSCAPE	Nov 22 Gardens Maint	2,000.00
48856	11/10/2022	Printed		1463	DODGE, MARILYN	Reimb Postage Mail Summons	7.25
48857	11/10/2022	Printed		3210	ECOBLU POOLS MY POOL GAL, INC	Nov 22 Gardens Fountain Serv	600.00
48858	11/10/2022	Printed		3712	GREENLIGHT TRAFFIC ENGINEERING	222021 CARE CF RSP Applicatn	2,420.00
48859	11/10/2022	Printed		1796	HEINFELD, MEECH & CO.,P.C.	FY2021-22 Town Audit	12,200.00
48860	11/10/2022	Printed		3520	JENNINGS STROUSS & SALMON, PLC	General Legal Oct 22	1,249.40
48861	11/10/2022	Printed		3397	LANGUAGE LINE SERVICES, INC.	Oct 22 Court Interpreting	21.24
48862	11/10/2022	Printed		3578	LIBERTY UTILITIES	Oct22 Sewer Gardens	673.88
48863	11/10/2022	Printed		1876	LOWE'S	Oct 22 Pub Wrks&Gardens Supl	1,526.61
48864	11/10/2022	Printed		0039	MARICOPA COUNTY EMERGENCY MGMT	FY 2023 Emerg Ops IGA	1,586.27
48865	11/10/2022	Printed		3221	NATIONAL BANK OF ARIZONA	Oct 22 TPT Taxes Dog Statns	1,686.85
48866	11/10/2022	Printed		3221	NATIONAL BANK OF ARIZONA	AZBO Traing,PU Trk ServTires	4,861.85
48867	11/10/2022	Printed		2081	O'REILLY AUTO PARTS, INC	Pub Wrks Vehicle Maint	563.07
48868	11/10/2022	Printed		2009	PINNACLE LOCK & SAFE	Visitor Center Door Knob Repr	150.00
48869	11/10/2022	Printed		3403	PROSKILL PLUMBING, HEATING	Repar Gardens Restrtrm Urinals	165.00
48870	11/10/2022	Printed		2025	QUADIENT FINANCE USA	Court Postage & Machine Lease	757.95
48871	11/10/2022	Printed		3614	ROUNDS CONSULTING GROUP	Fire Service Rev Proj & Anlys	5,000.00
48872	11/10/2022	Printed		3425	RURAL ARIZ GROUP HEALTH	Nov 22 MedicalDentalVision Ins	19,261.91
48873	11/10/2022	Printed		1075	SHERMAN & HOWARD LLC	General Legal thru 9/30/22	5,142.50
48874	11/10/2022	Printed		1691	SPARKLETTS	Oct 22 Bottled Water All	182.69
48875	11/10/2022	Printed		3598	STORQUEST - CAREFREE-CC	Dec 22 Town Records Storage	297.66
48876	11/10/2022	Printed		3287	TOSHIBA BUSINESS SOLUTIONS	Nov 22 Copier Maint & Lease	369.00
48877	11/10/2022	Printed		3265	TRACTOR SUPPLY CO	Pub Wrks Uniforms	333.29



## Check Register Report

ALL CHECKS NOVEMBER 2022

Date: 11/18/2022

Time: 10:05 am

Town Of Carefree

BANK: NATIONAL BANK OF ARIZONA

Page: 2

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
<b>NATIONAL BANK OF ARIZONA Checks</b>							
48878	11/10/2022	Printed		3352	UNUM LIFE INSURANCE COMPANY	Dec 22 Short Term Dis Ins	441.63
48879	11/18/2022	Printed		0300	ARIZ PUBLIC SERVICE	NOV 22 Electric All	2,178.25
48880	11/18/2022	Printed		3713	BEN BOLT MUSIC LLC	Music Perf Pavilion 11-26-22	200.00
48881	11/18/2022	Printed		3318	CERTIPRO FIRE & LIFE	Fire Ext & Alarm 4 Locations	1,070.00
48882	11/18/2022	Printed		3293	CITI CARDS	Poster Prints,AP Checks,Unifor	1,123.98
48883	11/18/2022	Printed		3588	COPPERSMITH BROCKELMAN PLC	Legal General thru 10/31/22	1,855.00
48884	11/18/2022	Printed		1460	COX COMMUNICATIONS	Nov22 Shop Phones & Internet	322.14
48885	11/18/2022	Printed		3174	DESERT DIGITAL IMAGING, INC.	Court Commitment Order Treatm	299.59
48886	11/18/2022	Printed		3611	KRAETZ, JOHN	Reissue Oct 22 Fire Consulting	393.75
48887	11/18/2022	Printed		0091	MARICOPA COUNTY TREASURER	Oct22 Court Remittance	780.81
48888	11/18/2022	Printed		3105	PETERSON, LES	Meeting MAG	50.33
48889	11/18/2022	Printed		3477	PINNACLE ROOFING INC	Maint Shop Recoat Roof 2nd 1/2	6,553.50
48890	11/18/2022	Printed		0668	RURAL METRO FIRE DEPT.	Nov 22 Fire Service Contract	152,416.66
48891	11/18/2022	Printed		0668	RURAL METRO FIRE DEPT.	Oct 22 Fire Truck Diesel	694.89
48892	11/18/2022	Printed		3630	SOCIAL PROSPERITY PARTNERS	Community Fire & Emergency	4,875.00
48893	11/18/2022	Printed		1920	SOUTHWEST GAS	Nov 22 Nat Gas All Depts	209.14
48894	11/18/2022	Printed		0021	STATE TREASURER	Oct 22 Court Remittance	7,940.06
48895	11/18/2022	Printed		1947	STUCKEY, KEVIN	Court Bailiff Service 11/16/22	90.00
48896	11/18/2022	Printed		3462	UNITED OF OMAHA LIFE INSURANCE	Life Ins Annual Town Admin	2,222.50
48897	11/18/2022	Printed		352	WESTERN STATES PETROLEUM INC.	Oct 22 Pub Wrks Diesel	934.79
<b>Total Checks: 70</b>						<b>Checks Total (excluding void checks):</b>	<b>302,101.92</b>
<b>Total Payments: 70</b>						<b>Bank Total (excluding void checks):</b>	<b>302,101.92</b>
<b>Total Payments: 70</b>						<b>Grand Total (excluding void checks):</b>	<b>302,101.92</b>

Combined Trial Balance - All Funds  
September 30, 2022



**Assets**

Checking - National Bank of AZ	3,102,574
Local Gov't Investment Pool - AZ	13,030,824
Petty Cash	700
Advances to the Water Company	2,504,328
<b>Total Assets</b>	<b>\$ 18,638,425</b>

**Liabilities**

Accounts Payable	22,446
Bonds	39,010
Sales Tax Remittance	-4
Long Term Deferred Revenue	2,504,328
<b>Total Liabilities</b>	<b>\$2,565,780</b>

**Fund Balance**

Fund Balance-Beginning of Year	16,478,314
Year-to-date change in Fund Balance	(405,668)
<b>Total Fund Balance</b>	<b>16,072,646</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 18,638,425</b>

Contingency Reserve Fund	\$2,500,000
Capital Fund	\$13,330,881
<b>Total</b>	<b>\$15,830,881</b>

**Town of Carefree Reconciled Cash Receipts and Cash Disbursements as of September 30, 2022**

Revenues	FY2021	FY2022	FY2023	2022 vs 2023	Budget	Sep22	% of Budget
	YTD Sep	YTD Sep	Y-T-D	% (+/-)			
Local Sales Taxes (1 month lag)	\$418,865	\$ 346,745	\$ 380,373	9.7%	2,840,000	223,806	13.4%
State Sales Taxes (1 month lag)	86,308	104,774	110,478	5.4%	528,000	51,145	20.9%
Building Fees	102,188	108,171	160,148	48.1%	375,000	61,516	42.7%
State Income Tax	140,306	125,951	174,763	38.8%	712,000	58,254	24.5%
Fines	20,290	58,771	20,597	-65.0%	150,000	1,874	13.7%
Court Service Fees	57,578	29,684	30,872	4.0%	185,000	0	16.7%
Town Clerk-Misc. Sales	3,956	3,900	0	0.0%	100	0	0.0%
Town Clerk-Permits & Sol Fees	25	175	50	-71.4%	700	50	7.1%
Water Company Reimbursements	173,026	138,498	173,026	24.9%	692,105	57,675	25.0%
Miscellaneous Income & Donations	41,660	25,209	25,054	-0.6%	26,000	54	96.4%
Interest Income	9,568	802	20,877	0.0%	6,139	(12,289)	340.1%
Utility Franchise Fees (1 month lag)	58,057	60,957	66,188	8.6%	300,000	0	22.1%
County Lieu Tax (1 month lag)	42,822	37,253	36,650	-1.6%	175,000	15,418	20.9%
General Fund & All Funds Reserve Contribution(Below)	0	0	0	0.0%	3,397,842	0	0.0%
Special Events	21,020	24,806	20,253	-18.4%	45,000	1,000	45.0%
County & State Grants	0	0	0	0.0%	1,250,000	0	0.0%
Court Enhancement, GAP, MJCEF	2,751	2,657	3,247	22.2%	11,400	1,051	28.5%
HURF (1 month lag)	44,367	47,601	41,475	0.0%	1,279,616	20,182	3.2%
Cemetery	100	550	300	0.0%	600	300	50.0%
CPR Ed Fund	0	0	0	0.0%	200	0	0.0%
CARES Fund Grants	450,846	655,770	655,770	0.0%	656,000	0	100.0%
Utility Capital Improvement Fund	0	0	0	0.0%	100,000	0	0.0%
Fire Reimb Income & Ins Reimb	25,638	31,285	31,538	0.0%	108,079	4,989	29.2%
Fire Fund-L Sales Tax (1 month lag)	209,434	173,372	190,187	9.7%	1,420,350	111,903	13.4%
<b>Total Revenues</b>	<b>1,908,806</b>	<b>1,976,930</b>	<b>2,141,847</b>	<b>8.3%</b>	<b>14,259,131</b>	<b>596,929</b>	<b>15.0%</b>
<b>Expenses</b>							
Mayor & Council	2,188	3,170	3,311	4.4%	12,330	1,725	26.9%
Town Clerk	61,202	83,108	103,240	24.2%	374,011	40,841	27.6%
Court	68,727	77,627	68,412	-11.9%	268,892	27,396	25.4%
Administration	103,397	159,418	175,119	9.8%	771,479	58,680	22.7%
Claims & Losses	400	0	0	0.0%	10,000	0	0.0%
Legal	51,666	60,285	23,600	-60.9%	160,000	6,533	14.8%
Risk Management	16,169	44,244	39,053	-11.7%	120,000	96	32.5%
Planning & Development	48,593	62,051	67,415	8.6%	352,915	27,141	19.1%
Building Safety	47,670	65,927	67,368	2.2%	262,919	22,304	25.6%
Law Enforcement	128,180	128,912	141,799	10.0%	563,194	47,455	25.2%
Code Enforcement	11,409	14,082	12,647	-10.2%	56,275	2,323	22.5%
Engineering	7,430	34,376	60,385	75.7%	261,779	23,485	23.1%
Public Works - Streets & Gardens	190,321	182,906	244,945	33.9%	946,554	136,722	25.9%
Debt Service WIFA	231,385	235,406	239,579	1.8%	244,070	0	98.2%
33 Easy St	7,073	6,698	11,394	0.0%	28,950	3,878	39.4%
Capital Improvement Program (See Below)	0	0	0	0.0%	0	0	0.0%
Public Safety Fire General Fund	0	0	0	0.0%	664,200	0	0.0%
Economic Development	37,218	44,463	59,298	33.4%	334,179	28,176	17.7%
Contingencies	0	0	0	0.0%	0	0	0.0%
Court Enhancement, GAP, MJCEF	0	173	0	0.0%	11,407	0	0.0%
HURF (See Below)	0	0	0	0.0%	1,279,716	0	0.0%
Cemetery	0	0	0	0.0%	600	0	0.0%
CPR - Education Fund	0	0	0	0.0%	202	0	0.0%
AZ CARES Fund Expense to Water Infra (See Below)	378,883	0	655,812	0.0%	0	0	0.0%
Utility Capital Improvement Fund (See Below)	0	0	0	0.0%	100,000	0	0.0%
Transfers Out	100	0	0	100.0%	0	0	0.0%
Fire Fund	15,161	403,902	480,733	19.0%	1,529,350	160,771	31.4%
<b>Total Expenses without Capital Expense</b>	<b>1,407,171</b>	<b>1,606,748</b>	<b>2,454,109</b>	<b>52.7%</b>	<b>8,353,022</b>	<b>587,525</b>	<b>29.4%</b>
<b>Net without Capital Expense</b>	<b>\$ 501,634</b>	<b>\$ 370,182</b>	<b>\$ (312,263)</b>		<b>\$ 5,906,109</b>	<b>\$ 9,404</b>	<b>0.0%</b>
<b>All Capital Projects</b>	<b>180,797</b>	<b>124,275</b>	<b>93,405</b>	<b>-24.8%</b>	<b>5,856,100</b>	<b>5,124</b>	<b>1.6%</b>
<b>Total Expenses with Capital Expense</b>	<b>1,587,969</b>	<b>1,731,023</b>	<b>2,547,515</b>	<b>47.2%</b>	<b>\$14,209,122</b>	<b>\$592,649</b>	<b>17.9%</b>
<b>Net with Capital Expense</b>	<b>320,837</b>	<b>245,907</b>	<b>(405,668)</b>	<b>0.0%</b>	<b>50,009</b>	<b>4,280</b>	<b>0.0%</b>



**TOWN OF CAREFREE, ARIZONA  
RESOLUTION 2022-20**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE  
TOWN OF CAREFREE, MARICOPA COUNTY, ARIZONA,  
ACCEPTING THE FINDINGS OF THE FISCAL YEAR 2021-2022 ANNUAL AUDIT FOR  
THE TOWN OF CAREFREE, ARIZONA AND THE CAREFREE – CAVE CREEK  
CONSOLIDATED COURT AND THE ANNUAL EXPENDITURE LIMITATION REPORT  
FOR THE TOWN OF CAREFREE, ARIZONA FOR THE YEAR ENDING JUNE 30, 2022**

**WHEREAS**, the Town of Carefree, Arizona and the Carefree – Cave Creek Consolidated Court are subject to an annual audit by an independent auditing firm; and

**WHEREAS**, the audit firm of Heinfeld Meech & Co., P.C. (Heinfeld Meech) are qualified to perform such audits; and

**WHEREAS**, the firm of Heinfeld Meech performed an examination of the Town of Carefree, Arizona's finances and financial practices, and the Carefree – Cave Creek Consolidated Court's finances and financial practices for the fiscal year ending June, 30, 2021 in accordance with Government Accounting Standards Board (GASB) standards established by the American Institute of Certified Public Accountants and the requirements set forth in the Arizona Code for Judicial Administration Section 1-401, Minimum Accounting Standards (MAS) for the period from July 1, 2021 to June 30, 2022; and

**WHEREAS**, the firm of Heinfeld Meech found that the Town of Carefree, Arizona and the Carefree – Cave Creek Consolidated Court complied, in all material respects, with the aforementioned requirements for the year ending June 30, 2022; and

**WHEREAS**, the firm of Heinfeld Meech examined the Annual Expenditure Limitation Report of the Town of Carefree, Arizona for the year ending June 30, 2022, and found that it presented, in all material respects, in accordance with the Uniform Expenditure Reporting System.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Town of Carefree, Maricopa County, Arizona, as follows:

**ACCEPTING** and approving the audit findings for the Town of Carefree, Arizona and the Carefree-Cave Creek Consolidated Court, for the year ending June 30, 2022 and accepting the Annual Expenditure Limitation Report.

**PASSED AND ADOPTED** by the Mayor and Common Council of the Town of Carefree, Arizona, this 6<sup>th</sup> day of December, 2022.

AYES \_\_\_ NAYS \_\_\_ ABSTENTIONS \_\_\_ ABSENT \_\_\_

\_\_\_\_\_  
Les Peterson, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Kandace French Contreras, Town Clerk

\_\_\_\_\_  
Michael Wright, Town Attorney



**Town of Carefree, Arizona**  
**Annual Expenditure Limitation Report**  
Year Ended June 30, 2022

**TOWN OF CAREFREE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and Town Council  
of the Town of Carefree, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Carefree, Arizona for the year ended June 30, 2022, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System, in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Town of Carefree, Arizona, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 1, 2022



**TOWN OF CAREFREE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART I  
YEAR ENDED JUNE 30, 2022**

- |                                                                                        |                      |
|----------------------------------------------------------------------------------------|----------------------|
| 1. Economic Estimates Commission expenditure limitation                                | \$ <u>11,340,358</u> |
| 3. Enter applicable amount from line 1 or line 2                                       | <u>11,340,358</u>    |
| 4. Amount subject to the expenditure limitation<br>(total amount from Part II, Line C) | <u>5,837,715</u>     |
| 5. Amount under the expenditure limitation                                             | <u>\$ 5,502,643</u>  |

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Fiscal Officer



Name and Title: Kandace French Contreras, Town Clerk/Treasurer

Telephone Number: 480-488-3686

Date: December 1, 2022

**TOWN OF CAREFREE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART II  
YEAR ENDED JUNE 30, 2022**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 6,715,898	\$	\$ 6,715,898
B. Less exclusions claimed:			
2. Debt service requirements	222,413		222,413
5. Grants and aid from the federal government	<u>655,770</u>	<u>                    </u>	<u>655,770</u>
16. Total exclusions claimed	<u>878,183</u>	<u>                    </u>	<u>878,183</u>
C. Amounts subject to the expenditure limitation	<u>\$ 5,837,715</u>	<u>\$</u>	<u>\$ 5,837,715</u>

**TOWN OF CAREFREE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION**  
**YEAR ENDED JUNE 30, 2022**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 6,715,898	\$ 3,803,642	\$ 10,519,540
B. Subtractions			
2. Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)	<u>                    </u>	<u>3,803,642</u>	<u>3,803,642</u>
9. Total subtractions	<u>                    </u>	<u>3,803,642</u>	<u>3,803,642</u>
C. Additions:			
5. Total additions	<u>                    </u>	<u>                    </u>	<u>                    </u>
D. Amounts reported on part II, line A	<u>\$ 6,715,898</u>	<u>\$</u>	<u>\$ 6,715,898</u>

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved permanent base adjustment of \$1,047,314 adopted November 3, 1998, as authorized by the Arizona Constitution, Article IX, §20(6).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds.

**NOTE 2 – RECONCILIATION OF SUBTRACTIONS AND ADDITIONS**

The subtraction of \$3,803,642 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Town of Carefree Utilities Community Facilities District included within the Town’s reporting entity as an enterprise fund in the fund financial statements, but not included in the Economic Estimates Commission base limit calculations.

<b>Town of Carefree Utilities Community Facilities District:</b>	
General government	\$ 2,670,492
Interest and other charges	<u>1,133,150</u>
Total	<u>\$ 3,803,642</u>

**NOTE 3 – DEBT SERVICE REQUIREMENTS**

The exclusion claimed for debt service requirements consists of \$222,413 in principal retirement within the General Fund. The interest expenditures were already accounted for within the subtraction related to separate legal entities described in Note 2 above.

**NOTE 4 – GRANTS AND AID FROM THE FEDERAL GOVERNMENT**

The exclusion claimed for grants and aid from the federal governments consists of \$655,770 of Coronavirus Relief Fund monies within the Grants Fund.

**TOWN OF CAREFREE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2022**

**NOTE 5 – CONTRIBUTION FROM AN INDIVIDUAL**

The Town was the recipient of a bequest from a former Town citizen during the prior fiscal year. The bequest of \$281,664 was not expended during the year.

**NOTE 6 – QUASI-EXTERNAL INTERFUND TRANSACTIONS**

In fiscal year 2005-06 (and as updated during fiscal year 2011-12), the General Fund transferred water infrastructure assets to the Water Fund under the terms of an agreement classified as a capital advance. Repayments are recorded as other revenue within the General Fund. No revenue from the repayment of the capital advance was expended during the year.

**NOTE 7 – CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS**

The Town has an intergovernmental agreement for the operation of the Carefree-Cave Creek Consolidated Court. Revenues received under the terms of the intergovernmental agreement totaled \$178,105 during the year. No revenue from the intergovernmental agreement was expended during the year.

**NOTE 8 – UNEXPENDED EXCLUDABLE REVENUES**

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in those balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 21,868	\$	\$	\$ 21,868
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	281,664			281,664
Quasi-external interfund transactions	414,340	414,340		828,680
Highway user revenues in excess of those received in fiscal year 1979-80	272,183	288,684		560,867
Contracts with other political subdivisions	172,734	178,105		350,839
Total carryforward	<u>\$ 1,162,789</u>	<u>\$ 881,129</u>	<u>\$</u>	<u>\$ 2,043,918</u>

## **Agenda Item #9**

**Town of Carefree**

**2021-2022 Fiscal Year Audit**

**will be provided prior to the meeting.**

**TOWN OF CAREFREE, ARIZONA**



**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

Town of Carefree, Arizona

Financial Statements  
Year Ended June 30, 2022

Issued by:  
Finance Department



# TOWN OF CAREFREE, ARIZONA

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# TOWN OF CAREFREE, ARIZONA

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

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## Independent Auditor's Report

Honorable Mayor and Members of the Town Council  
Town of Carefree, Arizona

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Carefree, Arizona, (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carefree, Arizona, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Town of Carefree, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note 1, the Town implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of Town of Carefree, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Carefree, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Carefree, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 1, 2022



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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

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**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

The Carefree Town Council and Staff are pleased to present the Management's Discussion and Analysis (MD&A) to supplement the financial statements for the year ended June 30, 2022. This discussion and analysis is intended to be an easily readable breakdown of the Town of Carefree and the Utilities Community Facilities District's financial activities based on currently known facts, decisions and conditions. This analysis focuses on current year activities and operations compared to previous years and should be read in combination with the financial statements that follow.

**Overview**

- The assets and deferred outflows of the Town's governmental activities exceeded its liabilities and deferred inflows at June 30, 2022 by \$28,933,338. Of this amount, \$15,728,579 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. Of that \$15,728,579, unrestricted cash and investments are \$15,887,500.
- The assets of the Town's business-type activities exceeded its liabilities at June 30, 2022 by \$5,568,496. The Utilities Community Facilities District (UCFD) has invested in water infrastructure to meet their customers' present and future needs.
- As of June 30, 2022, the Town's combined fund balances of \$16,478,315 showed an increase of \$2,711,192 in comparison with the last fiscal year 2020-21 ending fund balances of \$13,767,123 due in part to retaining fund balance for the Preventative Maintenance Program for the Town streets in fiscal year 2022-23.
- Capital expenditures included:
  - \$12,336 for 5 Desktop computers and 3 Laptop computers.
  - \$35,541 for a Building Safety F150 Pickup truck.
  - \$35,541 for a Code Enforcement F150 Pickup truck.
  - \$38,215 for a Public Works F150 Pickup truck.
  - \$40,855 for a Public Works F250 Pickup truck.
  - \$11,718 for a Guard rail on Carefree Drive & Sidewinder.
  - \$41,618 for Gardens Security Cameras with added WIFI appliances.
  - \$113,745 for designing and constructing Pedestrian Crosswalks.
  - \$8,500 for 13 100 foot Fire Hoses and Fire Head Lamps.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

- The General Fund entered into a 30 year Capital Lease Agreement with the Water Fund fourteen years ago to pay for the one million gallon water tank as shown on Page 53. The Water Fund made payments of \$244,764, on this Capital Lease which covers the Town's total WIFA payments in this fiscal year. The assets that were transferred under the Capital Lease were valued at \$3,332,280. The Town pays the Water Infrastructure Financing Authority its loan as a 20 year note, shown on Page 51.
- Fourteen years ago the General Fund entered into an Aid in Advance of Construction agreement to transfer other water infrastructure assets to the Water Fund in the amount of \$2,303,125. Ten years ago \$914,229 more in assets were transferred under this agreement bringing the total to \$3,217,354. The Water Fund paid off their Revenue Bonds in 2018. They will be paying for these transferred assets monthly ranging from \$1,667 to \$34,258 for 10 years, from 2018 until 2028.
- The Town entered into a Town wide contract for fire service with Rural Metro Fire in January of 2007 to staff the Town's fire station and fire truck. The Town just renewed this agreement with an initial term of 18 months on July 1, 2022 with an option for a second term. There will be no price increase for the initial term. The second term increases will be based upon an annual inflationary adjustment based upon the five-year average of the local (Phoenix-Mesa) Consumer Price Index (CPI- U/W) for labor plus one percent. Furthermore, a maximum 2.5 percent cap and a minimum 1.5 percent cap are established for any annual increase. The fiscal year 2023 cost of the renewed contract is \$1,859,000 annually or a monthly fee of \$154,917.
- In October, 2013, the Towns of Carefree and Cave Creek entered into an Intergovernmental Agreement (IGA) to consolidate their respective municipal courts on January 1, 2014. The intent of this consolidation was to share the ongoing operational costs, create an economy of scale and provide each community a significant savings. In general, the main terms of the IGA which were endorsed by both communities, the Administrative Office of the Court and the Maricopa County Presiding Judge were:
  1. The consolidated court would operate in space provided by the Town of Cave Creek.
  2. The Town of Carefree would provide all staffing for the court and have management responsibility for the court.
  3. All costs associated with the operation of the court would be directly paid by the Town of Carefree while all cost associated with the operation and maintenance of the Town of Cave Creek facility would be borne by Cave Creek.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

4. The IGA outlined a cost recovery approach to cover the typical operational expenses of the court. These operational costs include, but are not limited to, staff salaries and benefits, magistrate services, public defender, prosecutor services, interpreter services, incarceration fees, and supporting office hardware, software and materials.

This cost recovery model included a court service base fee of \$12,183 which the Town of Cave Creek pays the Town of Carefree the first of each month. The base fee is subject to an annual inflationary index beginning and assessed every year thereafter on July 1. There is a minimum cap of two percent and a maximum cap of four percent. The court service base fee for fiscal year 2023 is 15,436.20 which is an increase of 4 percent.

- In October, 2013 an agreement was executed for the naming rights of the Town's amphitheater with Sanderson Lincoln. Under this agreement, Sanderson pays the Town of Carefree \$25,000 per year for a term of ten years. The funds generated by this agreement will be used to reimburse the Town for the improvements to the amphitheater which include but are not limited to new shade structures, new stage lighting, new audio-visual equipment and a mister system. In the tenth year and final year of this agreement \$25,000 was paid by Sanderson Lincoln.

### **Report Layout**

In addition to the Management's Discussion and Analysis (MD&A), this report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds, and other required supplementary information.

The first several statements are highly condensed and present a government-wide view of the Town of Carefree's finances and operations. Within this view, all Town of Carefree operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services like public safety, streets, public works and general governmental administration. Business-type activities include the water services that is provided through the legally separate Utilities Community Facilities District which owns and operates the Carefree Water Company. The government-wide statements include the Statement of Net Position and Statement of Activities.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Statement of Net Position**

The Statement of Net Position presents the unrestricted assets of governmental and business-type activities. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities report capital assets and long-term liabilities.

Net position (acquisition costs minus accumulated depreciation) provides a measure of the Town of Carefree's financial strength, or financial position. Over time, increases or decreases in net position is an indicator of whether the financial health is improving or deteriorating. It is also important to consider other non-financial factors such as changes in the Town of Carefree's sales tax collection, the condition of the streets, and water availability issues to accurately assess the overall health of the Town of Carefree.

**Statement of Activities**

The Statement of Activities presents the major program costs and matches major resources to each program. To the extent that direct charges do not recover a program's cost, it is paid from general taxes and other resources. The statement simplifies the user's analysis to determine the extent to which programs are self-sustaining and/or supported by general revenues.

Following the government-wide statements is a section containing fund financial statements. These statements support information in the government-wide financial statements or provide additional information. For each major fund, a Budgetary Comparison Schedule is presented. Users who want to obtain information on nonmajor funds can find it in the Combining and Individual Fund Statements and Schedules section of this report.

The MD&A explains significant changes in the financial position and differences in operations between current and prior years. Significant changes from the prior year operations are explained in the paragraphs that follow.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**The Town of Carefree as a Whole**

Comparison to the prior year with percentage of change is as follows. This section will outline significant differences between the previous year and present year. A condensed version of the Statement of Net Position at June 30, 2022 versus June 30, 2021 follows.

**Table 1**

<b>Net Position at year-end FY2022 vs. FY2021</b>						
	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>FY2022</b>	<b>FY2021</b>	<b>% Change</b>	<b>FY2022</b>	<b>FY2021</b>	<b>% Change</b>
Current and other assets	\$ 19,377,679	\$17,229,798	12%	\$ 15,704,869	\$(184,292)	-8622%
Capital and intangible assets, net	11,817,787	12,138,589	-3%	14,704,185	5,501,090	167%
<b>Total assets</b>	<b>31,195,466</b>	<b>29,368,387</b>	<b>6%</b>	<b>30,409,054</b>	<b>5,316,798</b>	<b>472%</b>
<b>Total Deferred Outflows of Resources</b>	<b>438,183</b>	<b>395,171</b>	<b>11%</b>			
Current and other liabilities	240,410	189,927	27%	3,030,579	344,205	780%
Long-term liabilities	2,006,542	2,598,483	-23%	21,809,979	47,873	45458%
<b>Total liabilities</b>	<b>2,246,952</b>	<b>2,788,410</b>	<b>-19%</b>	<b>24,840,558</b>	<b>392,078</b>	<b>6236%</b>
<b>Total Deferred Inflows of Resources</b>	<b>453,359</b>	<b>24,016</b>	<b>1788%</b>			
<b>Net Position:</b>						
Net Investment in capital assets	11,817,787	12,138,589	-3%	5,504,389	2,114,047	160%
Restricted	1,386,972	1,051,330	32%			
Unrestricted	15,728,579	13,761,213	14%	64,107	2,810,673	-98%
<b>Total Net Position</b>	<b>\$ 28,933,338</b>	<b>\$26,951,132</b>	<b>7%</b>	<b>\$ 5,568,496</b>	<b>\$ 4,924,720</b>	<b>13%</b>

**Statement of Net Position at June 30, 2022:**

During fiscal year 2021-22 the balance of net position increased due to increased sales taxes related to construction and retail sales.

The Town of Carefree's governmental financial position changed slightly during the year as reflected in the seven percent increase in the net position. The unrestricted net position of the governmental activities amounted to \$15.7 million (versus \$13.8 million in fiscal year 2020-21). The unrestricted net position of the business-type activities is \$64,107 (98 percent less available unrestricted assets than fiscal year 2020-21). The decrease was due to expenditures related to the acquisition of 500 accounts from the Cave Creek Water Company. This view of the unrestricted net position provides a useful measure of the Town of Carefree's net position available for spending at the end of the fiscal year.



**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Statement of Net Position at June 30, 2022:**

There are restrictions of \$1,386,972 in restricted net position of Government activities. \$1,335,185 represents funds that are restricted to highway and streets project use. These restricted funds have been accumulated for our Pavement Preventative Maintenance Plan in Fiscal Year 2022-23. The remaining net position is restricted for court use.

**Table 2**

<b>Net Position at year-end FY2022 vs. FY2021</b>			
<b>Total Government Combined</b>			
	<b>FY2022</b>	<b>FY2021</b>	<b>% Change</b>
Current and other assets	\$ 35,082,548	\$ 17,045,506	106%
Capital and intangible assets, net	26,521,972	17,639,679	50%
<b>Total assets</b>	61,604,520	34,685,185	78%
<b>Total Deferred Outflows of Resources</b>	438,183	395,171	11%
Current and other liabilities	3,270,989	534,132	512%
Long-term liabilities	23,816,521	2,646,356	800%
<b>Total liabilities</b>	27,087,510	3,180,488	752%
<b>Total Deferred Inflows of Resources</b>	453,359	24,016	1788%
<b>Net Position:</b>			
Net investment in capital assets	17,322,176	14,252,636	22%
Restricted	1,386,972	1,051,330	32%
Unrestricted	15,792,686	16,571,886	-5%
<b>Total Net Position</b>	\$ 34,501,834	\$ 31,875,852	8%

**Total Governmental Activities**

Total net position went up eight percent. The non-land portion of improvements is depreciated and the accumulated depreciation of governmental activities at year-end were \$12.0 million. The accumulated depreciation for the business-type activities at year-end is \$11.0 million.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2022, the Town recognized pension expense for Arizona State Retirement System of \$158,611. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to future ASRS contributions required of the Town. This is a requirement of the Government Accounting Standards Board (GASB). A full explanation of the calculation of these deferred inflows and outflows of resources starts on Page 57.

**Statement of Activities for the Year Ended June 30, 2022:**

This year we report governmental activities comparing them to the prior year.

**Table 3**

<b>For the Fiscal Year ended June 30, 2022 vs. June 30, 2021</b>						
	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>% Change</b>	<b>2022</b>	<b>2021</b>	<b>% Change</b>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,088,637	\$ 872,979	25%	\$ 3,318,514	\$ 3,257,637	2%
Operating grants and contributions	969,182	1,029,292	-6%			
Capital grants and contributions	2,888	182,417	-98%	464,594	41,960	100%
Total program revenue	2,060,707	2,084,688	-1%	3,783,108	3,299,597	15%
<b>General Revenue</b>						
Taxes:						
City sales taxes	5,836,869	4,662,954	25%			
State sales taxes	523,051	465,873	12%			
Vehicle license tax	183,054	185,551	-1%			
State income tax – rev sharing	490,938	561,223	-13%			
Franchise taxes	393,967	385,245	2%			
Investment Income	(19,478)	74,511	-126%	8,498	1,699	400%
Transfers	(655,812)			655,812		
Gain/Loss on disposal of capital assets					1,468	
Total general revenues	6,752,589	6,335,357	7%	664,310	3,167	168%
<b>Total Revenues</b>	8,813,296	8,420,045	5%	4,447,418	3,302,764	35%
<b>Expenses</b>						
General government	1,804,856	2,650,095	-32%			
Public safety	2,586,785	2,436,493	6%			
Highways and Streets	1,776,643	573,169	210%			
Public works	640,993	877,029	-27%			
Interest on Long Term Debt	21,813	30,008	-27%			
Water				3,803,642	2,406,861	58%
<b>Total Expense</b>	6,831,090	6,566,794	4%	3,803,642	2,406,861	58%
Beginning Net Position	26,951,132	25,097,881	7%	4,924,720	4,028,817	22%
Incr/Decrease in Net Position	1,982,206	1,853,251	7%	643,776	895,903	-28%
<b>Ending Net Position</b>	\$ 28,933,338	\$ 26,951,132	7%	\$ 5,568,496	\$ 4,924,720	13%

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Governmental Activities**

The actual revenue was \$8.8 million, \$6.8 million was expended to provide services of which \$2.1 million of these expenses was paid for by those who directly benefited from or contributed to the programs. Capital improvements were completed for \$317,850 for equipment and pedestrian crosswalk design. and \$8,490 for Fire Fighting Lights and Fire Hoses for the Fire Department. The increase in net position of \$1,982,206 was due to the continuing increase in sales tax collections recovering from the COVID-19 shutdowns of 2021 and winter and Spring of 2022. Town of Carefree general sales taxes financed \$5.8 million of the expenditures. Other governmental revenues, including inter-governmental aid and interest, amounted to \$1.6 million.

**Business-type Activities**

The revenue of the business-type activities was \$4.5 million and \$3.8 million was expended to provide service. \$3.3 million of these expenses were paid for by those who received service. There was an increase in net position of \$643,776.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2022, the Town of Carefree had invested \$26.4 million in capital assets net of accumulated depreciation as reflected in the following table. Of the \$10.2 million total additions reflected below, \$7.4 million represents acquisition, construction, and design services necessary to bring new water accounts online from the Town of Cave Creek water system, which ultimately caused the business-type activities assets to increase 171 percent. The Governmental activities assets decreased by three percent due to the depreciation of assets. The total overall capital assets increased by 51 percent. The following table reconciles the changes in capital assets.

**Table 4**

<b>Change in Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Beginning Balance</b>	\$ 12,138,589	\$ 5,386,795	\$ 17,525,384
Additions	349,535	9,829,708	10,179,243
Deductions			
Transfers		(62,754)	(62,754)
Depreciation	(670,337)	(554,716)	(1,225,053)
<b>Ending Balance</b>	<b>\$ 11,817,787</b>	<b>\$ 14,599,033</b>	<b>\$ 26,416,820</b>

Additional information on the Town of Carefree’s capital assets can be found in the notes to the financial statements.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Debt Administration**

As of year-end, the governmental activities had \$2.0 million in outstanding long-term liabilities compared with \$2.6 million as of last year as shown in Table 5. The additions of \$114,240 in long-term liabilities to the Governmental Activities was entirely for the accrual of compensated absences payable during the year. Reductions included employees utilizing compensated absences balances of \$91,916 during the fiscal year, \$391,852 for a decrease in the net pension liability, and the payment made on the WIFA Loan of \$222,413. The decrease from last year's total long-term liabilities to this year's was 23 percent.

The business-type activities had \$21.8 million in long-term liabilities outstanding compared to \$47,873 last year. The increase in the long-term liabilities was due to the issuance of revenue bonds.

Two internal fund transfers of assets occurred 14 years ago. The Water Fund entered into a Capital Lease Purchase Agreement to purchase the one million gallon water tank from the General Fund and also entered into an Aid in Advance of Construction Agreement to purchase other water infrastructure assets. Since these were internal transactions, they do not affect the outstanding debt at year-end.

**Table 5**

<b>Long-term Liabilities at Year-end</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Beginning Balance</b>	\$ 2,598,483	\$ 47,873	\$ 2,646,356
Additions	114,240	21,887,194	22,001,434
Retirements	(706,181)	(125,088)	(831,269)
<b>Ending Balance</b>	<b>\$ 2,006,542</b>	<b>\$ 21,809,979</b>	<b>\$ 23,816,521</b>

<b>Long-term Liabilities at Year-end</b>			
	<b>2022</b>		<b>2021</b>
<b>Governmental Activities:</b>			
WIFA Loan – 20 Year 4%	\$ 470,175	\$ 692,588	
Compensated absences payable	1,430,898	83,145	
Net Pension Liability	105,469	1,822,750	
<b>Business-type Activities:</b>			
Revenue Bonds	21,759,955		
Accrued Compensated Absences	50,024	47,873	
<b>Total</b>	<b>\$ 23,816,521</b>	<b>\$ 2,646,356</b>	

Additional information on the Town of Carefree's long-term debt can be found in the notes to the financial statements.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Economic Factors**

**Governmental Funds**

The Town of Carefree relies on state-shared revenues and local sales tax. In years past we have saved more money than we have spent as reflected in the table below. We have used these savings for capital projects that benefit the citizens of Carefree. These projects have included building the Town Center Desert Gardens, installing fire hydrants, maintaining 110 miles of roads, building a fire station, acquiring two Town office buildings, acquiring open space land, installing 2 gateways and pedestrian lighting downtown. Local sales taxes were higher this year due to a pandemic boost to home improvement, and the increased construction of homes with the sale of those completed homes. Due to accruing reserves to complete the next phase in our Pavement Preventative Maintenance Plan in fiscal year 2022-23 and federal COVID-19 relief funds funding Water Infrastructure expenditures, the fund balance this last fiscal year increased \$2.7 million, leaving a total in all fund balances of \$16.5 million.

**Table 6**

<b>Town of Carefree 10 Year Revenue vs. Expenditures<sup>1</sup> 2012 through 2021</b>				
<b>Year Ended June 30,</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Net Added or (Subtracted) from Fund Balance</b>	<b>Ending Fund Balance</b>
2022	10,082,902	6,715,898	2,711,192	16,478,315
2021	9,016,222	6,174,989 <sup>1</sup>	2,841,233	13,767,123
2020	7,637,329	6,957,727	679,602	10,925,891
2019	7,429,577	6,174,967 <sup>2</sup>	1,254,610	10,246,289
2018	6,634,514	5,210,422 <sup>3</sup>	1,424,092	8,991,679
2017	5,695,882	5,101,891 <sup>4</sup>	593,991	7,567,587
2016	6,449,172	6,420,600 <sup>5</sup>	28,572	6,973,596
2015	6,031,736	5,069,601 <sup>6</sup>	962,135	6,945,024
2014	5,407,765	5,485,460 <sup>7</sup>	(77,695)	5,982,889
2013	4,997,639	5,543,196 <sup>8</sup>	(545,557)	6,060,584
<b>Total added to Fund Balance last 10 yrs.</b>			<b>9,872,175</b>	
<sup>1</sup> Source: Official Town Audits – Statement of Revenues & Expenditures, Page 34				
<sup>2</sup> Paid off 33 Easy Street----- \$371,629				
<sup>3</sup> Gateways and Bike Path projects completion ----- \$326,091				
<sup>4</sup> Town Center Improvements ----- \$950,030				
<sup>5</sup> Pavement Maintenance Plan Phase 3 ----- \$521,307				
Town Center Improvements ----- \$151,390				
<sup>6</sup> Pavement Maintenance Plan Phase 2 ----- \$1,048,262				
<sup>7</sup> Open Space Land Acquisition ----- \$281,666				
<sup>8</sup> Pavement Maintenance Plan Phase 1 ----- \$993,667				
<sup>9</sup> Paid off 8 Sundial Circle & Fire Truck ----- \$749,821				

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

The Town of Carefree has incurred little debt since incorporating in 1984. We have \$31.2 million in assets and \$2.0 million in long-term liabilities at June 30, 2022. Of these liabilities, \$470,175 is the WIFA Loan for a water tank; \$105,469 for accrued compensated absences; \$1.4 million for net pension liabilities.

During the year, 93.7 percent of the general revenues were derived from state-shared revenues and local sales tax. The retail picture provided sufficient sales tax revenues to sustain the operational costs of general government. We show an increase in revenue in local sales tax of \$1.2 million due to the reopening of the local economy after the shutdowns from 2021. 26 new home building permits were received in fiscal year 2021-22 versus 18 single family permits for the previous fiscal year. It is important to note that construction sales tax is paid after the completion of a home so funds received are delayed. Total local sales tax increased by 25 percent and state shared revenues decreased by 1 percent. A new Hampton Inn Hotel is complete in downtown Carefree and has already helped to increase foot traffic in our businesses downtown.

The Town's revenues increased 12 percent, and the expenses increased nine percent compared to the last fiscal year 2020-21. Water Infrastructure expenses accounted for \$70,592, while the Pavement Maintenance Project completed \$834,937 of projects. Pedestrian Crossing design and improvements in the downtown accounted for \$304,990 of expenditures.

The Town has been focused on projects to help drive economic development and to generate sales taxes as the Town approaches buildout. The Town has an Economic Development Director to help diversify the businesses in Town and help attract more businesses to the Town. The Hampton Inn by Hilton that just opened is an example of the town beginning to diversify its businesses and tax base.

### **Proprietary Funds**

The Carefree Water Company provides potable water service to a majority of the Town of Carefree under the authority of the Town of Carefree, Arizona Utilities Community Facilities District (UCFD). The UCFD was formed by the Town of Carefree in 1998 and wholly owns the Water Company. The Town Council acts as the Board of Directors for both the UCFD and the Water Company.

The UCFD and the Carefree Water Company continue to be in sound financial condition and in full compliance with their repayment obligations. Repayment of the Bond Purchase that financed the original acquisition of the Water Company by the UCFD was completed at the end of FY 17-18, with the final payment made at the beginning of FY 18-19.

Beginning in FY 21-22, the UCFD and Water Company's focus has been directed to providing potable water service to all residents within the Carefree Town Limits. This has encompassed an effort to acquire approximately 535 customers currently served water by the Town of Cave Creek and required the acquisition of the water infrastructure serving these customers. This acquired infrastructure included 18.5 miles of pipeline and 5 booster pump station sites. In addition, new infrastructure planning, design, and construction were needed to support these new customers.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

Required new infrastructure includes approximately 25,000 lineal feet of pipeline, a 300,000 gallon water storage reservoir, and booster pump station upgrades. Construction of this new infrastructure is being done under the Carefree Water Consolidation Project.

To support this construction effort, the UCFD sold Series 2021 Bonds in September of 2021. \$18.5 million in Water Revenue Bonds were issued with a coupon rate of 4%. The term of the bonds is 30 years with an annual repayment obligation beginning in FY 22-23 of approximately \$500,000 and \$1.1 million every fiscal year thereafter. This bond issuance was anticipated in the 5-year Rate Plan adopted in 2021 which calls for modest 4.4% water rate increases through FY 25-26 to support this system expansion and repayment obligation.

Since early FY 18-19 with the retirement of the bonds issued for the purchase of the Water Company, the annual bond repayment amount of \$414,000 has been directed to repay an outstanding loan from the Town. From the Water Company's customer's perspective, this repayment transition was a seamless way to fulfill the Water Company's debt obligation. The Water Company also continues to make annual payments of \$245,000 to the Town for a Water Infrastructure Financing Authority (WIFA) loan that will be retired in FY 25-26.

Water Company revenues from the sale of water and from other sources during FY 21-22 rose only slightly from the prior fiscal year because of an increase in water conservation awareness due to drought conditions. The COVID-19 pandemic overall had only a slight impact on the Water Company's revenue stream, exemplifying the resiliency of our customer base. The Water Company did work with customers who experienced financial hardship during the pandemic by setting up payment plans, waiving late fees and interest, and instituting a temporary no-shutoff policy which expired in May of 2021.

Moving into the future, a significant increase in revenues is expected with the acquisition of 535 customers to be completed in early 2023. After that, a continued modest but sustained growth in the local economy and in our customer base over the next 5 to 10 years is expected.

From a water supply perspective, a Tier 1 Shortage Condition was declared on the Colorado River for the first time in calendar year (CY) 2022. Although no cutbacks of Colorado River water deliveries to municipal users in central Arizona is required in a Tier 1 Shortage condition, the declaration has led to a heightened focus on water conservation.

Water Company customers continue to respond positively to efforts to help conserve water which has been advantageous in increasing the underground water storage levels within the Carefree aquifer. This has a significant, long-term benefit as the sustainable use of groundwater resources is an important part of the Water Company's water supply portfolio. Currently, the Water Company has the ability to supply water to customers even during emergency conditions via our groundwater resources without dependence on the Central Arizona Project and neighboring water providers of Scottsdale and Cave Creek.

In fiscal year 2016-17, the Water Company began offering customers, on a subscription basis, water meters that communicate water usage data via cellular technology. These meters provide

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

both the Water Company and their customers with convenient access to this water use information using daily internet or smartphone updates. Water conservation and cost savings through early detection of leaks and identification of high water use are system attributes that the Water Company has identified as significant customer benefits. Currently, over 200 customers have signed up for this service.

This cellular technology complements an automated meter reading program. Currently, all Water Company meters are read by cellular or "drive-by" technology. Auto-read meters have made it possible to accurately read meters in less time and to download that data directly into billing software, thereby eliminating manual data entry. An additional benefit of the auto-read meters is being able to provide customers with historic hourly water usage data to help them address high water usage and water leaks on their property.

From a public safety perspective, in fiscal year 2021-22, the Water Company focused on the installation of new fire hydrants in association with the Carefree Water Consolidation Project. By the end of FY 21-22, seven new fire hydrants had been installed, bringing new fire protection, or enhanced fire protection, to four additional Carefree neighborhoods. In the next fiscal year, we plan a continued focus on new fire hydrant installations as part of the Carefree Water Consolidation Project.

During future fiscal years, we will continue to update our utility infrastructure mapping by using the Global Positioning System (GPS) and Geographic Information System (GIS) technology. This will give us the ability to accurately locate water facilities within our service area on aerial photographs. A subsequent step will be to build the database into an asset management system that will track maintenance and repair activities so we can better manage the infrastructure of the Water Company. GIS mapping and asset management information is available to our field personnel via tablets in their vehicles so that infrastructure information can be immediately accessed without having to travel back to the office. This system will also provide us information to meet regulatory requirements for submitting updated mapping of our distribution system each year.



**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

**Next Year’s Budget and Rates**

The fiscal year 2022-23 budget includes a total of \$5 million in Capital Expenditure Projects. \$3.2 million for Pavement Maintenance Projects, \$1.1 million for Fire Infrastructure projects. \$650,000 for Drainage Project and \$50,000 for Signage Project.

In fiscal year 2022-23’s budget, budgeted revenues increased 20 percent over this year’s budget, from \$11.9 million this year to \$14.2 million and are 41 percent higher than this year’s final actual totals of \$10 million. We have increased the revenues expected as we utilize Town reserves for the Pavement Maintenance Project.

The fiscal year 2022-23 expenditure budget totals \$14.2 million with a 93 percent increase over last year’s budgeted expenses of \$11.9 million and 19 percent more than last year’s final actual totals of \$7.3 million. This increase in budgeted expenses is due to the Capital Projects budgeted above.

Table 7 shows the percentages described above.

**Table 7  
Town of Carefree FY23 Adopted Budget**

	<b>FY 2021 ACTUAL</b>	<b>FY 2022 BUDGET</b>	<b>FY 2022 YE ACTUAL</b>	<b>FY 2023 BUDGET ADOPTED</b>	<b>Budget /YE % (+/-)</b>	<b>Budget/Budget % (+/-)</b>
<b>Grand Total REVENUES</b>	\$ 9,016,222	\$ 11,922,196	\$ 10,082,902	\$ 14,259,131	41%	20%
<b>Grand Total EXPENSES</b>	6,174,989	11,908,639	7,371,710	14,209,121	93%	19%
<b>NET</b>	2,841,233	13,557	2,711,192	50,010	-98%	269%

In this budget, Human Resources account for 30% percent, Operations 31% percent, Public Safety remains the highest priority at 39% percent of the operating expenses budgeted.

Maintaining our roads is a must to save expensive repairs in the future, therefore, 16.4 percent of the expenses are budgeted for street improvements and maintenance. Finally, 3.4 percent of the expenses are for legal representation and municipal insurance to protect the community from liability.

**TOWN OF CAREFREE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2022**

The fiscal year 2022-2023 capital budget within the General Fund is as follows:

- \$650,000 for a Drainage Project.
- \$3,200,000 for Pavement Maintenance Project.
- \$1,100,000 for Fire Infrastructure Projects.
- \$50,000 for a Town Signage Project.

The fiscal year 2022-2023 budget within the Highway User Revenue Fund is as follows:

- \$1,279,716 for Pavement Maintenance Project.

The fiscal year 2022-2023 budget within the Utility Capital Improvements Fund is as follows:

- \$100,000 for Pavement Maintenance Project.

Development Fees for new development in Carefree were repealed on January 3, 2012. This was done because Senate Bill 1525 made extensive amendments to A.R.S. §9-463.05, Arizona's municipal development fee enabling statute. These amendments restricted the purpose for which development fees had been historically collected. To be in compliance with this state statute, the Town did not assess any development fees on or after January 1, 2012. In fiscal year 2014-15, all remaining funds within the development fee accounts were used for the purposes for which they were collected and the accounts were all closed.

### **Financial Contact**

The Town of Carefree's financial statements are designed to present users (citizens, taxpayers, investors, customers and creditors) with a general overview of the Town of Carefree's finances and to demonstrate the Town of Carefree's accountability. If you have questions about the report or need additional financial information, please contact the Town of Carefree's Town Administrator, Gary Neiss, or Town Clerk/Treasurer, Kandace French Contreras at P.O. Box 740, 8 Sundial Circle, Carefree, Arizona 85377.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**TOWN OF CAREFREE, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 15,887,500	\$ 17,616,356	\$ 33,503,856
Cash and investments - restricted		25,995	25,995
Accounts receivable	80,873	393,383	474,256
Due from governmental entities	750,352		750,352
Internal balances	2,658,954	(2,658,954)	
Inventory		252,868	252,868
Prepaid items		75,221	75,221
Total current assets	19,377,679	15,704,869	35,082,548
Noncurrent assets:			
Capital assets, non-depreciable	2,422,271	9,773,730	12,196,001
Capital assets, depreciable (net)	9,395,516	4,825,303	14,220,819
Intangible assets (net)		105,152	105,152
Total noncurrent assets	11,817,787	14,704,185	26,521,972
<b>Total assets</b>	<b>31,195,466</b>	<b>30,409,054</b>	<b>61,604,520</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension plan items	438,183		438,183
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	176,688	2,951,649	3,128,337
Accrued payroll and employee benefits		2,002	2,002
Due to other governments		29,923	29,923
Other current liabilities	39,010	15,660	54,670
Customer deposits		31,345	31,345
Compensated absences payable	105,469	50,024	155,493
Unearned revenue	24,712		24,712
Loans payable	230,758		230,758
Total current liabilities	576,637	3,080,603	3,657,240
Noncurrent liabilities:			
Loans payable	239,417		239,417
Bonds payable		21,759,955	21,759,955
Net pension liability	1,430,898		1,430,898
Total noncurrent liabilities	1,670,315	21,759,955	23,430,270
<b>Total liabilities</b>	<b>2,246,952</b>	<b>24,840,558</b>	<b>27,087,510</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension plan items	453,359		453,359
<b><u>NET POSITION</u></b>			
Net investment in capital assets	11,817,787	5,504,389	17,322,176
Restricted for:			
Highways and streets	1,335,185		1,335,185
Municipal court	51,787		51,787
Unrestricted	15,728,579	64,107	15,792,686
<b>Total net position</b>	<b>\$ 28,933,338</b>	<b>\$ 5,568,496</b>	<b>\$ 34,501,834</b>

The notes to the basic financial statements are an integral part of this statement.



**TOWN OF CAREFREE, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 1,804,856	\$ 967,420	\$ 10,945		\$ (826,491)
Public safety	2,586,785	96,467	669,553	2,888	(1,817,877)
Public works	640,993	24,750			(616,243)
Highways and streets	1,776,643		288,684		(1,487,959)
Interest on long term debt	21,813				(21,813)
Total governmental activities	<u>6,831,090</u>	<u>1,088,637</u>	<u>969,182</u>	<u>2,888</u>	<u>(4,770,383)</u>
Business-type activities:					
Water	3,803,642	3,318,514		464,594	
Total business-type activities	<u>3,803,642</u>	<u>3,318,514</u>		<u>464,594</u>	
<b>Total primary government</b>	<u>\$ 10,634,732</u>	<u>\$ 4,407,151</u>	<u>\$ 969,182</u>	<u>\$ 467,482</u>	<u>(4,770,383)</u>

**General revenues:**

Taxes:

City sales taxes	5,836,869
State sales taxes	523,051
Vehicle license tax	183,054
State income tax - revenue sharing	490,938
Franchise taxes	393,967
Investment income	(19,478)

**Transfers** (655,812)

**Total general revenues and transfers** 6,752,589

**Changes in net position** 1,982,206

**Net position, beginning of year** 26,951,132

**Net position, end of year** \$ 28,933,338

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Position

Business-type Activities	Totals
\$	\$ (826,491)
	(1,817,877)
	(616,243)
	(1,487,959)
	(21,813)
	<u>(4,770,383)</u>
(20,534)	(20,534)
(20,534)	(20,534)
(20,534)	(4,790,917)
	5,836,869
	523,051
	183,054
	490,938
	393,967
8,498	(10,980)
655,812	
664,310	7,416,899
643,776	2,625,982
4,924,720	31,875,852
\$ 5,568,496	\$ 34,501,834

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**FUND FINANCIAL STATEMENTS**

**TOWN OF CAREFREE, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 14,588,565	\$ 1,298,935	\$ 15,887,500
Accounts receivable	70,998	9,875	80,873
Due from governmental entities	723,973	26,379	750,352
Advances to other funds	2,658,954		2,658,954
<b>Total assets</b>	<b>\$ 18,042,490</b>	<b>\$ 1,335,189</b>	<b>\$ 19,377,679</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 176,688	\$	\$ 176,688
Other current liabilities	39,010		39,010
Unearned revenue	24,712		24,712
<b>Total liabilities</b>	<b>240,410</b>		<b>240,410</b>
Deferred inflows of resources:			
Unavailable revenues - other	2,658,954		2,658,954
Fund balances:			
Restricted	51,787	1,335,189	1,386,976
Committed	41,997		41,997
Unassigned	15,049,342		15,049,342
<b>Total fund balances</b>	<b>15,143,126</b>	<b>1,335,189</b>	<b>16,478,315</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,042,490</b>	<b>\$ 1,335,189</b>	<b>\$ 19,377,679</b>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF CAREFREE, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

<b>Total governmental fund balances</b>		<b>\$ 16,478,315</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 23,820,693	
Less accumulated depreciation	<u>(12,002,906)</u>	11,817,787
<p>Some other receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		2,658,954
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	438,183	
Deferred inflows of resources related to pensions	<u>(453,359)</u>	(15,176)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(105,469)	
Net pension liability	(1,430,898)	
Loans payable	<u>(470,175)</u>	<u>(2,006,542)</u>
<b>Net position of governmental activities</b>		<b>\$ <u><u>28,933,338</u></u></b>

**The notes to the basic financial statements are an integral part of this statement.**

**TOWN OF CAREFREE, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 6,188,008	\$ 42,828	\$ 6,230,836
Intergovernmental	1,401,106	944,454	2,345,560
Fines and forfeitures	198,673		198,673
Licenses, permits and fees	544,936		544,936
Charges for services	13,392		13,392
Investment income	(66,813)	2,025	(64,788)
Other	814,293		814,293
<b>Total revenues</b>	9,093,595	989,307	10,082,902
<b>Expenditures:</b>			
Current -			
General government	1,692,876		1,692,876
Public safety	2,497,555		2,497,555
Public works	374,354		374,354
Highways and streets	1,536,200		1,536,200
Capital outlay	370,687		370,687
Debt service -			
Principal retirement	222,413		222,413
Interest and fiscal charges	21,813		21,813
<b>Total expenditures</b>	6,715,898		6,715,898
<b>Excess (deficiency) of revenues over expenditures</b>	2,377,697	989,307	3,367,004
<b>Other financing sources (uses):</b>			
Transfer out		(655,812)	(655,812)
<b>Total other financing sources (uses)</b>		(655,812)	(655,812)
<b>Changes in fund balances</b>	2,377,697	333,495	2,711,192
<b>Fund balances, beginning of year</b>	12,765,429	1,001,694	13,767,123
<b>Fund balances, end of year</b>	\$ 15,143,126	\$ 1,335,189	\$ 16,478,315

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF CAREFREE, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

**Changes in fund balances - total governmental funds** **\$ 2,711,192**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense and capital contributions are recorded for donated assets.

Expenditures for capitalized assets	\$ 349,535	
Less current year depreciation	<u>(670,337)</u>	(320,802)

Repayments from the Water Fund of capital advance principal and financed purchase principal that became available in the current year and were recorded as revenue in the the Statement of Revenues, Expenditures, and Changes in Fund Balance were already recognized as revenue in the Statement of Activities in a prior period. (613,794)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 222,413

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	164,132	
Pension expense	<u>(158,611)</u>	5,521

Compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (22,324)

**Changes in net position in governmental activities** **\$ 1,982,206**

**The notes to the basic financial statements are an integral part of this statement.**



**TOWN OF CAREFREE, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	<u>Enterprise Funds</u>
	<u>Water</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 17,616,356
Cash and investments - restricted	25,995
Accounts receivable	393,383
Inventory	252,868
Prepaid items	75,221
<b>Total current assets</b>	<u>18,363,823</u>
Noncurrent assets:	
Capital assets, non-depreciable	9,773,730
Capital assets, depreciable (net)	4,825,303
Intangible assets (net)	105,152
<b>Total noncurrent assets</b>	<u>14,704,185</u>
<b>Total assets</b>	<u>33,068,008</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	2,951,649
Accrued payroll and employee benefits	2,002
Advances from other funds	414,340
Due to other governments	29,923
Other current liabilities	15,660
Customer deposits	31,345
Compensated absences payable	50,024
Financed purchases payable	207,068
<b>Total current liabilities</b>	<u>3,702,011</u>
Noncurrent liabilities:	
Advances from other funds	1,145,653
Financed purchases payable	891,893
Bonds payable	21,759,955
<b>Total noncurrent liabilities</b>	<u>23,797,501</u>
<b>Total liabilities</b>	<u>27,499,512</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	5,504,389
Unrestricted	64,107
<b>Total net position</b>	<u>\$ 5,568,496</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF CAREFREE, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Enterprise Funds</u>
	<u>Water</u>
<b>Operating revenues:</b>	
Charges for services	\$ 3,277,689
Other	40,825
<b>Total operating revenues</b>	<u>3,318,514</u>
<b>Operating expenses:</b>	
Cost of sales and services	958,839
Salaries	505,614
Employee benefits	196,566
Services, supplies and other	445,614
Depreciation and amortization	563,859
<b>Total operating expenses</b>	<u>2,670,492</u>
<b>Operating income (loss)</b>	<u>648,022</u>
<b>Nonoperating revenues (expenses):</b>	
Investment income	8,498
Interest expense and fiscal charges	(1,133,150)
<b>Total nonoperating revenues (expenses)</b>	<u>(1,124,652)</u>
<b>Income (loss) before transfers</b>	<u>(476,630)</u>
<b>Capital Contributions</b>	464,594
<b>Transfer in</b>	<u>655,812</u>
<b>Changes in net position</b>	<u>643,776</u>
<b>Total net position, beginning of year</b>	4,924,720
<b>Total net position, end of year</b>	<u>\$ 5,568,496</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF CAREFREE, ARIZONA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Water</b>
<b><u>Increase/Decrease in Cash and Cash Equivalents</u></b>	
<b>Cash flows from operating activities:</b>	
Cash received from customers, service fees	\$ 3,244,791
Cash received from customers, other	40,825
Cash payments to suppliers for goods and services	1,241,713
Cash payments to employees	(735,544)
<b>Net cash provided by/used for operating activities</b>	<b>3,791,785</b>
<b>Cash flows from investing activities:</b>	
Investment income	8,498
<b>Net cash provided by/used for investing activities</b>	<b>8,498</b>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from issuance of bonds	21,871,161
Transfers in	655,812
Purchase of capital assets	(9,302,360)
Principal paid on long-term debt	(613,794)
Interest paid	(1,244,356)
<b>Net cash provided by/used for noncapital financing activities</b>	<b>11,366,463</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>15,166,746</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,475,605</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 17,642,351</b>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>	
Cash and investments	\$ 17,616,356
Cash and investments - restricted	25,995
<b>Total cash and cash equivalents</b>	<b>\$ 17,642,351</b>
<b><u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u></b>	
<b>Operating income/loss</b>	\$ 648,022
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Depreciation and amortization expense	563,859
Changes in assets and liabilities:	
Increase/decrease in customer deposits	8,950
Increase/decrease in accounts receivable	(32,898)
Increase/decrease in inventory	(58,517)
Increase/decrease in prepaid items	(17,206)
Increase/decrease in payables	2,703,078
Increase/decrease in accrued liabilities	(33,364)
Increase/decrease in compensated absences payable	2,151
Increase/decrease in other liabilities	7,710
<b>Total adjustments</b>	<b>3,143,763</b>
<b>Net cash provided by/used for operating activities</b>	<b>\$ 3,791,785</b>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Carefree, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2022, the Town implemented the provisions of GASB Statement No. 87, Leases. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Town's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

The more significant of the Town's accounting policies are described below.

**A. Reporting Entity**

The Town is a municipal corporation organized under Section 9-101 of the Arizona Revised Statutes (A.R.S.) and is governed by the Town Council (Council). Management of the Town is independent of other state or local governments. The Town's major operations include public works, public safety, highways and streets, water utility, and general administrative services.

The Council consists of seven members elected by the public: a mayor, vice-mayor, and five council members. The Council has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Town is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the Town for financial statement presentation purposes, and the Town, are not included in any other governmental reporting entity. Consequently, the Town's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Blended Component Unit** – Blended component units, although legally separate entities, are, in substance, part of the Town’s operations. The Town of Carefree, Arizona Utilities Community Facilities District (District) was organized under the laws of the State of Arizona to purchase a local, privately-owned water company. The Council serves as the District’s Board of Directors; therefore, the Town has the ability to exercise control. As a result, for financial reporting purposes, transactions of the District are included as if they were part of the Town’s operations within an enterprise fund.

Complete audited financial statements for the component unit may be obtained at the Town of Carefree, Arizona’s administrative offices – 8 Sundial Circle, Carefree, Arizona, 85377.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the nonfiduciary activities of the Town and its component unit. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town does not have any fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted state shared revenues, investment income, and other items not included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenues in the year in which the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Sales taxes, state shared revenues, franchise taxes, licenses and permits, charges for services, fines and forfeitures, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

Separate financial statements are presented for governmental funds and proprietary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The Town reports the following major governmental fund:

**General Fund** – The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the Town except those required to be accounted for in other funds.

Additionally, the Town reports the following proprietary fund:

**Water Fund** – The Water Fund is used to account for the acquisition and distribution of water to residents and commercial users of the Town.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Cash and Investments**

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, cash in bank, restricted cash, and investments in the State Treasurer’s Local Government Investment Pool.

Cash and investments are pooled, except for investments that are restricted under provisions of debt indentures or other restrictions that are required to be reported in the individual funds.

Arizona Revised Statutes authorize the Town to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the state and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. All investments are stated at fair value.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer’s Office. The purpose of the pooled collateral program is to ensure that governmental entities’ public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository’s compliance with the program.

Certain resources that are set aside for the repayment of customer deposits are classified as cash and investments – restricted on the statements of net position due to the refundable nature of the deposits.

**E. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is presented separately in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

Advances between funds, as reported in the fund financial statements, are offset by a deferred inflow of resources in applicable governmental funds to indicate that they are not available and are not expendable available financial resources.

All receivables are shown net of any allowance for uncollectibles.

**G. Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for water infrastructure repairs and maintenance. Inventories are recorded as expenses when consumed on the government-wide and proprietary fund financial statements.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide and proprietary fund financial statements.

**I. Capital Assets**

Capital assets, which include land and improvements; infrastructure; buildings and improvements; machinery, vehicles, and equipment; water plant; water rights; construction in progress; and intangible right-to-use assets are reported in the government-wide and proprietary funds financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost in excess of \$1,000 (\$5,000 for infrastructure) and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.



**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Governmental capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	40 years
Buildings and improvements	20 – 40 years
Vehicles and equipment	5 – 10 years

Business-type capital assets are depreciated using the straight-line method over the following estimated useful lives:

Water plant	28 – 50 years
Machinery and equipment	7 – 28 years

**J. Intangible Assets**

Intangible assets are determined based upon the excess of the purchase price over the fair value of the net position being acquired. Intangible assets are amortized using the straight-line method over the estimated useful life of the respective assets.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**L. Compensated Absences**

The Town’s employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund and Water Fund are used to pay for compensated absences.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**M. Pensions**

For purposes of measuring the net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**P. Net Position Flow Assumption**

In the government-wide and proprietary funds financial statements the Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Q. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Council or a management official delegated that authority by the formal Town Council action. The Town does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

***Unassigned.*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

The Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the Town’s fund balance classifications at year end.

	General Fund	Non-Major Governmental Funds
Fund Balances:		
Restricted:		
Municipal court	\$ 51,787	\$
Highways and streets		1,335,189
Committed:		
Municipal court	41,997	
Unassigned	15,049,342	
Total fund balances	\$ 15,143,126	\$ 1,335,189

**NOTE 3 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the Town’s deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Town’s deposits was \$20,518,719 and the bank balance was \$20,591,362. At year end, \$20,900,585 of the Town’s deposits were covered by collateral held by the pledging financial institution in the Town’s name and \$130,230 were uninsured and uncollateralized. In addition, the Town had cash on hand of \$700.

*Fair Value Measurements.* The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

*Valuation Techniques.* Mutual fund and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS**

The State Treasurer’s pool, Local Government Investment Pool-Government (Pool 7), is an external investment pool with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pool is reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the Town’s investments consisted of the following:

<u>Investment Type</u>	<u>Average Maturities</u>	<u>Fair Value</u>	<u>Category</u>
Mutual Funds	3.7 years	\$ 1,842,773	Level 1
State Treasurer’s investment pool 7	58 days	<u>11,167,659</u>	Not Applicable
Total		<u>\$13,010,432</u>	

*Interest Rate Risk.* The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The Town has no investment policy that would further limit its investment choices. The State Treasurer’s Local Government Investment Pool 7 was rated AAA by Moody’s at year end. The underlying investments that comprise the mutual funds that the Town has invested in were rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s.

*Custodial Credit Risk - Investments.* The Town’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the Town’s portion is not identified with specific investments and is not subject to custodial credit risk.

*Concentration of Credit Risk.* The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town’s investments are in the VSGDX mutual fund. These investments are 14 percent of the Town’s total investments.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 – RECEIVABLES**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the Town’s individual major funds and non-major governmental funds in the aggregate were directly related to receivable from the State of Arizona.

**NOTE 5 – CAPITAL ASSETS**

A summary of capital asset activity for the current fiscal year follows:

<u><b>Governmental Activities</b></u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,308,526	\$	\$	\$ 2,308,526
Construction in progress		113,745		113,745
Total capital assets, not being depreciated	<u>2,308,526</u>	<u>113,745</u>		<u>2,422,271</u>
Capital assets, being depreciated:				
Buildings and improvements	13,544,812		6,382	13,538,430
Equipment and vehicles	2,886,581	212,595	91,856	3,007,320
Infrastructure	4,829,477	23,195		4,852,672
Total capital assets being depreciated	<u>21,260,870</u>	<u>235,790</u>	<u>98,238</u>	<u>21,398,422</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,000,731)	(425,845)	(6,382)	(8,420,194)
Equipment and vehicles	(2,554,794)	(124,089)	(91,856)	(2,587,027)
Infrastructure	(875,282)	(120,403)		(995,685)
Total accumulated depreciation	<u>(11,430,807)</u>	<u>(670,337)</u>	<u>(98,238)</u>	<u>(12,002,906)</u>
Total capital assets, being depreciated, net	<u>9,830,063</u>	<u>(434,547)</u>		<u>9,395,516</u>
Governmental activities capital assets, net	<u>\$ 12,138,589</u>	<u>\$ (320,802)</u>	<u>\$</u>	<u>\$ 11,817,787</u>

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 – CAPITAL ASSETS**

<b>Business-type Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 203,778	\$ 42,182	\$	\$ 245,960
Water allocation rights	784,605	341,000		1,125,605
Construction in progress	506,393	7,958,526	62,754	8,402,165
Total capital assets, not being depreciated	1,494,776	8,341,708	62,754	9,773,730
Capital assets, being depreciated:				
Machinery and equipment	576,845	81,790	10,765	647,870
Water plant	13,838,979	1,406,210	57,596	15,187,593
Total capital assets being depreciated	14,415,824	1,488,000	68,361	15,835,463
Less accumulated depreciation for:				
Machinery and equipment	(414,434)	(40,653)	(10,765)	(444,322)
Water plant	(10,109,371)	(514,063)	(57,596)	(10,565,838)
Total accumulated depreciation	(10,523,805)	(554,716)	(68,361)	(11,010,160)
Total capital assets, being depreciated, net	3,892,019	933,284		4,825,303
Governmental activities capital assets, net	\$ 5,386,795	\$ 9,274,992	\$ 62,754	\$ 14,599,033

Depreciation expense was charged to governmental functions as follows:

**Governmental activities:**

General government	\$ 81,882
Public safety	89,527
Highways and streets	233,212
Public works	265,716
Total depreciation expense – governmental activities	\$ 670,337

**Business-type activities:**

Water	\$ 554,716
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**Construction Commitments** – At year end, the Town had contractual commitments related to various capital projects for the construction of pedestrian crosswalks and improvement of the water system. At year end the Town had spent \$113,475 and \$8,402,165 on the projects respectively. The estimated remaining contractual commitments were \$100,000 and \$7,658,806, respectively. The projects are being funded with highway user and bond monies.

**NOTE 6 – INTANGIBLE ASSETS**

The intangible asset balance at June 30, 2022 consisted of the following goodwill and associated amortization:

Customer lists	\$ 260,582
Less: Accumulated amortization	(155,430)
Total	\$ 105,152

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 – LOANS PAYABLE**

Loans payable at year end consisted of a direct borrowing with the Water Infrastructure Financing Authority of Arizona (WIFA) for the construction of a high-capacity, underground water tank. Excise taxes from the General Fund are pledged and used for repayment. In the event of default, the lender may take action, including legal proceedings, to collect amounts due. The Town is also responsible for the lender’s attorney fees and other reasonable expenses if action is taken under default.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Direct borrowing:					
WIFA Loan	\$ 3,332,280	3.752%	7/1/22-23	\$ 470,175	\$ 230,758

Annual debt service requirements to maturity on direct borrowings at year end are summarized as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	
	<u>WIFA Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 230,758	\$ 13,311
2024	239,417	4,491
Total	<u>\$ 470,175</u>	<u>\$ 17,802</u>

**NOTE 8 – REVENUE BONDS PAYABLE**

Bonds payable at June 30, 2022, consisted of the following. Net revenues from the Water Fund are pledged and used for repayment.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2022</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Water System Revenue Bonds, Series 2021	\$ 18,535,000	4.00%	7/1/23-51	\$ 18,535,000	\$ 0



**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 – REVENUE BONDS PAYABLE**

Annual debt service requirements to maturity on Revenue bonds at year end are summarized as follows:

Year ending June 30:	Business-type Activities	
	Principal	Interest
2023	\$ 0	\$ 741,400
2024	110,000	739,200
2025	370,000	729,600
2026	385,000	714,500
2027	400,000	698,800
2028-32	2,245,000	3,236,500
2033-37	2,730,000	3,144,900
2038-42	3,330,000	3,049,600
2943-47	4,040,000	2,950,500
2048-52	4,925,000	2,847,500
Total	<u>\$ 18,535,000</u>	<u>\$ 18,852,500</u>

**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Loans payable:					
Direct borrowing	\$ 692,588	\$	\$ 222,413	\$ 470,175	\$ 230,758
Net pension liability	1,822,750		391,852	1,430,898	
Compensated absences payable	83,145	114,240	91,916	105,469	105,469
Governmental activity long-term liabilities	<u>\$ 2,598,483</u>	<u>\$ 114,240</u>	<u>\$ 706,181</u>	<u>\$ 2,006,542</u>	<u>\$ 336,227</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$	\$18,535,000	\$	\$18,535,000	\$
Premium		3,336,161	111,206	3,224,955	
Total bonds payable		21,871,161	111,206	21,759,955	
Compensated absences payable	47,873	16,033	13,882	50,024	50,024
Business-type activity long-term liabilities	<u>\$ 47,873</u>	<u>\$21,887,194</u>	<u>\$ 125,088</u>	<u>\$21,809,979</u>	<u>\$ 50,024</u>

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances consisted of advances to and from other funds. The General Fund and Water Fund entered into long-term financing agreements for the transfer of water infrastructure assets in prior years and classified one transaction as a financed purchase and one transaction as a capital advance. The interfund balances were as follows:

	<u>Water Fund – Capital Advance</u>	<u>Water Fund – Financed Purchase</u>	<u>Total Advances to Other Funds</u>
General Fund	\$ 1,559,993	\$ 1,098,961	\$ 2,658,954

**Capital Advance** – The General Fund transferred water facilities under the provisions of a long-term agreement classified as a capital advance with a zero percent interest rate. The 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 services 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 repayment schedule was modified in August 2021 to lengthen the repayment period and decrease several near term repayments. The future minimum capital advance obligations and the net present value of these minimum capital advance payments at year end after the updated repayment schedule were as follows:

	Year Ending June 30:	
	2023	\$ 414,340
	2024	20,000
	2025	100,000
	2026	200,000
	2027	200,000
	2028-29	625,653
Total		<u>\$ 1,559,993</u>
Due within one year		<u>\$ 414,340</u>

**Financed Purchase** – The General Fund transferred a high-capacity water tank to the Water Fund under the provisions of a contract classified as a financed purchase with an interest rate of 3.75 percent. In accordance with GASB Statement No. 87 *Leases*, contracts previously recorded as a capital lease have been reclassified as a financed purchase payable in the fiscal year. Charges for services from the Water Fund are used to pay the debt obligation.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Annual debt service requirements to maturity on financed purchases payable at year end were as follows:

Year Ending June 30:	Business-type Activities	
	Principal	Interest
2023	\$ 207,068	\$ 37,696
2024	214,972	29,792
2025	223,178	21,586
2026	231,697	13,067
2027	222,046	22,718
Total	<u>\$ 1,098,961</u>	<u>\$ 124,859</u>

**Interfund Transfers:**

Transfers between funds were used to move \$655,812 of CSLFRF monies from the Grants Fund, a non-major Governmental Fund, to the Water Fund for water infrastructure projects.

**NOTE 11 – CONTINGENT LIABILITIES**

**Lawsuits** – The Town is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, Town management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

**NOTE 12 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town’s insurance protection is provided by the Arizona Municipal Risk Retention Pool (Pool). The Pool is made up of various towns and cities within Arizona that operate a common risk management and insurance program. The Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its’ members additional premiums should reserves and annual premiums be insufficient to meet the Pool’s obligations.

The Town joined the Arizona Municipal Workers’ Compensation Pool (Pool) together with other governments in the state for risks of loss related to workers’ compensation claims. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for towns and cities in the State. The Town is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among members.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 12 – RISK MANAGEMENT**

The Town joined the Rural Arizona Group Health Trust (RAGHT) for risks of loss related to employee health and accident claims. RAGHT is a public entity risk pool currently operating as a common risk management and insurance program for municipalities in the State. The Town pays monthly premiums to RAGHT for its employee health and accident insurance coverage. The agreement provides that RAGHT will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

**NOTE 13 – PENSIONS**

**Plan Description.** Town employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the Town's financial statements.

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 – PENSIONS**

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension plan for the year ended June 30, 2022 were \$164,132.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The Town was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The Town's pension plan contributions are paid by the same funds as the employee's salary, which is the General Fund for all employees participating in the plan.

**Pension Liability.** The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The Town's proportion of the net liability was based on the Town's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 – PENSIONS**

At June 30, 2022, the Town reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2021, the Town’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2020 was:

Net Liability	Town % Proportion	Increase (Decrease)
\$ 1,430,898	0.011	0.000

**Pension Expense and Deferred Outflows/Inflows of Resources.** The Town has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The Town’s pension expense for the year ended June 30, 2022 was \$158,611.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,813	\$
Changes of assumptions or other inputs	186,243	
Net difference between projected and actual earnings on pension investments		453,359
Changes in proportion and differences between contributions and proportionate share of contributions	65,995	
Contributions subsequent to the measurement date	164,132	
Total	\$ 438,183	\$ 453,359

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	53,983
2024	22,882
2025	(99,942)
2026	(156,231)

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 – PENSIONS**

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	100%	

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 – PENSIONS**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 2,250,682	\$ 1,430,898	\$ 747,424

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**NOTE 14 – RETIREMENT PLANS**

The employees of the Water Fund participate in a SIMPLE Individual Retirement Account. Employee contributions up to three percent of the employees pay are matched by the Fund. The Fund withholds the employee contributions and remits it along with the matching contribution to a third party custodian for the retirement accounts. The SIMPLE IRA belongs to the employee and is fully vested at the time the third party custodian credits to the receipt of the contribution to each employee’s account. Matching contributions made by the Fund for the fiscal years ended June 30, 2022, 2021, and 2020 were \$63,342, \$49,099, and \$48,252, respectively.



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**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF CAREFREE, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 4,000,000	\$ 6,188,008	\$ 2,188,008
Intergovernmental	1,478,504	1,401,106	(77,398)
Fines and forfeitures	152,400	198,673	46,273
Licenses, permits and fees	422,700	544,936	122,236
Charges for services	16,700	13,392	(3,308)
Investment income	20,789	(66,813)	(87,602)
Other	969,607	814,293	(155,314)
<b>Total revenues</b>	<u>7,060,700</u>	<u>9,093,595</u>	<u>2,032,895</u>
<b>Expenditures:</b>			
Current -			
General government	4,239,766	1,692,876	2,546,890
Public safety	2,459,497	2,497,555	(38,058)
Public works	574,306	374,354	199,952
Highways and streets	901,223	1,536,200	(634,977)
Capital outlay	2,736,970	370,687	2,366,283
Debt service -			
Principal retirement	222,413	222,413	
Interest and fiscal charges	21,813	21,813	
<b>Total expenditures</b>	<u>11,155,988</u>	<u>6,715,898</u>	<u>4,440,090</u>
<b>Changes in fund balances</b>	<u>(4,095,288)</u>	<u>2,377,697</u>	<u>6,472,985</u>
<b>Fund balances, beginning of year</b>		12,765,429	12,765,429
<b>Fund balances (deficits), end of year</b>	<u>\$ (4,095,288)</u>	<u>\$ 15,143,126</u>	<u>\$ 19,238,414</u>

See accompanying notes to this schedule.

**TOWN OF CAREFREE, ARIZONA**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Town's proportion of the net pension (assets) liability	0.01%	0.01%	0.01%	0.01%	0.01%
Town's proportionate share of the net pension (assets) liability	\$ 1,430,898	\$ 1,822,750	\$ 1,442,020	\$ 1,454,618	\$ 1,631,022
Town's covered payroll	\$ 1,224,361	\$ 1,149,354	\$ 1,044,928	\$ 1,036,239	\$ 1,021,391
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	116.87%	158.59%	138.00%	140.37%	159.69%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014		
Town's proportion of the net pension (assets) liability	0.01%	0.01%	0.01%		
Town's proportionate share of the net pension (assets) liability	\$ 1,701,262	\$ 1,633,115	\$ 1,404,083		
Town's covered payroll	\$ 1,022,995	\$ 890,964	\$ 855,072		
Town's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	166.30%	183.30%	164.21%		
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%		

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**TOWN OF CAREFREE, ARIZONA  
SCHEDULE OF PENSION CONTRIBUTIONS  
ARIZONA STATE RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 164,132	\$ 142,638	\$ 131,601	\$ 116,823	\$ 112,950
Contributions in relation to the actuarially determined contribution	<u>164,132</u>	<u>142,638</u>	<u>131,601</u>	<u>116,823</u>	<u>112,950</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered payroll	\$ 1,366,628	\$ 1,224,361	\$ 1,149,354	\$ 1,044,928	\$ 1,036,239
Contributions as a percentage of covered payroll	12.01%	11.65%	11.45%	11.18%	10.90%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Actuarially determined contribution	\$ 110,106	\$ 110,995	\$ 97,026		
Contributions in relation to the actuarially determined contribution	<u>110,106</u>	<u>110,995</u>	<u>97,026</u>		
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>		
Town's covered payroll	\$ 1,021,391	\$ 1,022,995	\$ 890,964		
Contributions as a percentage of covered payroll	10.78%	10.85%	10.89%		

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

**See accompanying notes to this schedule.**

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

**NOTE 1 – 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 financing them for the upcoming fiscal year.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to the third Monday in August, the budget for the Town is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S 41-1279.07).
4. The Town follows a voter-approved permanent base increase to the expenditure limitation that was adopted on November 3, 1998.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For administrative purposes, the Town adopts a budget by department for the General Fund and in total by funds for other funds. The Town Administrator, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between department or activity. The adopted budget cannot be amended in any way without Town Council approval. No supplementary budgetary appropriations were made during the year.
6. Formal budgetary integration is employed as a management control device during the year for the General and Highway User Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

**TOWN OF CAREFREE, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

**NOTE 2 – PENSION PLAN SCHEDULES**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**



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## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

**Highway User Revenue** - to account for the Town's share of motor fuel tax revenue that are restricted for the maintenance, repair, and upgrade of highways and streets.

**Grants** – to account for the Town's federal grants received by the Town that are restricted for specific activities.

**Utility Capital Improvements** - to account for the franchise taxes collected that are restricted to be spent on highways and streets purposes.

**TOWN OF CAREFREE, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2022**

	<u>Highway User Revenue</u>	<u>Grants</u>	<u>Utility Capital Improvements</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,182,456	\$ 4	\$ 116,475
Accounts receivable			9,875
Due from governmental entities	26,379		
<b>Total assets</b>	<u>\$ 1,208,835</u>	<u>\$ 4</u>	<u>\$ 126,350</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Fund balances:			
Restricted	\$ 1,208,835	\$ 4	\$ 126,350
<b>Total fund balances</b>	<u>1,208,835</u>	<u>4</u>	<u>126,350</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,208,835</u>	<u>\$ 4</u>	<u>\$ 126,350</u>

Totals

\$ 1,298,935  
9,875  
26,379  
\$ 1,335,189

\$ 1,335,189  
1,335,189

\$ 1,335,189

**TOWN OF CAREFREE, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Highway User Revenue	Grants	Utility Capital Improvements
<b>Revenues:</b>			
Taxes	\$	\$	\$ 42,828
Intergovernmental	288,684	655,770	
Investment income	1,805	46	174
<b>Total revenues</b>	290,489	655,816	43,002
<b>Excess (deficiency) of revenues over expenditures</b>	290,489	655,816	43,002
<b>Other financing sources (uses):</b>			
Transfer out		(655,812)	
<b>Total other financing sources (uses)</b>		(655,812)	
<b>Changes in fund balances</b>	290,489	4	43,002
<b>Fund balances, beginning of year</b>	918,346		83,348
<b>Fund balances, end of year</b>	\$ 1,208,835	\$ 4	\$ 126,350

Totals

\$ 42,828  
944,454  
2,025  
989,307

989,307

(655,812)

(655,812)

333,495

1,001,694

\$ 1,335,189

**TOWN OF CAREFREE, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Highway User Revenue		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	261,000	288,684	27,684
Investment income	500	1,805	1,305
<b>Total revenues</b>	261,500	290,489	28,989
<b>Expenditures:</b>			
Current -			
Highways and streets	261,500		261,500
<b>Total expenditures</b>	261,500		261,500
<b>Excess (deficiency) of revenues over expenditures</b>		290,489	290,489
<b>Other financing sources (uses):</b>			
Transfer out			
<b>Total other financing sources (uses)</b>			
<b>Changes in fund balances</b>		290,489	290,489
<b>Fund balances, beginning of year</b>		918,346	918,346
<b>Fund balances, end of year</b>	\$	\$ 1,208,835	\$ 1,208,835

Grants			Utility Capital Improvements		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 468,521	\$ 655,770	\$ 187,249	\$ 22,500	\$ 42,828	\$ 20,328
100	46	(54)	30	174	144
<u>468,621</u>	<u>655,816</u>	<u>187,195</u>	<u>22,530</u>	<u>43,002</u>	<u>20,472</u>
			<u>22,530</u>		<u>22,530</u>
			<u>22,530</u>		<u>22,530</u>
<u>468,621</u>	<u>655,816</u>	<u>187,195</u>		<u>43,002</u>	<u>43,002</u>
	<u>(655,812)</u>	<u>(655,812)</u>			
	<u>(655,812)</u>	<u>(655,812)</u>			
<u>468,621</u>	<u>4</u>	<u>(468,617)</u>		<u>43,002</u>	<u>43,002</u>
				<u>83,348</u>	<u>83,348</u>
<u>\$ 468,621</u>	<u>\$ 4</u>	<u>\$ (468,617)</u>	<u>\$</u>	<u>\$ 126,350</u>	<u>\$ 126,350</u>

(Continued)



**TOWN OF CAREFREE, ARIZONA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Totals		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 22,500	\$ 42,828	\$ 20,328
Intergovernmental	729,521	944,454	214,933
Investment income	630	2,025	1,395
<b>Total revenues</b>	752,651	989,307	236,656
<b>Expenditures:</b>			
Current -			
Highways and streets	284,030		284,030
<b>Total expenditures</b>	284,030		284,030
<b>Excess (deficiency) of revenues over expenditures</b>	468,621	989,307	520,686
<b>Other financing sources (uses):</b>			
Transfer out		(655,812)	(655,812)
<b>Total other financing sources (uses)</b>		(655,812)	(655,812)
<b>Changes in fund balances</b>	468,621	333,495	(135,126)
<b>Fund balances, beginning of year</b>		1,001,694	1,001,694
<b>Fund balances, end of year</b>	\$ 468,621	\$ 1,335,189	\$ 866,568

**REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE**

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**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members of the Town Council  
Town of Carefree, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Carefree, Arizona, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Carefree, Arizona's basic financial statements, and have issued our report thereon dated December 1, 2022. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Carefree, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Carefree, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Carefree, Arizona's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Carefree, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 1, 2022

## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of the Town Council  
Town of Carefree, Arizona

We have examined the Town of Carefree, Arizona's (Town) compliance as to whether highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town, were used solely for authorized transportation purposes during the fiscal year ended June 30, 2022. Management is responsible for the Town's compliance with those specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town of Carefree, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2022.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 1, 2022



TOWN OF CAREFREE  
P.O. Box 740  
Carefree, AZ 85377  
(480) 488-3686 FAX (480) 488-3845

TO: Town Council

FROM: Kandace French Contreras, Jim Keen

DATE: December 6, 2022

RE: Fiscal Year 2022-23 Reverse Previous Year Accruals and  
the restated Financial Reports

There were no auditor adjusting entries, so the June 30, 2022 Financial Reports remain unchanged. In Fiscal Year 2022-23 the restated Town Financial Statements for July 2022 and August 2022 reflecting the reversal of the previous year revenue accruals which were:

Local Sales Tax	\$723,701
State Sales Tax	\$ 19,218
County Lieu Tax	\$ 7,252
HURF	\$ 26,379
Utility Franchise Fees	\$ 80,873
Fill the GAP Court	\$ 272
Deferred Revenue	\$ 24,712
<u>Total</u>	<u>\$882,407</u>

**Town of Carefree Reconciled Cash Receipts and Cash Disbursements as of July 31, 2022 After Reverse Accruals**

Revenues	FY2021	FY2022	FY2023	2022 vs 2023	Budget	July22	% of Budge
	YTD July	YTD July	Y-T-D	% (+/-)			
Local Sales Taxes (1 month lag)	\$67,462	\$ (135,720)	\$ (165,685)	0.0%	2,840,000	(165,685)	0.0%
State Sales Taxes (1 month lag)	20,774	24,876	23,732	-4.6%	528,000	23,732	4.5%
Building Fees	31,797	46,915	27,301	-41.8%	375,000	27,301	7.3%
State Income Tax	46,769	42,698	58,254	36.4%	712,000	58,254	8.2%
Fines	4,918	25,647	9,256	-63.9%	150,000	9,256	6.2%
Court Service Fees	14,394	14,842	0	0.0%	185,000	0	0.0%
Town Clerk-Misc. Sales	48	0	0	0.0%	100	0	0.0%
Town Clerk-Permits & Sol Fees	0	25	0	0.0%	700	0	0.0%
Water Company Reimbursements	57,675	23,147	57,675	149.2%	692,105	57,675	8.3%
Miscellaneous Income & Donations	25,020	13	25,000	100.0%	26,000	25,000	96.2%
Interest Income	821	94	13,381	100.0%	6,139	13,381	218.0%
Utility Franchise Fees (1 month lag)	58,057	60,957	(39,418)	0.0%	300,000	(39,418)	0.0%
County Lieu Tax (1 month lag)	8,675	7,382	6,971	-5.6%	175,000	6,971	4.0%
General Fund & All Funds Reserve Contribution(Below)	0	0	0	0.0%	3,397,842	0	0.0%
Special Events	19,360	16,608	13,693	-17.6%	45,000	13,693	30.4%
County & State Grants	0	0	0	0.0%	1,250,000	0	0.0%
Court Enhancement, GAP, MJCEF	623	996	1,102	10.6%	11,400	1,102	9.7%
HURF (1 month lag)	0	0	0	0.0%	1,279,616	0	0.0%
Cemetery	0	0	0	0.0%	600	0	0.0%
CPR Ed Fund	0	0	0	0.0%	200	0	0.0%
CARES Fund Grants	450,846	0	655,770	0.0%	656,000	655,770	100.0%
Utility Capital Improvement Fund	0	0	0	0.0%	100,000	0	0.0%
Fire Reimb Income & Ins Reimb	20,013	16,597	15,947	0.0%	108,079	15,947	14.8%
Fire Fund-L Sales Tax (1 month lag)	33,732	(67,860)	(82,842)	0.0%	1,420,350	(82,842)	0.0%
<b>Total Revenues</b>	<b>860,984</b>	<b>77,219</b>	<b>620,140</b>	<b>703.1%</b>	<b>14,259,131</b>	<b>620,140</b>	<b>4.3%</b>
<b>Expenses</b>							
Mayor & Council	101	1,509	1,000	-33.8%	12,330	1,000	8.1%
Town Clerk	18,950	29,202	37,273	27.6%	374,011	37,273	10.0%
Court	21,340	34,879	19,472	-44.2%	268,892	19,472	7.2%
Administration	47,418	55,941	65,070	16.3%	771,479	65,070	8.4%
Claims & Losses	400	0	0	0.0%	10,000	0	0.0%
Legal	34,506	36,219	17,068	-52.9%	160,000	17,068	10.7%
Risk Management	8,041	36,031	38,957	8.1%	120,000	38,957	32.5%
Planning & Development	16,617	19,132	19,307	0.9%	352,915	19,307	5.5%
Building Safety	16,516	19,714	24,115	22.3%	262,919	24,115	9.2%
Law Enforcement	42,209	42,767	47,992	12.2%	563,194	47,992	8.5%
Code Enforcement	3,655	4,436	4,861	9.6%	56,275	4,861	8.6%
Engineering	2,477	9,728	25,595	163.1%	261,779	25,595	9.8%
Public Works - Streets & Gardens	44,527	51,933	33,630	-35.2%	946,554	33,630	3.6%
Debt Service WIFA	231,385	235,406	239,579	1.8%	244,070	239,579	98.2%
33 Easy St	2,496	2,286	2,766	0.0%	28,950	2,766	9.6%
Capital Improvement Program (See Below)	0	0	0	0.0%	0	0	0.0%
Public Safety Fire General Fund	0	0	0	0.0%	664,200	0	0.0%
Economic Development	12,215	12,824	14,747	15.0%	334,179	14,747	4.4%
Contingencies	0	0	0	0.0%	0	0	0.0%
Court Enhancement, GAP, MJCEF	0	695	0	0.0%	11,407	0	0.0%
HURF (See Below)	0	0	0	0.0%	1,279,716	0	0.0%
Cemetery	0	0	0	0.0%	600	0	0.0%
CPR - Education Fund	0	0	0	0.0%	202	0	0.0%
AZ CARES Fund Expense to Water Infra (See Below)	126,294	0	655,770	0.0%	655,770	655,770	0.0%
Utility Capital Improvement Fund (See Below)	0	0	0	0.0%	100,000	0	0.0%
Transfers Out	0	0	0	100.0%	0	0	0.0%
Fire Fund	3,920	133,715	159,250	19.1%	1,529,350	159,250	10.4%
<b>Total Expenses without Capital Expense</b>	<b>633,069</b>	<b>726,418</b>	<b>1,406,450</b>	<b>93.6%</b>	<b>8,353,022</b>	<b>1,406,450</b>	<b>16.8%</b>
<b>Net without Capital Expense</b>	<b>\$ 227,916</b>	<b>\$ (649,199)</b>	<b>\$ (786,311)</b>		<b>\$ 5,906,109</b>	<b>\$ (786,311)</b>	<b>0.0%</b>
<b>All Capital Projects</b>	<b>49,556</b>	<b>43,811</b>	<b>83,579</b>	<b>90.8%</b>	<b>5,856,100</b>	<b>83,579</b>	<b>1.4%</b>
<b>Total Expenses with Capital Expense</b>	<b>682,625</b>	<b>770,229</b>	<b>1,490,030</b>	<b>93.5%</b>	<b>\$14,209,122</b>	<b>\$1,490,030</b>	<b>10.5%</b>
<b>Net with Capital Expense</b>	<b>178,360</b>	<b>(693,010)</b>	<b>(869,890)</b>	<b>0.0%</b>	<b>50,009</b>	<b>(869,890)</b>	<b>0.0%</b>



**Combined Trial Balance - All Funds**  
**July 31, 2022**  
**After Reverse Accruals**

**Assets**

Checking - National Bank of AZ	2,563,574
Local Gov't Investment Pool - AZ	13,124,549
Petty Cash	700
Advances to the Water Company	2,607,466
<b>Total Assets</b>	<b>\$ 18,296,289</b>

**Liabilities**

Accounts Payable	40,894
Bonds	39,510
Sales Tax Remittance	-4
Long Term Deferred Revenue	2,607,466
<b>Total Liabilities</b>	<b>\$2,687,865</b>

**Fund Balance**

Fund Balance-Beginning of Year	16,478,314
Year-to-date change in Fund Balance	<u>(869,890)</u>
<b>Total Fund Balance</b>	<b><u>15,608,423</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>18,296,289</u></b>

Contingency Reserve Fund	\$2,500,000
Capital Fund	\$12,870,402
<b>Total</b>	<b>\$15,370,402</b>

**Town of Carefree Reconciled Cash Receipts and Cash Disbursements as of August 31, 2022 After Reverse Accruals**

Revenues		FY2021	FY2022	FY2023	2022 vs 2023	Budget	Aug22	% of Budget
		YTD Aug	YTD Aug	Y-T-D	% (+/-)			
Local Sales Taxes	(1 month lag)	\$233,215	\$ 195,614	\$ 156,567	-20.0%	2,840,000	322,252	5.5%
State Sales Taxes	(1 month lag)	56,053	68,337	59,333	-13.2%	528,000	35,601	11.2%
Building Fees		61,120	78,625	98,633	25.4%	375,000	71,331	26.3%
State Income Tax		93,537	85,397	116,508	36.4%	712,000	58,254	16.4%
Fines		9,964	33,251	18,723	-43.7%	150,000	9,467	12.5%
Court Service Fees		28,789	29,684	30,872	4.0%	185,000	30,872	16.7%
Town Clerk-Misc. Sales		48	0	0	0.0%	100	0	0.0%
Town Clerk-Permits & Sol Fees		2,600	2,625	0	0.0%	700	0	0.0%
Water Company Reimbursements		115,351	80,822	115,350	42.7%	692,105	57,675	16.7%
Miscellaneous Income & Donations		25,020	25,209	25,000	-0.8%	26,000	0	96.2%
Interest Income		1,473	206	33,165	100.0%	6,139	19,784	540.2%
Utility Franchise Fees	(1 month lag)	58,057	60,957	66,188	8.6%	300,000	105,606	22.1%
County Lieu Tax	(1 month lag)	27,377	21,255	21,232	-0.1%	175,000	14,261	12.1%
General Fund & All Funds Reserve Contribution(Be		0	0	0	0.0%	3,397,842	0	0.0%
Special Events		20,100	20,006	19,253	-3.8%	45,000	5,560	42.8%
County & State Grants		0	0	0	0.0%	1,250,000	0	0.0%
Court Enhancement, GAP, MJCEF		1,891	2,657	2,196	-17.3%	11,400	1,094	19.3%
HURF	(1 month lag)	21,515	23,579	21,293	0.0%	1,279,616	21,293	1.7%
Cemetery		0	250	0	0.0%	600	0	0.0%
CPR Ed Fund		0	0	0	0.0%	200	0	0.0%
CARES Fund Grants		450,846	655,770	655,770	0.0%	656,000	0	100.0%
Utility Capital Improvement Fund		0	0	0	0.0%	100,000	0	0.0%
Fire Reimb Income & Ins Reimb		20,013	28,379	26,549	0.0%	108,079	10,601	24.6%
Fire Fund-L Sales Tax	(1 month lag)	116,609	97,807	78,284	-20.0%	1,420,350	161,126	5.5%
<b>Total Revenues</b>		<b>1,343,576</b>	<b>1,510,431</b>	<b>1,544,918</b>	<b>2.3%</b>	<b>14,259,131</b>	<b>924,778</b>	<b>10.8%</b>
<b>Expenses</b>								
Mayor & Council		167	2,370	1,586	-33.1%	12,330	586	12.9%
Town Clerk		39,815	51,403	62,398	21.4%	374,011	25,126	16.7%
Court		48,559	53,771	41,016	-23.7%	268,892	21,545	15.3%
Administration		78,918	97,138	116,438	19.9%	771,479	51,368	15.1%
Claims & Losses		400	0	0	0.0%	10,000	0	0.0%
Legal		34,506	39,996	17,068	-57.3%	160,000	0	10.7%
Risk Management		8,131	36,031	38,957	8.1%	120,000	0	32.5%
Planning & Development		31,670	36,266	40,274	11.0%	352,915	20,967	11.4%
Building Safety		32,208	39,266	45,064	14.8%	262,919	20,949	17.1%
Law Enforcement		85,846	84,594	94,344	11.5%	563,194	46,352	16.8%
Code Enforcement		7,639	8,270	10,323	24.8%	56,275	5,462	18.3%
Engineering		4,954	19,456	36,901	89.7%	261,779	11,306	14.1%
Public Works - Streets & Gardens		139,522	101,514	108,223	6.6%	946,554	74,593	11.4%
Debt Service WIFA		231,385	235,406	239,579	1.8%	244,070	0	98.2%
33 Easy St		4,811	4,540	7,516	0.0%	28,950	4,750	26.0%
Capital Improvement Program	(See Below)	0	0	0	0.0%	0	0	0.0%
Public Safety Fire General Fund		0	0	0	0.0%	664,200	0	0.0%
Economic Development		24,161	25,872	31,122	20.3%	334,179	16,376	9.3%
Contingencies		0	0	0	0.0%	0	0	0.0%
Court Enhancement, GAP, MJCEF		0	173	0	0.0%	11,407	0	0.0%
HURF	(See Below)	0	0	0	0.0%	1,279,716	0	0.0%
Cemetery		0	0	0	0.0%	600	0	0.0%
CPR - Education Fund		0	0	0	0.0%	202	0	0.0%
AZ CARES Fund Expense to Water Infra (See Belc		252,589	0	655,812	0.0%	0	42	0.0%
Utility Capital Improvement Fund	(See Below)	0	0	0	0.0%	100,000	0	0.0%
Transfers Out		100	0	0	100.0%	0	0	0.0%
Fire Fund		10,448	268,812	319,962	19.0%	1,529,350	160,712	20.9%
<b>Total Expenses without Capital Expense</b>		<b>1,035,830</b>	<b>1,104,880</b>	<b>1,866,584</b>	<b>68.9%</b>	<b>8,353,022</b>	<b>460,134</b>	<b>22.3%</b>
<b>Net without Capital Expense</b>		<b>\$ 307,746</b>	<b>\$ 405,552</b>	<b>\$ (321,666)</b>		<b>\$ 5,906,109</b>	<b>\$ 464,644</b>	<b>0.0%</b>
<b>All Capital Projects</b>		<b>85,126</b>	<b>75,449</b>	<b>88,281</b>	<b>17.0%</b>	<b>5,856,100</b>	<b>4,702</b>	<b>1.5%</b>
<b>Total Expenses with Capital Expense</b>		<b>1,120,956</b>	<b>1,180,328</b>	<b>1,954,866</b>	<b>65.6%</b>	<b>\$14,209,122</b>	<b>\$464,836</b>	<b>13.8%</b>
<b>Net with Capital Expense</b>		<b>222,620</b>	<b>330,103</b>	<b>(409,948)</b>	<b>0.0%</b>	<b>50,009</b>	<b>459,942</b>	<b>0.0%</b>

**Combined Trial Balance - All Funds  
August 31, 2022  
After Reverse Accruals**

**Assets**

Checking - National Bank of AZ	3,150,975
Local Gov't Investment Pool - AZ	12,981,524
Petty Cash	700
Advances to the Water Company	2,555,923
<b>Total Assets</b>	<b>\$ 18,689,122</b>


**Liabilities**

Accounts Payable	25,326
Bonds	39,510
Sales Tax Remittance	-4
Long Term Deferred Revenue	2,555,923
<b>Total Liabilities</b>	<b>\$2,620,756</b>

**Fund Balance**

Fund Balance-Beginning of Year	16,478,314
Year-to-date change in Fund Balance	(409,948)
<b>Total Fund Balance</b>	<b>16,068,366</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 18,689,122</b>

Contingency Reserve Fund	\$2,500,000
Capital Fund	\$13,328,385
<b>Total</b>	<b>\$15,828,385</b>



**Carefree-Cave Creek Consolidated Court**  
**Report on Applying Agreed-Upon Procedures**  
for the Period from July 1, 2021 through June 30, 2022

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Arizona Supreme Court, Administrative Office of the Courts

Presiding Judge, The Honorable Tara E. Parascandola, of the Carefree-Cave Creek Consolidated Court

We have performed the procedures enumerated below related to Carefree-Cave Creek Consolidated Court's compliance with the requirements set forth in the Arizona Code for Judicial Administration Section 1-401, Minimum Accounting Standards (MAS) for the period from July 1, 2021 through June 30, 2022. Carefree-Cave Creek Consolidated Court's management is responsible for the compliance with those specified requirements.

Carefree-Cave Creek Consolidated Court's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by Carefree-Cave Creek Consolidated Court's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Carefree-Cave Creek Consolidated Court's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The procedures performed are outlined by the Arizona Supreme Court, Administrative Office of the Courts in the Guide for Independent Review.

The procedures and the associated findings are as follows:

## ADMINISTRATIVE REQUIREMENTS

### Procedure

1. Determine if all financial transactions are recorded in an automated receipts journal and include:
  - a. Date payment was receipted;
  - b. Amount received;
  - c. Receipt/transaction number; and
  - d. Receipt allocation by type, such as, but not limited to fine, criminal justice enhancement fund, medical services enhancement fund, restitution, and bond.

### Findings

No exceptions were noted.

2. Determine if all financial disbursements are recorded in an automated disbursements journal and include:
  - a. Date check issued;
  - b. Amount disbursed;
  - c. Name of payee;
  - d. Court check number;
  - e. Type of payment disbursement, such as, but not limited to fines, surcharges, restitution, and bonds; and
  - f. Electronic fund transaction number, if applicable.

### Findings

No exceptions were noted.

3. Determine if the court has established written policies and procedures that prescribe the court's financial practices, and which apply to any departments or divisions within the court's administrative structure that receives or disburses money.

### Findings

No exceptions were noted.

4. Determine if the court or probation department has a granted secondary technology request on file with the AOC. If so, review the granted secondary technology request for allowable technology specific to the preparation and verification of financials. Determine if the court has established written policies and procedures that prescribe how the technology will be used.

### Findings

Not applicable.

5. Verify that the court displays its payment acceptance policies on any court-sponsored webpage and in a location within the court's main lobby easily viewable by the general public, such as next to each customer service station, and that the payment acceptance policies include the following:
  - a. A statement regarding the methods of payment that the court accepts, which shall include, but is not limited to: cash, cashier's check, certified check, money order, credit card, debit card, or other financial institution generated fund transfer instrument and other forms or means of payment mandated by the supreme court; See AO 2020-202(2)(e)(f)
  - b. A statement that a receipt shall be provided for every payment made in person to the court;
  - c. A statement that the receipt provided by the court is proof of payment; and
  - d. A statement regarding the court's dishonored payment policy.

**Findings**

No exceptions were noted.

**Posted Payment Acceptance Policies for Probation Departments Only**

In addition to the above requirements, the posted payment policies for probation departments who collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors may exclude the collection of cash as an accepted method of payment for probation department locations that meet either of the following criteria: The probation department is located in a stand-alone facility not within a courthouse; or the probation department accepts payment via an external walk-up payment window.

**Findings**

Not applicable.

**INDEPENDENT REVIEW BY AUDITORS**

**Procedure**

1. Review the last auditor's final report to determine if the court retained a copy of the final report showing the date on which it was received by the court and that it was forwarded to the AOC within seven days from receipt.

**Findings**

No exceptions were noted.

2. Review the final reports issued for the last independent review by auditor and for the last operational review conducted by the AOC to determine if the court has addressed all the financial findings noted in the reports.

**Findings**

No exceptions were noted.

## SAFEGUARDING MONIES AND FINANCIAL RECORDS

### Procedure

1. Determine through interviews, observation, and by taking an inventory of the contents of the safe, if the court safeguards all monies received for the court and financial records, such as, but not limited to receipts, blank checks, and financial reconciliation documents as follows:
  - a. Assigns each cashier a unique user identification. The user identification shall be used only by the assigned user.
  - b. Changes safe keys, combinations, or both upon either:
    - i. Termination of employment of a person who was granted access to a safe, unless access to the court or area where the safe is located is restricted by electronic access control; or
    - ii. Change of responsibility of an employee who was granted access to a safe, unless the area where the safe is located is restricted by electronic access control.
  - c. Maintains physical restrictions between the public and the areas where court monies and financial records are stored and allow only authorized access to those areas.
  - d. Displays signs limiting admittance to areas where court monies and financial records are stored, unless access is restricted by electronic access control.
  - e. Retains, counts, and handles all court monies in a secure location that is not accessible to the public and is only accessible to authorized personnel until monies are deposited with the bank or local treasurer.
  - f. Stores all court monies in a locked location from the moment they are received until they are deposited with the bank or local treasurer.
  - g. Uses locking bank bags or tamper-proof bags to transfer court monies to the bank or local treasurer.
  - h. Keeps cash drawers, cash boxes, payment drop boxes, bank bags, safes, and vaults locked and secured at all times when not in use.
  - i. Stores all court monies overnight in a locked safe or vault with restricted access that is immovable or attached using a method that would prevent easy removal.
  - j. Secures blank checks, unissued manual receipts, and any documentation that contains a whole credit card number, such as phone payment logs in a safe, locked cabinet, or locked area, and allows only authorized court personnel to access these documents.
  - k. Each cashier shall individually secure the assigned cash drawer fund in a separate lockable drawer or locking bank bag at all times prior to balance and reconciliation and second person verification.
  - l. Court personnel shall not commingle personal or non-court monies with court monies. This includes but is not limited to making personal change from the cash drawer fund, court change fund, or court deposit monies, and making change for court payments with personal monies.
  - m. Court personnel shall not cash personal checks or purchase supplies using monies from the cash drawer fund or the court change fund.
  - n. Court employees and authorized personnel who issue receipts on behalf of the court shall not keep court monies with their own personal funds, deposit court monies in a personal bank account, or take court monies home with them upon departure.



- o. Court personnel shall investigate any shortage or overage of court monies within one business day. If there is still a discrepancy, court personnel shall document the discrepancy on the applicable cashier's cash drawer fund reconciliation documentation as part of the daily deposit reconciliation documentation.
- p. Court personnel shall not correct an original entry to any financial document or instrument by erasing or masking the erroneous entry. To correct an error, court personnel making the correction shall strikethrough the original entry, and initial and date the corrected entry.
- q. Prohibits the use of signature stamps when signing financial documents such as checks. Courts may use check signature software or a check signing machine to imprint authorized signatures on checks.

### Findings

No exceptions were noted.

## **SEGREGATION OF DUTIES**

### Procedure

1. Determine through interviews, observation, and a review of documentation, if the court provides internal controls for financial functions, ensures the safety of public monies and the reliability of court records, and allows for the detection of errors, as follows:
  - a. Documents the preparation of daily cash counts and their corresponding reconciliations, deposit reconciliations, monthly reconciliations, the review of outstanding bonds over 90 days, and quarterly reconciliations using a method that identifies the preparer such as initials or signatures and includes the date of document preparations. The preparer must not also be the second person verifier of the document.
  - b. Documents the verification of daily cash counts and their corresponding reconciliations, deposit reconciliations, issued and voided manual receipts, monthly reconciliations, and quarterly reconciliations using a method that identifies the verifier such as initials or signatures and includes the date of document verification. The second person verifier must not also be the preparer of the document.
  - c. Signs checks prepared by someone else, unless the check requires two signatures. Checks must not be made out to "Cash" and the signing of blank checks is prohibited. For courts with electronic disbursements, ensure that the person who entered and authorized the electronic disbursement is not the same person who verified the electronic disbursement.
  - d. Has a second authorized person verify void or reverse (adjusted) automated receipts in the automated financial management system if a correction is needed. The verification must be documented.
  - e. For courts that do not have sufficient staffing to provide for a second person verifier at all times, determine if the court has adopted written financial policies and procedures to control the risk of unauthorized financial transactions. These written financial policies and procedures must detail arrangements made with designated local government employees authorized by the court to verify transactions in accordance with the requirements in this section.

**Findings**

No exceptions were noted.

**CASH HANDLING AND RECEIPTING**

**Procedure**

*Acceptance of Payment*

1. Observe the court's practice for accepting payments to determine if only court authorized personnel or electronic interfaces receipt payments on behalf of the court.

**Findings**

No exceptions were noted.

*Online Transaction Retrieval*

1. Determine if the court has a manual retrieval process for online transactions. If so, the court must retrieve and receipt the transactions to the case financial management system no later than the end of the next business day.

**Findings**

Not applicable.

2. Determine if the court has an automated retrieval process for online transactions. If so, the court must receipt the transactions to the case financial management system no later than the end of the next business day.

**Findings**

No exceptions were noted.

3. Verify that in addition to the receipting elements listed in *Automated and Manual Receipting Requirements (4)(a) through (j)*, receipts associated with online transactions include:
  - a. Online transaction date;
  - b. Online transaction number; and
  - c. Name and address of cardholder, if available; however, there shall be at a minimum, an audit trail to identify the cardholder's information for disbursement purposes.

**Findings**

No exceptions were noted.

### ***Endorsement of Checks***

1. During the observation of the daily cash count of the cashier cash drawer fund and when court personnel open the daily mail, determine:
  - a. For courts that do not utilize an automated financial management system that electronically endorses checks:
    - i. If all checks payable to the court are properly and clearly endorsed with a restrictive endorsement stamp that reads "For Deposit Only – Payable To (account's name)" no later than the end of the business day on the date the check is receipted into the automated financial management system.
  - b. For courts that utilize an automated financial management system that electronically endorses checks when an automated receipt is generated:
    - i. If the court receipts all checks immediately when received. If the court was unable to receipt the checks when received, that the checks are immediately secured for safeguarding purposes, with receipting into the automated financial management system to be completed no later than the end of the next business day.
    - ii. That the automated financial management system properly and clearly endorsed all checks payable to the court with a restrictive endorsement stamp that reads "For Deposit Only – Payable To (account's name)," when an automated receipt is generated.

#### **Findings**

No exceptions were noted.

2. Determine through interviews that the court does not endorse checks payable to another court and sends the checks to the proper court within two business days.

#### **Findings**

No exceptions were noted.

### ***Receipting of Unidentified Monies***

1. Determine, by reviewing the court's "Unidentified Monies" file, if the court has a process for handling monies that are received without information identifying the party's name, case number, and sender information if the court is unable to identify the party and case number for which the monies are received, and if the process includes the following:
  - a. Receipting the unidentifiable monies into a suspense or hold account within the automated financial management system, no later than the end of the next business day and depositing the monies to the local treasurer or bank accordingly.
  - b. Endorsing checks received without information identifying the party's name, case number, and sender information in accordance with the *Endorsement of Checks* guidelines identified above.
  - c. Retaining copies or an electronic image of a cash log that details the breakdown and total of any monetary denominations received, the checks received, the credit card transaction details received, receipts generated by the automated management system, and any additional necessary supporting documentation in the "Unidentified Monies" file.

**Findings**

No exceptions were noted.

***Automated and Manual Receipting Requirements***

1. Determine if the court is receipting all monies no later than the end of the next business day.

**Findings**

No exceptions were noted.

2. Determine if the receipts generated by the court reflect the date the monies were received.

**Findings**

No exceptions were noted.

3. Determine if the court issues a sequentially numbered receipt or transaction for each payment.

**Findings**

No exceptions were noted.

4. Using the cash receipts journal as the source document, select a random sample of at least 20 individual receipts (for bonds, fines, fees, surcharges, and restitution for all court levels; add child support, probate, and other trust monies for superior court). Determine if the individual receipts contain the following information:

- a. Name of the court;
- b. Case number, if applicable;
- c. Defendant's name, if applicable;
- d. Plaintiff's name, if applicable;
- e. Date payment was received;
- f. Amount received;
- g. Name and address of the third-party payor making the payment, if available, and if not included on the case financial records;
- h. Identification of person receiving the payment;
- i. Method of payment such as cash, check, payment card, or EFT; and
- j. Unique sequential receipt/transaction number.

**Findings**

No exceptions were noted.

5. Sample 10 defensive driving school payments and verify if the monies from the defensive driving schools were receipted by the end of the next business day and payment was recorded in each defendant's case financial record. Determine (*Independent Contractors section of MAS*) if payments received from defensive driving schools are received in the form of business check, cashier's check, money order, EFT, or wire transfer. *This item is not applicable to probation departments reviewed.*

**Findings**

No exceptions were noted.

6. Determine if the court is receipting overpayments as an overpayment and not as a fine, surcharge, bond, or restitution.

**Findings**

No exceptions were noted.

***Issued and Unissued Manual Receipting Requirements***

1. Determine if manual receipts are only used when the court's automated financial management system is inoperable. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

**Findings**

No exceptions were noted.

2. Determine if manual receipts are entered into the automated financial management system by the end of the business day or as soon as the system is operable. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

**Findings**

No exceptions were noted.

3. Review the court's manual receipt book and sample 10 manual receipts to verify the following:
  - a. Manual receipts are at least a two-part form, pre-printed with unique sequential numbers and the name of the court on each receipt. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*
  - b. Manual receipts are issued in sequence within each book and are cross-referenced; the manual receipt number issued is referenced on the automated receipt or recorded in a docket entry in the automated financial management system; and the automated receipt number is referenced on the manual receipt. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*

- c. A second person reviews the manual receipts no later than the end of the next business day following receipt issuance, verifies that the receipts were issued in sequence, recorded in the automated financial management system, and that all receipts have been issued. *This item is not applicable to probation departments reviewed that do not have access to the clerk of court's case management system.*
- d. The court has established written policies and procedures to account for and reconcile all unissued manual receipts at least quarterly and that the court documents the reconciliation of all unissued manual receipts.

**Findings**

Not applicable.

***Automated and Manual Voided Receipts***

1. Select a sample of 10 automated voided receipts, 10 automated reversed (adjusted) receipts, and 10 manual voided receipts to determine that all voided receipts are not altered in any way and to verify the following:
  - a. If an error is made or a correction is needed that "VOID" or "Reverse" (adjusted) is indicated on the automated receipt; the reason for the void or reversal (adjusted) is indicated on the automated receipt or in the case financial record; and the voided or reversed (adjusted) receipt number is cross-referenced on the replacement automated receipt, if applicable, in the case financial record.
  - b. If an error is made or a correction is needed that "VOID" and the reason for the void is indicated on all retained copies of the manual receipt; that the voided manual receipt number is cross-referenced on the replacement manual receipt, if applicable; and that the second person review of voided manual receipts takes place no later than the end of the next business day following receipt void.

**Findings**

No exceptions were noted.

***Counterfeit Cash***

1. Determine if the court has established written policies and procedures on identifying and handling counterfeit cash in accordance with U.S. Department of the Treasury, Office of Domestic Finance, Advanced Counterfeit Deterrence guidelines.

**Findings**

No exceptions were noted.

### *Petty Cash*

1. If the court uses a petty cash fund, verify the court is following local policies and procedures regarding usage and reimbursement of the petty cash funds. Also, review and verify the monthly reconciliation of the petty cash fund.

#### Findings

Not applicable.

## DISBURSEMENT PROCESSING

### Procedure

1. Sample at least 10 disbursements to determine if disbursements were made only in the form of a check, credit to the payment card originally used to make the payment, or an EFT and that all checks or payment card adjustments or reversals were signed by authorized signers.

#### Findings

No exceptions were noted.

2. Verify that checks issued by the court are pre-printed with unique sequential numbers, or electronically signed, and disbursed in sequential order.

#### Findings

No exceptions were noted.

3. For all sampled disbursements, verify that disbursements were recorded in the court's automated financial management system by the end of the next business day and disbursed within the time period prescribed in the court's written policies and procedures.

#### Findings

No exceptions were noted.

4. For all sampled disbursements, verify that each automated disbursement record contains the following: case number; case party names; date check issued; name of payee; court check number; type of payment disbursement (such as fines, surcharges, suspense, hold, restitution, bond, or bond amount converted to court assessments); amount disbursed; and electronic fund transaction number, if applicable.

#### Findings

No exceptions were noted.

5. Sample 10 bond disbursements and verify that bond monies were disbursed according to written court order by a judicial officer and only to the individual who posted the bond or to the third party authorized to receive the bond monies by the person posting the bond. If bond monies were converted to pay court-ordered monetary obligations verify that the express written permission of the bond poster was received, unless the bond poster is the defendant. Determine if the court has established written policies and procedures for refunding and disbursing bond monies within a prescribed time period. *This item is not applicable to probation departments reviewed.*

**Findings**

Not applicable.

6. Sample 10 restitution payments and verify restitution payments were disbursed to victims within the time requirements established by ACJA § 5-204.

**Findings**

No exceptions were noted.

7. Sample 10 overpayments and verify that overpayment monies were disbursed according to the policies and procedures set forth by the court. Determine if the court has established written policies and procedures that include a reasonable threshold amount for refunding overpayments within a prescribed time period.

**Findings**

No exceptions were noted.

8. Sample 10 suspense or hold monies and verify that the monies were applied or disbursed according to the policies and procedures set forth by the court. Determine if the court has established written policies and procedures to account for monies held in a suspense or hold account on a monthly basis, and to apply these monies to a party's case financial record or disburse them to the appropriate party with a prescribed time period.

**Findings**

No exceptions were noted.

9. Verify that disbursement checks voided due to error are flagged void/stop payment in the court's automated financial management system. Verify that disbursement checks reported lost or stolen are flagged void/stop payment in the court's automated financial management system, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts).

**Findings**

No exceptions were noted.

10. Verify that when the court issues replacement disbursement checks for void/stop payment, outstanding, lost, or stolen disbursement checks, that the new disbursement check is issued following normal disbursement procedures.

**Findings**

No exceptions were noted.



11. Determine if the court identifies all checks outstanding over 180 days, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts) and verify the following:
  - a. Checks outstanding over 180 days are flagged void/stop payment in the court's automated financial management system; and
  - b. Determine if the court investigates all checks outstanding over 180 days, documenting the action taken or disposition of the investigated checks outstanding in the court's automated financial management system and on the court's monthly reconciliation documentation.

**Findings**

No exceptions were noted.

12. Verify void/stop payment disbursement checks have "VOID" or "Stop Payment" written across both the physical face and signature line of the void/stop payment disbursement check and that all applicable void/stop payment disbursement checks are available for retention (for example, checks issued via electronic disbursement, lost in the mail, or stolen would not be available for retention).

**Findings**

No exceptions were noted.

13. Determine if, pursuant to A.R.S. §§ 44-302(10) and (11), 44-307, and 44-308 for municipal courts and A.R.S. § 22-116 for justice courts, the court reports and remits unclaimed (abandoned) funds to the Department of Revenue or county treasurer, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts) the following:
  - a. Any unidentified monies received which remain unclaimed;
  - b. Any disbursement checks outstanding over 180 days which remain unclaimed; and
  - c. If the court retains documentation of all monies reported and remitted to the Department of Revenue or county treasurer as unclaimed funds in accordance with the retention schedule.

**Findings**

No exceptions were noted.

## BANK ACCOUNTS AND DEPOSITS

### Procedure

1. Unless bank accounts are maintained by the city, county or, in the case of appellate courts, the state treasurer, and are established in the name of the city, county, or state:
  - a. Examine a recent bank statement for each account and verify that all checking, investment, or other bank accounts are established under the name of the court. For co-located courts, confirm that the courts do not share a bank account and that individual bank accounts are established under the name of each court;
  - b. Determine if the court maintains a current list of all checking, investment, and other bank accounts which includes the following: the name and address of the banking institution, the account number, the account name, and the names of persons authorized to sign checks or make withdrawals from each account;
  - c. Determine if the court maintains current signature cards for all bank and investment accounts involving court monies; and
  - d. Determine if the court maintains a record of all bank accounts closed, including the date the bank account was closed and the reason the bank account was closed.

### Findings

Not applicable.

2. *Note: This item is not applicable to probation departments reviewed.* Determine if the court deposits currency, coins, and checks with the bank or local treasurer by the next business day the court and the bank or local treasurer are open, unless the total is less than \$300. If the total is less than \$300, at a minimum the funds shall be deposited on a subsequent business day when the accumulated undeposited funds reach or exceed \$300, or deposited once per week, whichever is earlier. For deposits made with the local treasurer determine the following:
  - a. The court retained documentation that confirms that court monies were delivered to or retrieved by the local treasurer for deposit within the required timelines. The court and the local treasurer shall initial or sign and date the documentation acknowledging receipt of the court monies deposited, unless court monies are transported by armored car, in which case a log shall be maintained.

### Findings

No exceptions were noted.

3. Compare bank or local treasurer deposits to the cash receipts journal to determine if the monies were deposited in the same form as received.

**Findings**

No exceptions were noted.

4. Determine through interviews and observations that checks scanned by the court for electronic deposit are retained not more than 30 days after the completion of the bank reconciliation for the month in which the checks were deposited, and that personal mobile devices were not used to scan checks. Shredding is the preferred method of disposal.

**Findings**

No exceptions were noted.

***Deposit Practices for Probation Departments Only***

In addition to the noted applicable *bank account and deposit* requirements above, for probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors determine the following:

- a. If the probation department deposits all monies with the clerk of the court or directly into the clerk of court's bank account by the next business day;
- b. If the probation department has established written policies and procedures that reflect the arrangements made by the department to ensure a secure process for depositing monies with the clerk of court; and
- c. If the probation department retains documentation that confirms that the monies have been delivered to or retrieved by the clerk of court for deposit within the required timelines.

**Findings**

Not applicable.

## RECONCILIATION OF FINANCIAL RECORDS

### Procedure

Select two weeks of financial records and consistently use the same month of the two-week period selected to review reconciliations.

#### *Daily Reconciliations*

1. Determine through interviews and observation that:
  - a. Each cashier responsible for a beginning change fund counts the beginning change fund provided before usage, as either the preparer or second person verifier;
  - b. The court change fund is counted by two separate authorized court personnel at least daily; and
  - c. Each cashier responsible for a cash drawer fund counted all monies received, including any beginning change fund monies, after each shift to ensure balance and reconciliation with the receipts journal.
  - d. At least two separate authorized court personnel are involved in the deposit balance and reconciliation process. One authorized personnel acting in the capacity of preparer and one additional authorized person acting in the capacity of verifier to ensure the balance and reconciliation of the daily deposit with the receipts journal. The verification of the deposit preparation must occur at the time of the deposit preparation and prior to the depositing of funds with the bank or local treasurer; and (*Bank Accounts and Deposits section of MAS*)
  - e. During the observation of the preparation of the daily deposit balance and reconciliation process, using the cash receipts journal as the source document, verify the total daily receipts to the cash receipts journal to determine these totals tally to the daily cash receipts summary report or deposit ticket.

#### Findings

No exceptions were noted.

2. Determine for the two-week period selected for review that the total receipts (for all payment types received) for each day match the bank account statement or the daily funds' transmittal report and receipt issued by the local treasurer.

#### Findings

No exceptions were noted.

### ***Monthly Reconciliations***

1. Review and verify the following:
  - a. The reconciliation of the of the receipts journal for the month to the monthly remittance report submitted to the local treasurer (city, county, or state as applicable) and compare to the disbursement check issued;
  - b. The reconciliation of the deposits with the receipts journal;
  - c. The reconciliation of the disbursement checks written with the disbursements journal;
  - d. The reconciliation of the court's record of open items to the automated financial management system report to all bank accounts and cash balances; and
  - e. The reconciliation of all bank accounts maintained by the court.

#### **Findings**

No exceptions were noted.

2. Determine if the court monthly reviews all bonds posted outstanding over 90 days and bond records. Sample 5 bonds posted more than 90 days to verify if the court determined the status of the bond based on court order, took appropriate action, documented the disposition of the bond reviewed, and retained the documentation. *This item is not applicable to probation departments reviewed.*

#### **Findings**

No exceptions were noted.

3. Review all reconciliations and supporting documentation for the month selected to determine if the reconciliations were performed monthly and accurately. Verify that the court did not simply add a fictional amount to the monthly reconciliations in order to force the reconciliation into balance and if there was a variance it was clearly documented as a line item on the reconciliation and resolved within no more than 30 days from the reconciliation.

#### **Findings**

No exceptions were noted.

### ***Financial Record Retention***

1. Determine if the court retains the following records for each bank account as required by the records retention schedule:
  - a. Bank account reconciliations;
  - b. Bank statements;
  - c. Records of deposits in transit;
  - d. Bank issued debit and credit memos;
  - e. Canceled deposit slips;
  - f. Canceled checks; and
  - g. Any documentation that requests the adjustment or void of a case financial record.

#### **Findings**

No exceptions were noted.

2. Determine if the court retains the records of the daily and monthly financial reconciliations performed and supporting documentation in accordance with the records retention schedule.

#### **Findings**

No exceptions were noted.

### **REPORTING**

#### **Procedure**

1. Select one month's remittance report to determine if the report identified the allocation and distribution of the monies, that the monies have been remitted to the local treasurer (city, county, or state as applicable), and that the court received documentation acknowledging the submission of the report from the local treasurer. *This item is not applicable to probation departments reviewed.*

#### **Findings**

No exceptions were noted.

### **Probation Departments**

#### **Procedure**

1. Determine if the probation department has a granted alternative collection practices proposal on file with the AOC. If so, review the granted alternative collection practices proposal and adjust testing methodology accordingly.

#### **Findings**

Not applicable.

2. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors and that receipt those payments into the clerk of court's case management system determine the following:

- a. If the probation officers or probation staff authorized to accept payments and deposit monies are deputized clerks of the court;
- b. If payments received are made payable to the clerk of the court;
- c. If payments are not collected in the field; and
- d. If payment acceptance policies are displayed in each department's main lobby and on the department's webpage.

**Findings**

Not applicable.

3. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors that do not have access to the clerk of court's case management system, review the department's manual receipt book and sample 10 manual receipts to verify the following:
  - a. Manual receipts are at least a three-part form, pre-printed with unique sequential numbers and the name of the probation department on each receipt;
  - b. Manual receipts are issued in sequence within each book and a copy is given to the clerk of court no later than the next business day; and
  - c. Documentation is retained that confirms that the issued manual receipt copies have been delivered to or retrieved by the clerk of the court.

**Findings**

Not applicable.

4. For probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors that *do not have access to the clerk of court's case management system* determine the following:
  - a. If payments received are made payable only to the clerk of the court;
  - b. If payments are not collected in the field; and
  - c. If payment acceptance policies are displayed in each department's main lobby and on the department's webpage.

**Findings**

Not applicable.

This report is intended solely for the information and use of the Arizona Supreme Court, Administrative Office of the Courts and the management of the Carefree-Cave Creek Consolidated Court, and is not intended to be and should not be used by anyone other than these specified parties.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
August 25, 2022

**TOWN OF CAREFREE  
INFORMATION SUMMARY**

**MEETING DATE:** December 6, 2022

**SUBJECT:** Review and discussion regarding an amendment to the Carefree, Arizona - Code of Ordinances (Town Code) related to the repeal and replacement of Article 6, Offenses, Chapter 6-8 Short-Term Rentals Responsible Party Requirements and other Violations to align with recently passed state legislation. (*First Reading*).

**ATTACHMENTS:**

- Draft Ordinance 2022-03
- SB 1168

**SUMMARY**

As of December 1, 2022, Town staff has identified 80 short-term rental (STR) properties in Carefree. Verification of these properties was made through use of the Town's new short-term rental software, Rentalscape, which identifies locations, recent and past activity, and online lodging platforms where STR listings may be found.

In July 2022, Governor Ducey signed SB 1168 allowing local governments to require short-term rentals to obtain and maintain a local regulatory permit or license, which can only be denied and/or suspended for limited reasons. Provisions relating to neighborhood notification, liability insurance, public health and safety, and sex offender background checks were also included. In essence, these changes now provide tools for local governments to hold "bad actors" accountable for their actions. Ordinance 2022-03 was drafted by staff to reflect this new authority granted to cities and towns under state law. It aligns with many other community's regulations as well.

The proposed ordinance repeals and replaces the Town's current regulations with new language that is necessary to protect the public health and safety. The right for a residential property to operate as a short-term rental use has not been reversed. However, the following briefly describes what staff sees as substantive changes under the new statute:



*Regulatory License Requirement:* Effective February 10, 2023 (or a date determined by Town Council), all short-term rentals will have to have a license to operate in the Carefree. SB 1168 allows cities and towns to set a fee not to exceed the actual cost of issuing the license or \$250, whichever is less. Staff recommends setting the fee at \$250.

The proposed ordinance translates the SB 1168 requirements regarding license application information, license issuance, and the limited conditions under which a license could be denied. The proposed ordinance also includes a section for license revocation if grounds for denial exist for a license that already was issued. In addition, it includes criteria for the limited conditions when a license can be suspended. Basically, whenever an application is denied or a license is revoked or suspended, there will be a hearing process, either administratively in most cases, or through the courts for certain serious incidents.

*Insurance, Notification and Background Check Requirements:* Non-residential usage continues to be prohibited, and the requirement that emergency contacts respond at the request of public safety staff remains in place as well. There are new requirements for short-term rentals to obtain liability insurance, to conduct sex offender background checks, and a neighbor notification process.

*Public Health and Safety Requirements:* State law allows cities and towns to regulate short-term rentals for the purposes of protecting the public's health and safety if the municipality can demonstrate that the rule or regulation is for that primary purpose. These additional requirements include language related to trash/garbage pickup, fire and life safety (such as pool barrier requirements and an emergency egress map of the home), and required cleanings between bookings and pest control.

The next steps after possible approval of Ordinance 2022-03 include:

1. Preparing a written notice to send out to all properties to inform them of the need to apply for a license from the Town by February 10, 2023;
2. Creating a permit process for short-term rentals;
3. Updating any current forms such as Business License applications and/or the STR contact form;
4. Developing helpful guides for residents and short-term rental owners/operators related to the new regulations; and
5. Updating the Town's web page and other relevant information.

**ACTION NEEDED:**

No action is needed at this time.

# DRAFT 1

## ORDINANCE NO. 2022-03

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF CAREFREE, MARICOPA COUNTY, ARIZONA, REPEALING AND REPLACING CHAPTER 6-8 OF THE CAREFREE, ARIZONA TOWN CODE CONCERNING SHORT TERM RENTALS; PROVIDING FOR SEPARABILITY; ADOPTION AND APPROVAL BY THE MAYOR AND COMMON COUNCIL OF THE TOWN AS REQUIRED BY LAW AND DIRECTING THE TOWN CLERK OF THE TOWN OF CAREFREE TO INCORPORATE THIS AMENDMENT INTO THE CAREFREE, ARIZONA TOWN CODE.

BE IT ORDAINED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAREFREE, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

- Section 1: The Mayor and Common Council deem it necessary, in order to conserve, promote, and protect the public health, safety and welfare, to amend that certain document known as the Carefree, Arizona Town Code.
- Section 2: All Ordinances and portions of Ordinances in conflict with the provisions of this Ordinance, or inconsistent with the regulations of this Ordinance, are hereby repealed to the extent necessary to give this Ordinance full force and effect.
- Section 3: The Amendments are made to Chapter 6 Offenses, Article 6-8 Short-Term Rentals Responsible Party Requirements and Other Violations, amended as follows (additions are shown in double underline, and deleted language is ~~crossed out~~):

### **ARTICLE 6-8. – SHORT-TERM RENTALS AND VACATION RENTALS.**

#### **Section 6-8-1 Purpose.**

This article is necessary to protect the health, safety and welfare of the public.

#### **Section 6-8-2 Definitions.**

Owner's designee means a person authorized to act on behalf of the owner of a short-term rental or vacation rental.

Nuisance party means an assembly of persons for a social activity or for a special occasion in a manner which constitutes a substantial disturbance of the quiet enjoyment of private or public property. This includes, but is not limited to, excessive noise or traffic, obstruction of public streets by crowds or vehicles, public drunkenness, the service of alcohol to minors, fights, disturbances of the peace and litter.

Short-term rental or vacation rental means any individually or collectively owned single family or one-to-four-family house or dwelling unit or any unit or group of units in a condominium, cooperative or timeshare, which is also a transient public lodging establishment or owner-occupied residential home offered for transient use. Short-term rental and vacation rental do not include a unit that is used for any nonresidential use, including retail, restaurant, banquet space, event center or similar use.

Unlawful gathering means a party, gathering, or event where spirituous liquor is served to, or is in the possession of, or consumed by, any minor, or where illegal drugs are in the possession of, or consumed by, any person, regardless of whether it would otherwise qualify as a nuisance party.



“Verified Violation” means a finding of guilt or civil responsibility for violating any state law or local ordinance relating to a purpose prescribed in A.R.S. Sections 9-500.39(B) or 9-500.39(K) that has been finally adjudicated.

### **6-8-3 Licensing.**

#### **A. Short-term rental license required; invalid license ; penalties.**

1. Effective February 13, 2023, no person shall operate a short-term rental or vacation rental in the Town without first having obtained a current short-term rental license from the Town and paying the applicable fees. A separate current short-term rental license is required for each house or dwelling unit where a short-term rental or vacation rental is operated.
2. No person shall operate a short-term rental or vacation rental in the Town with an expired, suspended or revoked short-term rental license .
3. Representations or advertisements including online listings that reference the property, house or dwelling unit location within the Town is prima facie evidence that a short-term rental or vacation rental is operating in the Town.
4. A first violation of this section is a civil offense and shall be punished by a fine of not less than one thousand (\$1,000.00) per violation. A second or subsequent violation of this section within one (1) year of conviction of a first violation is a Class 1 misdemeanor and shall be punished by a fine not to exceed two thousand five hundred dollars, by imprisonment for a period not to exceed six months in jail, by a term of probation not to exceed three years, or by any combination of such fine, imprisonment or probation.

#### **B. License fees.**

1. Every application, including any renewal application, for a short-term rental license under this article shall be accompanied by a non-refundable two hundred fifty-dollar (\$250.00) license fee and penalties incurred pursuant to this section.
2. If the applicant failed to apply for a short-term rental license upon receiving written notice from the Town of the requirement to do so, the applicant shall pay an additional one-thousand-dollar (\$1,000) penalty for every thirty (30) day period the applicant failed to apply. Any penalty shall be non-refundable. For purposes of this section, written notice includes, but is not limited, to a notice sent by electronic means, US mail or hand delivered to the physical location of the short-term rental or vacation rental or the address on file with the Maricopa County Assessors Office for the property. Written notice is deemed served on the date it is sent by electronic means, hand delivered or, if mailed, on the date it is deposited in the United States mail.

#### **C. Term of license ; transfer.**

1. A short-term rental license issued under this article shall be valid for a period of one (1) year from the date of issuance unless suspended or revoked.
2. No license shall be transferable either as to location or as to person.

#### **D. Application for license .**

1. An applicant for a short-term rental license including for a renewal application shall file an application on a form prescribed by the Town Administrator or designee and contain the following information:



- a. The physical address of the house or dwelling unit to be used as a short-term rental or vacation rental.
- b. The name, address, email and telephone number of the owner of the short-term rental or vacation rental. If the owner is a fictitious person, the name, address, email and phone number of the owner's statutory agent.
- c. The name, address, email and telephone number of the owner's designee, if any.
- d. The name, address, email and twenty-four (24) hour telephone number of the individual who will serve as the emergency point of contact for the short-term rental or vacation rental. An individual pursuant to this subsection must be a real person and cannot be a fictitious person.
- e. Agreement by the owner and each designee to comply with all applicable laws, regulations, and ordinances.
- f. The owner and each owner's designee shall attest that they are not registered sex offenders, have not been convicted of any felony act that resulted in death or serious physical injury, and have not been convicted of any felony use of a deadly weapon within the past five years.
- g. Proof of a valid transaction privilege tax license.
- h. Evidence of liability insurance appropriate to cover the short-term rental or vacation rental in the aggregate of at least \$500,000 or evidence that each short-term rental transaction will be provided through a platform that provides equal or greater primary liability insurance coverage for the short-term rental.
- i. If the applicant is an individual, proof of lawful presence in the United States in accordance with A.R.S. §§ 1-502 and 41-1080 unless exempted by A.R.S. §41-1080(B).

**E. License issuance; denial.**

1. The Town shall issue a short-term rental license within seven (7) business days after receipt of a complete application unless grounds for denial exist as follows:
  - a. Failure to provide the information required by this article;
  - b. Failure to pay the required license fee(s) including any penalties;
  - c. At the time of application, the owner has a revoked or suspended license for the same short-term rental or vacation rental;
  - d. The applicant has provided false information;
  - e. The owner or designee of the owner: (i) is a registered sex offender; (ii) has been convicted of any felony act that resulted in death or serious physical injury; (iii) or has been convicted of any felony use of a deadly weapon within five (5) years of submitting the application; and

- f. Any grounds for revocation or suspension of a short-term rental license exist.
2. The Town Administrator or designee shall give notice of any denial of an application, and the right of appeal from the denial, as provided for in this article.

#### **F. License revocation.**

The Town Administrator or designee shall initiate revocation proceedings if any grounds for denial exist for a short-term rental license that already has been issued.

#### **G. Reapplication after denial or revocation.**

No person who has had a short-term rental license denied or revoked pursuant to this article may apply for another short-term rental license for one (1) year after the decision affecting the applicant's license has become final.

#### **H. License suspension; term of suspension.**

1. The Town Administrator or designee shall initiate suspension proceedings against a short-term rental license for any of the following:
2. Three verified violations within a twelve (12) month period, not including any such violation based on an aesthetic, solid waste disposal or vehicle parking violation that is not also a serious threat to public health and safety.
3. One verified violation that results in or constitutes any of the following:
  - a. A felony offense committed at or in the vicinity of a short-term rental or vacation rental by the owner of the short-term rental or by the owner's designee;
  - b. A serious physical injury or wrongful death at or related to a short-term rental or vacation rental resulting from the knowing, intentional or reckless conduct of the owner of the short-term rental or vacation rental or the owner's designee;
  - c. An owner of the short-term rental or vacation rental or the owner's designee knowingly or intentionally housing a sex offender, allowing offenses related to adult-oriented businesses, sexual offenses, or prostitution, or operating or maintaining a sober living home; or
  - d. An owner of the short-term rental or vacation rental or the owner's designee knowingly or intentionally allowing the use of a short-term rental for a special event that would otherwise require a permit or license pursuant to this code or a state law or rule or for a retail, restaurant, banquet space or other similar use.
4. The Town Administrator or designee shall give notice of any suspension, and the right of appeal from the suspension, as provided for in this article.
5. Any final suspension shall be for a period of one (1) year except that a hearing officer may reduce the suspension period to a period of six (6) months upon a finding that the owner of the short-term rental or vacation rental has taken substantial and significant steps to prevent the reoccurrence of the actions that led to the suspension.



### **I. Judicial relief for certain grounds of suspension.**

1. Notwithstanding Section 6-8-3, Subsection H herein, any attempted or completed felony act, arising from the occupancy or use of a short-term rental or vacation rental, that results in a death, or actual or attempted serious physical injury, shall be grounds for judicial relief in the form of a suspension of the property's use as a short-term rental or vacation rental for a period that shall not exceed twelve (12) months.
2. The Town Attorney may initiate proceedings in the Carefree-Cave Creek Consolidated Court or other court of competent jurisdiction to enforce this section.

### **J. Information updates.**

All applicants and persons holding license s issued pursuant to this article shall give written notice to the Town Administrator or designee of any material changes in information submitted in connection with an application or application for renewal of a license . Any information required for an application pursuant to Section 6-8-3, Subsection D is deemed to be material for purposes of this section. This information shall be provided to the Town Administrator or designee by the license e or the effected person, as applicable, within ten (10) business days of any such change.

### **K. Appeals.**

1. Any person aggrieved by any decision with respect to the denial of or a refusal to issue a short-term rental license , the revocation of a short-term rental license , the suspension of a short-term rental license or a verified violation penalty imposed pursuant to Section 6-8-4, Subsection H, shall be entitled to the review and appeal procedures provided in chapter 16, article I.
2. This section is not applicable for judicial actions brought pursuant to Section 8-6-3, Subsection K herein or penalties including fines imposed by a court.

### **L. Town use of license information.**

Unless otherwise provided for by law, the Town may use any information obtained from licensing applications including contact information pursuant to this article for any lawful purpose including, but not limited, to communicating or providing information regarding compliance with laws, public health and safety regulations, general Town updates and reminders to keep required information updated with the Town.

### **M. Reserved**

## **6-8-4 PROHIBITIONS AND OPERATIONAL REQUIREMENTS.**

### **A. Compliance with laws.**

1. A short-term rental or vacation rental must at all times comply with all federal, state, and local laws, rules and regulations including but not limited to public health, safety, sanitation, solid waste, hazardous waste, tax privilege licensing, residential rental property recording, traffic control, pollution control, noise, property maintenance, and nuisance abatement.



2. No person including an owner or operator shall operate a short-term rental or vacation rental in violation of this section.

**B. Non-residential usage by short-term rentals or vacation rentals prohibited.**

1. No short-term rental or vacation rental may be used for any non-residential use or purpose including but not limited to any of the following:
  - a. Any commercial, industrial, manufacturing, or other non-residential purpose; or
  - b. Operating a retail business, restaurant, event center, banquet center or similar use; or
  - c. Housing sex offenders; or
  - d. Operating or maintaining a structured sober living home; or
  - e. Selling liquor, controlled substances or pornography; or
  - f. Operating any adult-oriented business including nude and topless dancing.
2. No person including, but not limited to, an owner, owner's designee, tenant, guest, business, vendor or operator shall operate a short-term rental or vacation rental in violation of this section.
3. Representations or advertisements including online listings that advertise one of the prohibited activities pursuant to this section that reference a short-term rental or vacation rental property, house or dwelling unit location within the Town is prima facie evidence that a short-term rental or vacation rental is operating in the violation of this section.

**C. Failure to respond to an emergency; penalties.**

1. In the event of an emergency, any person designated as an emergency contact pursuant to Section 6-8-3 Subsection D herein upon the request of public safety personnel shall respond in-person within one (1) hour to the physical location of the short-term rental or vacation rental for which they are a designated emergency contact.
2. For the purpose of this section "in the event of an emergency" means any time police, fire or other public safety personnel respond to a short-term rental or vacation rental for a call for service including responding to a nuisance party or unlawful gathering.
3. It shall be a civil offense for any person designated as an emergency contact upon request by public safety personnel pursuant to subsection (a) of this section to either fail to respond to the physical location of the short-term rental or vacation rental for which they are a designated emergency contact or fail to arrive within one (1) hour to the physical location of the short-term rental or vacation rental for which they are a designated emergency contact. Failure to respond shall be punished by a minimum fine of five hundred (\$500.00) dollars and failure to arrive within one (1) hour shall be punished by a minimum fine of two hundred fifty (\$250.00) dollars.
4. It shall be a civil offense for the owner of a short-term rental or vacation rental to intentionally, knowingly or recklessly have the owner's emergency contact fail to comply



with the requirements of subsection (a). A violation of this subsection shall be punished a minimum fine of five hundred (\$500.00) dollars. Evidence such as failure of an owner to keep contact information current may be considered when determining whether the owner acted intentionally, knowingly or recklessly.

**D. Failure to maintain insurance; penalty.**

1. It shall be unlawful for the owner or operator of a short-term rental or vacation rental to fail to comply with the insurance requirements specified in Section 6-8-3, Subsection D herein.
2. A violation of this section is a civil offense and shall be punished by a minimum fine of five hundred (\$500.00) dollars. Upon a showing that the owner or operator has obtained the required insurance, the court may reduce the fine pursuant to this section to one hundred (\$100.00).

**E. Advertising license number required; penalty.**

1. It shall be unlawful for the owner, operator or owner's designee of a short-term rental or vacation rental to fail to display or list a Town short-term rental license number on each advertisement for a short-term rental or vacation rental located within the Town.
2. A violation of this section is a civil offense and shall be punished by a minimum fine of five hundred (\$500.00) dollars. Upon a showing that the owner, operator or owner's designee has come into compliance with this section, the court may reduce the fine pursuant to this section to one hundred (\$100.00).

**F. Additional health and public safety regulations.**

1. The health and public safety regulations in this section are for the primary purpose of protecting the health and safety of the public as short-term rentals and vacation rentals create unique public health and safety issues.
2. No person owning or operating a short-term rental or vacation rental shall:
  - a. Leave trash or garbage within public view, except in proper collection containers for the purpose of collection in accordance with the residential collection schedule outlined in Article 5-5, Section 5-5-1 of the Carefree Town Code.
3. Any person owning or operating a short-term rental or vacation rental shall ensure that every short-term rental or vacation rental has working smoke alarms, which may require the installation and maintenance of several detection units and maintained annually as required under National Fire Protection Association (NFPA) 72. The owner or owner's designee shall keep and make available for inspection upon request by the Town a record of all inspections and maintenance activities.
4. The owner or owner's designee of a short-term rental or vacation rental shall provide and prominently display a map of the floor plan of the property showing the following information: safe routes of egress in the event of a fire or other emergency; the location of telephone(s) required under this section; the location of fire detection and suppression equipment; and any additional information relevant to such emergency preparedness



measures. Such maps shall include the full property address, emergency information (911), and owner/emergency contact information.

5. The owner or owner's designee of a short-term rental or vacation rental shall have the property cleaned between bookings.
6. The owner or owner's designee of a short-term rental or vacation rental shall ensure that the property receives regular (at least bi-monthly) pest control treatments to keep the interior of all buildings and structures and exterior area of the premises free from infestation of insects, rodents, and other noxious pests where such infestation threatens the health, safety, or welfare of a person or persons.
7. The owner of a short-term rental that includes a swimming pool, spa or hot tub that is accessible to the renters, shall comply with the barrier requirements outlined in Carefree Town Code Chapter 5, Article 5-3 Private Pools Barrier Code.
8. The following notice must be completed in 14-point or larger bold font, on a laminated or otherwise similarly shielded paper, and prominently displayed on the inside of the front door and the primary door to the backyard or a conspicuous location near each such door. The notice shall include information regarding the location of any fire or life safety equipment such as fire extinguishers, and the Town of Carefree nuisance waste disposal regulations.

#### NOTICE

USE OF THIS PROPERTY FOR ANY OF THE FOLLOWING PURPOSES IS PROHIBITED;  
VIOLATORS MAY BE SUBJECT TO SUBSTANTIAL PENALTIES:

- i. Any commercial, industrial, manufacturing, or other non-residential purpose; or
- ii. Operating a retail business, restaurant, event center, banquet center or similar use;  
or
- iii. Housing sex offenders; or
- iv. Operating or maintaining a structured sober living home; or
- v. Selling liquor, controlled substances or pornography; or
- vi. Operating any adult-oriented business including nude and topless dancing; or
- vii. Any uses prohibited under A.R.S. § 9-500.39, or federal, state or local law; or
- viii. Any use that constitutes a substantial disturbance of the quiet enjoyment, and peace, health, safety or general welfare of private or public property through a nuisance party or unruly gathering, including, but not limited to, excessive noise or traffic, obstruction of public streets by crowds or vehicles, public drunkenness, the service of alcohol to minors, fights, disturbances of the peace, litter, spirituous liquor served to, or in the possession of, or consumed by, any minor, or where illegal drugs are in the possession of, or consumed by, any person.
- ix. The occupancy of this premises is limited to a single family of one to six adults and, if any, their related dependent children as defined in Article II of the Carefree Zoning Ordinance.
- x. None of the following may occur where such acts may reasonably be viewed by the public whether at ground level or from a reasonable vantage point of a nearby property, such as a deck or balcony:
  - Urination or defecation;
  - Nudity; or
  - Sexual acts.



UNLESS THE TOWN EXPRESSLY PERMITS SUCH A USE IN WRITING, USE OF THIS PROPERTY FOR ANY OF THE FOLLOWING PURPOSES IS PROHIBITED; VIOLATORS MAY BE SUBJECT TO SUBSTANTIAL PENTALTIES:

Use for any nonresidential purpose, including:

- i. For a special event that would otherwise require a permit or license pursuant to Town ordinance, or a state law or rule; or
- ii. Operating a retail business, restaurant, event center, banquet space, or similar use.

Your local contact person's name is \_\_\_\_\_ and can be reached by phone 24 hours a day, seven days a week, at \_\_\_\_\_.

**G. Sex offender background checks.**

1. Within twenty-four (24) hours of every booking, the owner or owner's designee shall perform a background check on every guest or renter of a short-term rental or vacation rental to ensure that there are no sex offenders at the short-term rental or vacation rental.
2. An owner or owner's designee shall retain a full copy of the background check on each guest or renter for twelve (12) months after the booking date. Records of each background check shall be made available for inspection by the Town upon demand during normal business hours.
3. It shall be a civil offense for owners or owner's designees to fail to comply with the requirements of this section and shall be punished by a mandatory minimum fine of one thousand dollars (\$1,000). The court shall not suspend any part of any fine required by this section.
4. The requirements of this section are satisfied and/or waived if the online lodging marketplace on which the short-term rental or vacation rental is advertised performs the background check.

**H. Verified violation penalties.**

1. In addition to any other penalty pursuant to this code, and notwithstanding any other law, the following civil penalties shall be imposed by the Town upon the owner of a short-term rental or vacation rental related to the same short-term rental property within the same twelve-month period:
  - a. Up to \$500 or up to an amount equal to one night's rent for the short-term rental as advertised, whichever is greater, for a first verified violation.
  - b. Up to \$1,000 or up to an amount equal to two nights' rent for the short-term rental as advertised, whichever is greater, for the second verified violation.

- c. Up to \$3,500 or up to an amount equal to three nights' rent for the short-term rental as advertised, whichever is greater, for a third verified violation and any subsequent violation.
2. If multiple violations arise out of the same response to an incident at a short-term rental or vacation rental, those violations are considered one violation for the purpose of assessing the civil penalties provided in this section.
3. Unless an appeal is filed in a timely manner pursuant to Section 6-8-3, Subsection K, a civil penalty assessed pursuant to this section shall be due within thirty (30) days of the initial notice sent to the owner by the Town. For purposes of this section, written notice includes but is not limited to a notice sent by electronic means, US mail or hand delivered.

**I. – Reserved.**

**6-8-5 NEIGHBOR NOTIFICATION.**

**A. Neighbor Notification.**

1. Prior to offering a short-term rental or vacation rental for rent for the first time, the owner or owner's designee is required to notify all single-family residential properties adjacent to, directly and diagonally across the street from the property, or in a multi-family residential building to all units on the same building floor. After providing such notification, the owner or owner's designee shall attest compliance on a form prescribed by the Town Administrator or designee and contain the following information:
  - a. The short-term rental license number required by this Article;
  - b. The address of each property notified;
  - c. How the notification was provided; and
  - d. The name and contact information of the person attesting to compliance.
2. The notification required by subsection a above is also required anytime the contact information for the short-term rental or vacation rental changes. Notification pursuant to this subsection shall occur within fifteen (15) business days.
3. The notice required by this section shall be in writing and include the following information: the short-term rental license number issued pursuant to this article, the physical address of the short-term rental or vacation rental, and the name, address, and twenty-four (24) hour telephone number of the emergency point of contact. For purposes of this section, written notice includes notice sent by electronic means, US mail or hand delivered.
4. Short-term rentals or vacation rentals that are lawfully operating prior to the effective date of this section must comply with this section when the contact information for the short-term rental or vacation rental changes.



5. It shall be unlawful to operate a short-term rental or vacation rental without complying with the notification requirements in this section.
6. A violation of this section is a civil offense and shall be punished by a minimum fine of five hundred (\$500.00) dollars. Upon a showing that the owner or owner's designee has come into compliance with this section, the court may reduce the fine pursuant to this section to one hundred (\$100.00).

**B. – Reserved.**

PASSED, ADOPTED AND APPROVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAREFREE, ARIZONA, this \_\_\_ day of \_\_\_\_\_, 2022.

Ayes \_\_\_      Noes \_\_\_      Abstentions \_\_\_      Absent \_\_\_

TOWN OF CAREFREE

\_\_\_\_\_  
John Crane, Mayor

Attest:

\_\_\_\_\_  
Kandace French Contreras, Town Clerk

Approved as to Form:

\_\_\_\_\_  
Michael Wright, Town Attorney

**TOWN OF CAREFREE  
INFORMATION SUMMARY**

**MEETING DATE:** December 6, 2022

**SUBJECT:** Review and acceptance of the General Plan Update Public Involvement Plan

**ATTACHMENTS:**

- Draft Public Involvement Plan

**SUMMARY**

The General Plan Update planning process includes the preparation of comprehensive, thoughtful, and strategic townwide goals and policies to address the future growth and development of Carefree. This update presents an opportunity to build upon the Town's recent efforts, including the *Village Center Redevelopment Plan* and *Comprehensive Sign Plan for Town Center*, and to think boldly about community needs. Through an inclusive and equitable community engagement process, the updated General Plan will allow the Town to set the course to meet its growth objectives while preserving the character and quality of life that makes Carefree a unique and special place to live.

Therefore, one of the most critical aspects to this update is to effectively involve the community in the decision-making process. This Public Involvement Plan (PIP) outlines a transparent process across multiple outreach platforms and activities. It's important that all interested community members and stakeholders be involved in the planning process to share their lived experiences and knowledge of the Town and offer input and direction that will help shape the future of Carefree.

Staff has attached the proposed Public Involvement Plan, which includes strategies for engaging and informing citizens in a timely and comprehensive manner. The PIP also outlines how the process will actively solicit for feedback from all aspects of the Carefree community with techniques and tools used today in a transparent public engagement process. Furthermore, the Plan defines the intended audience or "public", outlines a phased and thorough engagement process, describes engagement techniques, and finally the timeline for this outreach effort.

The intent of this agenda item is for Town Council to accept the proposed Public Involvement Plan as step one in the General Plan Update.

**ACTION NEEDED:**

Accept the Public Involvement Plan.



# The General Plan *for the* Town of Carefree

Public Involvement Plan

December 6, 2022

**Michael Baker**

INTERNATIONAL

## INTRODUCTION

This document specifies how the Town of Carefree will engage and inform its citizenry during efforts to update the Town's current General Plan 2030. The Town of Carefree believes that public input in the planning and policy development process is crucial to building consensus and buy-in from community members. As Carefree embarks on planning for the next 10 to 20 years, the Town seeks to engage the community and allow public input to inform planning and policy out comes in a clear and consistent manner.

Periodic review and update of the Town's General Plan is necessary to reflect current laws, local needs, new data, correct errors, and/or clarify intent. This Public Involvement Plan (PIP) is based upon a set of objectives intended to involve the community in decisions regarding the General Plan Update Project:

- To provide the public with timely information, an understanding of the process, and opportunities to review and comment on the drafting of the General Plan.
- Ensure that information about the process is provided to the public at regular intervals to maximize public awareness and participation in the process.
- Actively solicit information from all residents, property owners and stakeholders about their concerns, questions and priorities for the update process and the future of Carefree.
- Utilize effective and equitable engagement tools. There are many techniques and tools available to ensure that the public is well-informed and able to play a role in the update process. The Town is committed to seeking new and innovative ways to engage and keep the public involved throughout the process.
- Provide a transparent record of public engagement. To maintain transparency and consistency, Carefree will share results of public participation efforts with the public.

As this PIP is designed to work hand-in-hand with the development of the General Plan, one of the first steps to creating a successful public involvement plan is to know the demographic and socioeconomic composition of the community. As it stands, the following is a brief snapshot of the community of Carefree (sourced from 2020 Decennial Census and American Community Survey (ACS) 5-Year Estimates census data for the Town of Carefree):

- Total Population: 3,863 (Decennial Census 3,690)
- Total Households: 1,811
- Residential Units: 2,536
- Median Age: 69.4
- 3.4% Under age of 18
- 98.81% White
- 59.7% have a bachelor's degree or higher
- Average household size is 2.00
- Median Household Income: \$112,768
- Median Housing Value: \$758,200

Beyond the composition of the community, the public involvement plan must also give consideration to any challenge's residents may face in staying involved and informed about projects and current events in their community. Recognizing personal or work schedules, technological ability and the seasonal travel



behavior of some residents are just a few of the challenges that were considered in the development of this PIP.

It is also important to recognize; this PIP is subject to change as opportunities for different and/or additional community participation arise over the course of the General Plan Update process.

## THE PUBLIC

The Town of Carefree is made up of many individuals, stakeholders, groups and neighborhoods. This section provides an overview of the varying members of “The Public” that will be engaged during the General Plan Update.

### COMMUNITY MEMBERS

The Town of Carefree is a product of an assortment of individuals and groups with varying points of views, life experiences, and priorities. In an effort to capture those and see them reflected in the General Plan Update, public outreach to the following individuals and groups will be invaluable to the process:

- Residents
- Neighborhood/Homeowner Associations
- Places of Worship
- Hotels/Resorts
- Education Organizations/Associations
  - Cave Creek Unified School District
- Community Service /Social Groups
  - Kiwanis Club of Carefree/Cave Creek
  - Foothills Caring Corps
  - Desert Foothills Land Trust

### DECISION MAKERS

Decision makers range from elected officials to appointed committee members.

#### *ELECTED OFFICIALS*

- Town Council

#### *RECOMMENDING COMMISSIONS, HEARING BODIES, AND ADVISORY COMMITTEES*

- Planning & Zoning Commission
- Board of Adjustment
- Development Review Board
- Carefree Water Board
- Economic Development Committee

### STAKEHOLDERS

Stakeholders are groups with direct interests in the community that wish to participate in the planning process or whose support is key to implementing certain aspects of the General Plan. Stakeholders range from major employers and large landowners, to public service providers and agencies. The more diverse

the group of stakeholder's expertise is, the more encompassing and successful the General Plan will be. Stakeholders identified to date include:

- Landowners
- Business and Commercial Community
- Public Agency and Service Representatives
  - Water/Wastewater Service Providers
  - Power Providers
  - Public Safety Providers (Rural Metro & Maricopa County Sheriff)
  - Solid Waste Providers
  - Communication Providers

## ENGAGEMENT APPROACH AND GOALS

The overall Carefree General Plan Update project process is comprised of three primary phases; *Recognize, Enrich, and Achieve*. As the following process flowchart displays, Carefree community members, decision makers and stakeholders will also be *Engaged* at each phase of the project. While specific engagement techniques are outlined in subsequent sections, the following is an overview of the engagement process with the key goals and supporting actions of each phase.

### PHASE I: Recognize (November 2022 - February 2023)

- GOAL: Recognize the value in what exists today and build on that foundation.
- GOAL: Understand how the existing General Plan's policies and goals guided growth.
- GOAL: Investigate how will residents' needs change as the community advances.
- GOAL: Explore how the Town manages growth and mitigates impacts from growth.
- GOAL: Investigate how policy changes will (if at all) affect residents and the Town.
  - ACTION: Prepare and share the Existing Conditions Assessment Report
  - ACTION: Execute Public Outreach Campaign
  - ACTION: Launch Online Engagement
  - ACTION: Conduct Community Workshop
  - ACTION: Engage Town Decision Makers

### PHASE II: Enrich (February 2023 - November 2023)

- GOAL: Integrate expertise from a variety of disciplines and feedback received in Phase I to establish goals and policies on community issues.
- GOAL: Explain why and how public input was integrated into the Plan/Elements.
  - ACTION: Prepare and share the draft Elements of the General Plan with the community
  - ACTION: Conduct Council and Commission Work Sessions (1 meeting each, 4 rounds)
  - ACTION: Conduct Community Workshops (1)
  - ACTION: Host Discussion Hubs (2)
  - ACTION: Continue Online Engagement
  - ACTION: Facilitate State mandated 60-Day public comment period for the draft General Plan



### PHASE III: Achieve (December 2023 - May 2024)

- **GOAL:** Finalize the plan by creating actionable policies that can be carried forward by the Town and the greater public.
  - **ACTION:** Conduct final Planning Commission and Council Work Sessions (1 each)
  - **ACTION:** Conduct State mandated Planning Commission Public Hearing.
  - **ACTION:** Conduct State mandated Town Council Public Hearing for formal adoption.
  - **ACTION:** Continue Online Engagement and Public Education for ratification.
  - **ACTION:** General Plan ratification by voters - November 2024 Election.

### ENGAGEMENT TECHNIQUES

While techniques may ultimately vary to address new community-based issues that may arise during the General Plan Update process, Michael Baker anticipates a community-wide public engagement process that would, at a minimum, encompass the following key efforts:

#### TOOLS

A broad range of techniques and tools will be used to engage and inform Community Members, Stakeholders, and Decision Makers.

- **VISUAL IDENTITY**

Graphic designers, in coordination with Town staff, will create a unique graphic format and project branding to create a recognizable identity for the General Plan Update and garner enthusiasm and unity. This brand will then be used for all project products, meeting materials, and planning documents.

- **DIGITAL ENGAGEMENT**

The following digital engagement tools will be applied to establish a “go to them” outreach approach that will cast a wider net than traditional “come to us” engagement methods. The following tools will allow busy residents to engage in the General Plan Update process at their optimal time.

- **General Plan Update Website:** A priceless resource of the General Plan Update is the project website. This will be the hub of the General Plan Update where residents can learn about the project, follow the public meeting schedule, find frequently asked questions, review project documents, leave comments, pose questions and locate links to surveys. The project team will work with staff to develop the content, design, and promotion of the General Plan Update website.
- **Virtual Mapping:** To extend the reach and diversity of participation in the update process, the project team will utilize virtual mapping, a highly effective online engagement tool that provides residents with one central location to get involved from the convenience of their home computer, tablet, or smart phone. The virtual mapping portal is a comprehensive tool

that allows residents to geographically post or “pin” location-based feedback on an interactive map of the community. This one central location for geographic based feedback will help to minimize the number of “clicks” or the process in which a community member must go through to provide their feedback. Minimizing clicks is essential to capturing and maintaining community interest once they willfully choose to engage.

- **Digital Survey:** A digital community survey will be designed to identify community priorities as well as solicit feedback on the current General Plan itself.

The virtual mapping portal and Digital Survey will be hosted on the General Plan Update website. Community residents will be directed to the website through existing Town social media accounts, local print media, and email blasts. However, for residents who may not be comfortable with online engagement, printed copies of the community survey will be made available at Town Hall and by mail via direct request to Town staff.

- **Social Media:** Using the Town’s existing Facebook, Instagram, and Twitter accounts, the project team will work together to create content providing project updates and promoting public meeting involvement, as well as create a schedule for message frequency. Public social media platforms such as Nextdoor may also prove to be valuable in the distribution of pertinent project information.
- **E-Mail Lists/Newsletters:** Throughout the General Plan Update process, Michael Baker will utilize existing town focused email lists and newsletters (i.e. Carefree Connection and the various neighborhood, church, social and service organizations, etc.) and a central General Plan Update contact list of e-mails (created from contacts obtained via sign-in sheets at public meeting events and website requests from residents asking to be added to this central contact list) to notify community members of General Plan news and events.

- **PRINT MATERIAL**

The following more traditional print resources will be utilized to complement digital outreach methods and engage residents.

- **Media Releases:** Prior to each phase of outreach, press releases will be prepared and distributed by the Town to local media outlets or through existing Town hosted communication methods.
- **Foothill Focus/Sonoran News:** Efforts will be made to encourage media personnel from local newspapers and periodicals to prepare articles related to the General Plan. This notification will expand upon the typical press release and required public notifications placed in the newspaper.
- **Informational Display Posters/Flyers:** Michael Baker will design and distribute informational posters and flyers to display at Town facilities (i.e. Town Hall, Desert Garden, etc.) as well as local gathering places (i.e. Post Office, churches, etc). Flyers will also be shared with Homeowner Associations (HOA’s) and social groups to distribute through their print communication channels. Posters/Flyers will include background information, web address

and contact information as well as Quick Response (QR) codes that can be scanned to conveniently take viewers directly to the General Plan Update website.

## PUBLIC OUTREACH

Public outreach events and online activities will accompany each milestone of the process. When appropriate, these will tag on to other local Town efforts and be designed as interactive, accessible events. These events provide an opportunity for all interested residents and business owners to share and receive feedback on results of each phase.

- **PLANNING & ZONING COMMISSION AND TOWN COUNCIL WORK SESSIONS**

Woven throughout the project process, there will be a series of work sessions with the Planning & Zoning Commission and Town Council. Members of the Commission and Council will be met with at key project milestones to seek guidance, provide opportunities for questions, review findings and/or plans and to prepare for formal public hearings. A total of ten work sessions, five with the Planning Commission and five with the Town Council will be conducted over the duration of the project. These work sessions may be held as part of Council's and Commission's regularly-scheduled meeting times or as dedicated special meetings on a case-by-case basis.

It is anticipated that talking points and status updates will be provided at key milestones. Such updates may be provided independently of the aforementioned work sessions and may be provided by Town staff.

- **COMMITTEE BRIEFINGS**

Town staff will provide quarterly work-in-progress updates to the Town's various sub-committees throughout the plan process. Updates will be given at a regularly scheduled meeting of these committees.

- **DISCUSSION HUBS**

Discussion Hubs will be utilized to address any specific issues that may have greater diversity of perspectives within the town. Discussion Hubs provide the opportunity for residents to learn and build consensus on issues by exploring them in a deeper manner. Discussion Hubs will occur independent of the overall project schedule to allow proper time to review and explore alternatives associated with subject topics.

- **COMMUNITY WORKSHOPS**

Two Community Workshops will be conducted at key points in the General Plan Process. For each workshop, meeting announcements will be prepared in coordination with Town staff for advertising and distribution. All draft materials will be carefully reviewed with Town Staff prior to their dissemination. The following is a conceptual format for each workshop that will be modified and refined based on further discussion with Town Staff upon the facilitation of each meeting.

Meeting	Topic	Timeframe	Format	Objective
Workshop #1	Kick-off, Visioning, Principle Values behind the elements	Winter 2023	In-person presentation with interactive Elements	The information gained as part of this workshop will help to refresh or amend the existing General Plan vision statement and principle values/themes for the elements which will then guide the development of the General Plan Update. A multi-media presentation and interactive exercises will be used to obtain feedback from the community in a physical setting.
Workshop #2	Goals and Policies Validation	Summer 2023	Physical or virtual open house with interactive elements	A physical or virtual meeting will be utilized to present key aspects of the draft plan to engage the community in open dialogue, seek their final concurrence on the plan goals and policies, and identify any remaining and/or necessary changes that must occur prior to finalizing the General Plan Update.

• **PUBLIC HEARINGS**

As mandated by Arizona Revised Statutes, one Planning Commission Public Hearing and one Town Council Public Hearing will be conducted. These hearings will follow the normal Town public hearing procedures. The general public will be encouraged to participate during these hearings to ensure concerns, suggestions, and related matters are addressed.

**ADDITIONAL OUTREACH**

Additional outreach methods may be used to maximize public participation over the life of the project. Modified traditional and digital based methods that may be utilized in association with the engagement tools and public outreach methods listed above include:

- **Preparing business cards** that can be easily distributed across the community (i.e. Town Hall, post office, etc.) to direct residents to the project website to gain more information.
- **Hosting Pop-up meeting locations** to intercept residents where they frequently visit (i.e. Town Hall / Post Office, and community pop-up events) for casual conversations.
- **Prerecorded presentations and educational videos** can be posted to the project website to give residents the ability to virtually listen to project team members directly share information or background material on key issues to help inform those watching on the nuances of the issue &/or the basis for future decision making.





## GENERAL PLAN UPDATE CONTACTS

**Stacey Bridge-Denzak**

Town of Carefree, Planning Director and Zoning Administrator

PO Box 740, 8 Sundial Circle, Carefree, AZ 85377

(phone) 480-488-3686

[stacey@carefree.org](mailto:stacey@carefree.org)

**Matthew Klyszeiko, AICP**

Michael Baker International, General Plan Update Project Manager

2929 N. Central Avenue, STE 800, Phoenix, AZ 85012

(phone) 602-798-7513

[matthewk@mbakerintl.com](mailto:matthewk@mbakerintl.com)





Name:	Title:	% Interest:
LAWRENCE EDWARD FOPPE	Managing/MEMBER	70.00
WESLEY JAMES GAGE	MEMBER	15.00

**CAREFREE CIGAR CLUB LLC -  
Managing/MEMBER**

Name: LAWRENCE EDWARD FOPPE  
Gender: Male  
Correspondence Address: PO BOX 2181  
CAREFREE, AZ 85377  
USA  
Phone: (480)416-9132  
Alt. Phone:  
Email: LARRYF@FOPPE.COM

**CAREFREE CIGAR CLUB LLC - MEMBER**

Name: WESLEY JAMES GAGE  
Gender: Male  
Correspondence Address: PO BOX 2181  
CAREFREE, AZ 85377  
USA  
Phone: (480)797-6183  
Alt. Phone:  
Email: WGAGE@PROTEX-AZ.COM

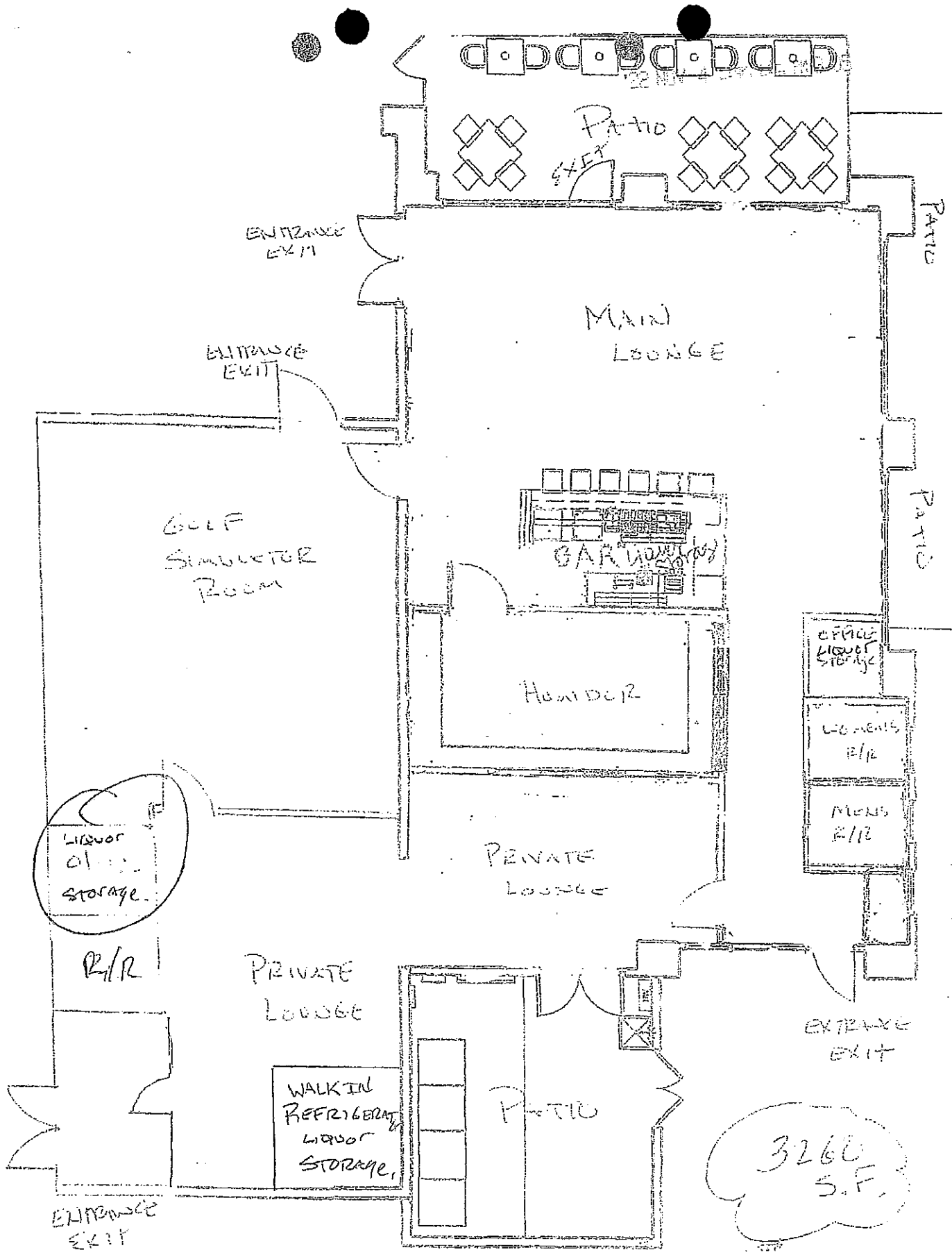
## APPLICATION INFORMATION

Application Number: 215714  
Application Type: New Application *TA*  
Created Date: 11/04/2022

## QUESTIONS & ANSWERS

### 006 Bar

- 1) Are you applying for an Interim Permit (INP)?  
No
- 2) Provide name, address, and distance of nearest school.  
(If less than one (1) mile note footage)  
BELLA VISTA PRIVATE SCHOOL  
6914 E BELLE DR CAVECREEK AZ - 1+ MILES
- 3) Are you one of the following? Please indicate below.  
Property Tenant  
Sub-tenant  
Property Owner  
Property Purchaser  
Property Management Company  
PROPERTY TENANT
- 4) Is there a penalty if lease is not fulfilled?  
Yes  
What is the penalty?  
REMANING LEASE TERM 3 YEARS
- 5) Is the Business located within the incorporated limits of the city or town of which it is located?  
Yes
- 6) What is the total money borrowed for the business not including the lease?  
Please list each amount owed to lenders/individuals.  
NONE
- 7) Are there walk-up or drive-through windows on the premises?  
No
- 8) Does the establishment have a patio?  
Yes  
Is the patio contiguous or non-contiguous (within 30 feet)?  
CONTIGUOUS
- 9) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?  
No



CSR:  
Amount:

TOWN COUNCIL  
DEC - 6, 2022  
14



# AGENT/CONTROLLING PERSON QUESTIONNAIRE

DLLC USE ONLY  
Job #: 215148  
Date Accepted: 10-31-2022  
CSR: 85

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with Black Ink

FP current  
05-27-2022

License Number:

**ATTENTION APPLICANT:** This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

**Attention local governments:** Social security and birth date information is confidential. This information will be given to law enforcement agencies for background checks only.

QUESTIONNAIRE IS TO BE COMPLETED ACCORDINGLY AND SUBMITTED TO THE DEPARTMENT WITH A BLUE OR BLACK LINED FINGERPRINT CARD AND \$22 FEE. FINGERPRINTS MUST BE DONE BY A LAW ENFORCEMENT AGENCY OR BONA FIDE FINGERPRINT SERVICE.

1. Check the Appropriate Box →  Agent  Controlling Person

2. Name: Repinski Jared Michael Birth Date: [REDACTED] (NOT a public record)

3. Social Security #: [REDACTED] Drivers License #: [REDACTED] State Issued: Arizona

4. Place of birth: Flint MI USA Height: 509 Weight: 200 Eyes: Brown Hair: Brown

5. Name of current/most recent spouse: Hurley Perry Antonia Joan Birth Date: [REDACTED] (NOT a public record)

6. Are you a bonafide resident of Arizona? Yes  No  If yes, what is your date of residency? August 1998

7. Daytime telephone number: 480-664-0389 Email address: jrepinski22@yahoo.com

8. Premises Name: Tox Bar Business Phone: 602 767 3363

9. Premises Address: 100 Easy St. #2 Lower Level Carefree AZ Maricopa 85377

10. List your employment or type of business during the past five (5) years, if unemployed, retired, or student, list place of residence address.

22 OCT 31 11:41 AM '06

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
08/2006	CURRENT	Member	AATF - P.O. Box 6252 Chandler AZ 85246

(ATTACH ADDITIONAL SHEET IF NECESSARY)

11. Provide your residence address information for the last five (5) years A.R.S. §4-202(D)


FROM Month/Year	To Month/Year	Street	City	State	Zip
05/2003	CURRENT	3612 W Harrison St Chandler AZ 85226			

(ATTACH ADDITIONAL SHEET IF NECESSARY)

12. As a Controlling Person or Agent, will you be physically present and operating the licensed premises? If you answered YES, then answer #13 below. If NO, skip to #14 Yes  No
13. Have you attended a DLLC approved Basic Liquor Law Training Course within the past 3 years? Yes  No
14. Have you been cited, arrested, indicted, convicted, or summoned into court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past five (5) years? Yes  No
15. Are there ANY administrative law citations, compliance actions or consents, criminal arrests, indictments or summons pending against you? (Do not include civil traffic tickets) A.R.S. §4-202, 4-210 Yes  No
16. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes  No
17. Have you had a liquor application or license rejected, denied, revoked or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No
18. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No

If you answered "YES" to any Question 14 through 18 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions.  
**CHANGES TO QUESTIONS 14-18 MAY NOT BE ACCEPTED**

I, (Print Full Name) **Jared Michael Repinski** hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature:  Date: 10-30-2022

CSR:  
Amount:



# AGENT/CONTROLLING PERSON QUESTIONNAIRE

**DLLC USE ONLY**  
Job #: 215147  
Date Accepted: 10-31-2020  
CSR: SS

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with Black Ink

805-261

License Number:

**ATTENTION APPLICANT:** This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

**Attention local governments:** Social security and birth date information is confidential. This information will be given to law enforcement agencies for background checks only.

QUESTIONNAIRE IS TO BE COMPLETED ACCORDINGLY AND SUBMITTED TO THE DEPARTMENT WITH A BLUE OR BLACK LINED FINGERPRINT CARD AND \$22 FEE. FINGERPRINTS MUST BE DONE BY A LAW ENFORCEMENT AGENCY OR BONA FIDE FINGERPRINT SERVICE.

1. Check the Appropriate Box →  Agent  Controlling Person

2. Name: Hendricks Tania Elizabeth Birth Date: [Redacted] (NOT a public record)

3. Social Security #: [Redacted] Drivers License #: [Redacted] State Issued: AZ

4. Place of birth: Evanston IL USA Height: 5'6" Weight: 140lb Eyes: Blue Hair: Dk Brown

5. Name of current/most recent spouse: Hendricks Joshua Brian Birth Date: [Redacted] (NOT a public record)

6. Are you a bonafide resident of Arizona? Yes  No  If yes, what is your date of residency? 9-2002

7. Daytime telephone number: 602-316-2360 Email address: thendricks0818@gmail.com

8. Premises Name: Tox Bar Business Phone: (602) 267-3363

9. Premises Address: 100 Easy Street #2 Carefree AZ Maricopa 85377  
Street (do not use PO box) City State County Zip

10. List your employment or type of business during the past five (5) years, if unemployed, retired, or student, list place of residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
2/7/21	CURRENT	owner/inspector	Tox Bar-6006 E Oyer Ln. Cowe Creek, AZ 85331
5/2/22	current	EL Flood RN	Honor Health- 8125 N. Hayden Rd, Scottsdale, AZ 85258
10/2021	current	Trowel RN	Aya Healthcare - 5130 Cornerstone Court West #200A San Diego, CA 92121
4/2021	10/2021	Critical Care Nurse Manager	Maricopa Ambulance - 10243 N. 19th Ave, Phoenix, AZ 85024
8/2015	4/2021	Flight RN	Air Methods - 1640 S. Stapley Dr. Mesa, AZ 85224

(ATTACH ADDITIONAL SHEET IF NECESSARY)

11. Provide your residence address information for the last five (5) years A.R.S. §4-202(D)

FROM Month/Year	To Month/Year	Street	City	State	Zip
11/28/17	CURRENT	6006 E Oyer Ln.	Cowe Creek	AZ	85331
7/13/08	9/14/17	2222 W Faria Ln.	Phoenix	AZ	85023
9/14/17	11/28/17	1510 E Estrada	Phoenix	AZ	85022

(ATTACH ADDITIONAL SHEET IF NECESSARY)

- 12. As a Controlling Person or Agent, will you be physically present and operating the licensed premises? If you answered YES, then answer #13 below. If NO, skip to #14 Yes  No
- 13. Have you attended a DLLC approved Basic and Management Liquor Law Training Course within the past 3 years? If yes, attach certificate(s) Yes  No
- 14. Have you been cited, arrested, indicted, convicted, or summoned into court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past five (5) years? Yes  No
- 15. Are there ANY administrative law citations, compliance actions or consents, criminal arrests, indictments or summons pending against you? (Do not include civil traffic tickets) A.R.S. §4-202, 4-210 Yes  No
- 16. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes  No
- 17. Have you had a liquor application or license rejected, denied, revoked or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No
- 18. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No

If you answered "YES" to any Question 14 through 18 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions.  
CHANGES TO QUESTIONS 14-18 MAY NOT BE ACCEPTED

I, (Print Full Name) Tania Hendricks hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: Tania Hendricks Date: 10/28/22



Certificate # ON-LINE

**Certificate of Completion**  
For  
**Title 4 BASIC Liquor Law Training**

<input checked="" type="checkbox"/>	On-sale
<input type="checkbox"/>	Off-sale
<input checked="" type="checkbox"/>	On- and off-sale

A Certificate of Completion must be on a form provided by the Arizona Department of Liquor. Certificates are completed by a state-approved training provider and, when issued, the Certificate is signed by the course participant.

The State requires BASIC Title 4 training only as a prerequisite for MANAGEMENT Title 4 training or as a result of a liquor law violation. Persons required to have BASIC Title 4 training are listed at the base of this Certificate. Licensees sometimes require BASIC Title 4 training a condition of employment.

A replacement Certificate of Completion for Title 4 training must be available through the training provider for two years after the training completion date.

**Student Information**

Tania Hendricks

Full Name (please print)

*Tania Hendricks*

Signature

10/26/2022

Training Completion Date

10/26/2025

Certificate Expiration Date  
(three years from completion date)

**Training Provider Information**

**US Liquor Laws**

Company Name

P.O. Box 6965, Chandler, Arizona 85246

Mailing Address

(480) 709-8900

Daytime Contact Phone Number

I, Jared Repinski, certify that the above named individual did successfully complete  
instructor Name (please print)  
 Title 4 BASIC Training in accordance with A.R.S. §4-112(G)(2) and Arizona Administrative Code (A.A.C.)R19-1-103 using training course content and materials approved by the Arizona Department of Liquor Licenses and Control. I understand that misuse of this Certificate of Completion can result in the revocation of State-approval for the Title 4 Training Provider named in this section as provided by A.A.C. R19-1-103(E) and (F).

*Jared Repinski*

Instructor Signature

10 / 26 / 2022

Mo Date Year

Persons required to complete BASIC & MANAGEMENT Title 4 training: 1) owner(s) actively involved in the daily business operations of a liquor-licensed business of a series listed below  
 2) licensees, agents and managers actively involved in the daily business operations of a liquor-licensed business of a series listed below

In-state Microbrewery (series 3)  
 Conveyance (series 8)  
 Restaurant (series 12)

Government (series 5)  
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Bar (series 6)  
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 Hotel/Motel w/restaurant (series 11)  
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July 11, 2013

Certificate # ON-LINE

2022 OCT 30 PM 04:09:08

**Certificate of Completion  
For  
Title 4 MANAGEMENT Liquor Law Training**

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A replacement Certificate of Completion for Title 4 training must be available through the training provider for two years after the training completion date.

**Student Information**

Tania Hendricks

Full Name (please print)

Tania Hendricks

Signature

10/27/2022

Training Completion Date

10/27/2025

Certificate Expiration Date  
(three years from completion date)

**Training Provider Information**

**US Liquor Laws**

Company Name

P.O. Box 6965 Chandler, Arizona 85246

Mailing Address

(480) 709-8900

Daytime Contact Phone Number

I, Jared Repinski, certify that the above named individual did successfully complete  
Instructor Name (please print)

Title 4 MANAGEMENT Training in accordance with A.R.S. §4-112(G)(2) and Arizona Administrative Code (A.A.C.)R19-1-103 using training course content and materials approved by the Arizona Department of Liquor Licenses and Control. I understand that misuse of this Certificate of Completion can result in the revocation of State-approval for the Title 4 Training Provider named in this section as provided by A.A.C. R19-1-103(E) and (F).

Jared Repinski

Instructor Signature

10 / 27 / 2022

Mo Date Year

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July 11, 2013

CSR:  
Amount:

SEE DOT 31.000.00.009.02



# AGENT/CONTROLLING PERSON QUESTIONNAIRE

**DLLC USE ONLY**  
Job #: 215148  
Date Accepted: 10-31-2020  
CSR: SG

Arizona Dept. of Liquor Licenses and Control  
800 W. Washington St. 5<sup>th</sup> Floor Phoenix, AZ 85007  
(602) 542-5141

Type or Print with Black Ink

805-261

License Number:

**ATTENTION APPLICANT:** This is a legally binding document. An investigation of your background will be conducted. Incomplete applications will not be accepted. False or misleading answers may result in the denial or revocation of a license or permit and could result in criminal prosecution.

**Attention local governments:** Social security and birth date information is confidential. This information will be given to law enforcement agencies for background checks only.

QUESTIONNAIRE IS TO BE COMPLETED ACCORDINGLY AND SUBMITTED TO THE DEPARTMENT WITH A BLUE OR BLACK LINED FINGERPRINT CARD AND \$22 FEE. FINGERPRINTS MUST BE DONE BY A LAW ENFORCEMENT AGENCY OR BONA FIDE FINGERPRINT SERVICE.

1. Check the Appropriate Box →  Agent  Controlling Person

2. Name: Sumpter Christina Maria Birth Date: [REDACTED] (NOT a public record)

3. Social Security: [REDACTED] Drivers License: [REDACTED] State Issued: AZ

4. Place of birth: Pontiac MI USA Height: 5'5" Weight: 190 Eyes: BLU Hair: Brown

5. Name of current/most recent spouse: Sumpter Michael David Birth Date: [REDACTED] (NOT a public record)

6. Are you a bonafide resident of Arizona? Yes  No  If yes, what is your date of residency? 06/15/1999

7. Daytime telephone number: 480-544-5041 Email address: christinasumpters26@gmail.com

8. Premises Name: Tax Bar Business Phone: 602 767 3363

9. Premises Address: 100 Easy St Unit #2 Casefree AZ Naricopa 85377  
Street (do not use PO Box) City State County Zip

10. List your employment or type of business during the past five (5) years; if unemployed, retired; or student, list place of residence address.

FROM Month/Year	TO Month/Year	DESCRIBE POSITION OR BUSINESS	EMPLOYERS NAME OR NAME OF BUSINESS (Street Address, City, State & Zip)
02/2021	CURRENT	Owner - Nurse Injector	Tox Bar LLC 6106 Eloy Ln Caw Creek AZ 85331
10/2022	Current	Registered Nurse	Princess Children Hospital 1919 E Thomas Rd Phoenix AZ 85016
9/2021	10/2022	Charge Nurse ER	Mountain Vista Med Ctr 1301 S Crisman Rd Mesa AZ 85209
5/2021	9/2021	Critical Care Transport RN	Maricopa Ambulance 10413A 19th Ave Phoenix AZ 85021
10/2013	5/2021	Flight Nurse	PHI Air Medical 2800 N 44th St Unit 800 Phoenix AZ 85018

(ATTACH ADDITIONAL SHEET IF NECESSARY)

11. Provide your residence address information for the last five (5) years A.R.S. §4-202(D)

FROM Month/Year	To Month/Year	Street	City	State	Zip
12/2012	CURRENT	16857 S 36th Place	Phoenix	AZ	85048

(ATTACH ADDITIONAL SHEET IF NECESSARY)

12. As a Controlling Person or Agent, will you be physically present and operating the licensed premises? If you answered YES, then answer #13 below. If NO, skip to #14 Yes  No
13. Have you attended a DLLC approved Basic and Management Liquor Law Training Course within the past 3 years? If yes, attach certificate(s) Yes  No
14. Have you been cited, arrested, indicted, convicted, or summoned into court for violation of ANY criminal law or ordinance, regardless of the disposition, even if dismissed or expunged, within the past five (5) years? Yes  No
15. Are there ANY administrative law citations, compliance actions or consents, criminal arrests, indictments or summons pending against you? (Do not include civil traffic tickets) A.R.S. §4-202, 4-210 Yes  No
16. Has anyone EVER obtained a judgement against you the subject of which involved fraud or misrepresentation? Yes  No
17. Have you had a liquor application or license rejected, denied, revoked or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No
18. Has an entity in which you are or have been a controlling person had an application or license rejected, denied, revoked, or suspended in or outside of Arizona within the last five years? A.R.S. §4-202(D) Yes  No

If you answered "YES" to any Question 14 through 18 YOU MUST attach a signed statement. Give complete details including dates, agencies involved and dispositions.

CHANGES TO QUESTIONS 14-18 MAY NOT BE ACCEPTED

I, (Print Full Name) Christina Maria Sumpter hereby swear under penalty of perjury and in compliance with A.R.S. § 4-210(A)(2) and (3) that I have read and understand the foregoing and verify that the information and statements that I have made herein are true and correct to the best of my knowledge.

Signature: 

Date: 10/26/2022

Certificate # ON-LINE

**Certificate of Completion**  
For  
**Title 4 BASIC Liquor Law Training**

<input checked="" type="checkbox"/>	On-sale
<input type="checkbox"/>	Off-sale
<input checked="" type="checkbox"/>	On- and off-sale

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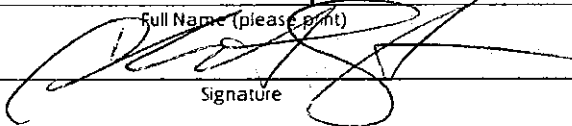
The State requires BASIC Title 4 training only as a prerequisite for MANAGEMENT Title 4 training or as a result of a liquor law violation. Persons required to have BASIC Title 4 training are listed at the base of this Certificate. Licensees sometimes require BASIC Title 4 Training a condition of employment.

A replacement Certificate of Completion for Title 4 training must be available through the training provider for two years after the training completion date.

**Student Information**

**Christina Sumpter**

Full Name (please print)



Signature

10/30/2022

Training Completion Date

10/30/2025

Certificate Expiration Date  
(three years from completion date)

**Training Provider Information**

**US Liquor Laws**

Company Name

P.O. Box 6965, Chandler, Arizona 85246

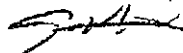
Mailing Address

(480) 709-8900

Daytime Contact Phone Number

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Instructor Name (please print)

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Instructor Signature

10 / 30 / 2022

Mo Date Year

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July 11, 2013

2025 10 30 15 15 00

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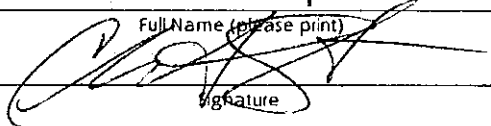
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**Student Information**

**Christina Sumpter**

Full Name (please print)



Signature

10/29/2022

Training Completion Date

10/29/2025

Certificate Expiration Date  
(three years from completion date)

**Training Provider Information**

**US Liquor Laws**

Company Name

P.O. Box 6965 Chandler, Arizona 85246

Mailing Address

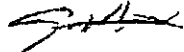
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Instructor Signature

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