



# TOWN OF CAREFREE



## BUDGET FY 24-25

(FINAL BUDGET JUNE 4, 2024)

### ABSTRACT

The municipal fiscal year commences on July 1st and concludes on June 30th. This Fiscal Year Budget document delineates the annual allocation of public funds within the community. Each spring, the Town undertakes a thorough review and projection of its revenues and expenditures. This assessment is facilitated through a series of public meetings convened by the Town Council, where the community openly reviews, deliberates, and approves the annual budget. Thus, this document represents the culmination of this transparent public process.

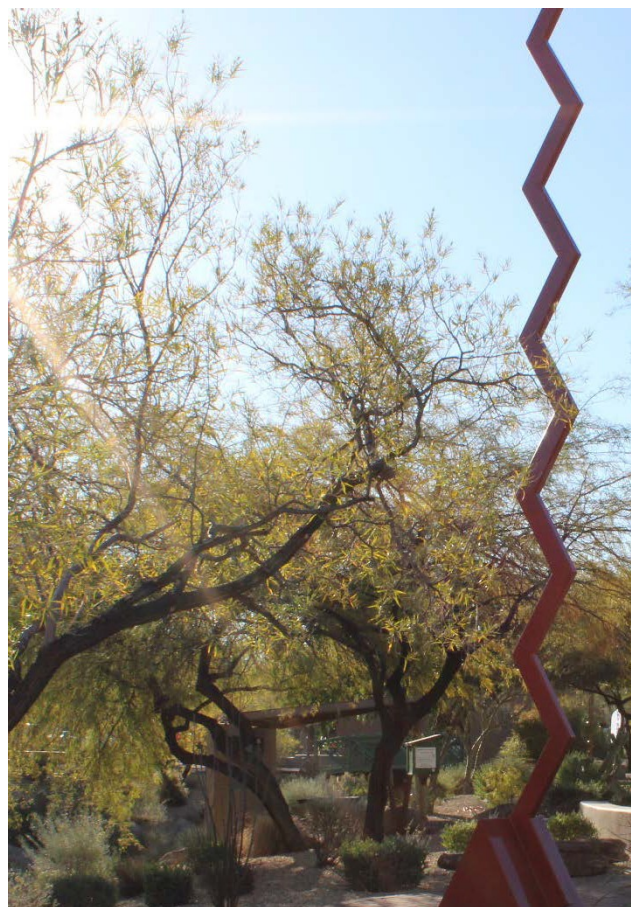




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## MAYOR'S MESSAGE

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Dear Residents,

On behalf of the Town Council, I would like to ensure that you are kept informed about how our community's public funds are invested. As part of our commitment to transparency and accountability, we conduct a thorough review of the Town's finances each spring to forecast our income and expenses for the upcoming year. These discussions culminate in a series of public meetings where we openly discuss, consider, and ultimately approve the annual budget.

Each of these public meetings is recorded. Both the videos and presentations are readily available on the Town's website for your review at any time. Openness and accessibility is essential in fostering trust and engagement within our community. The result of this transparent process is the document you now have in your hands. It outlines our financial policies, explains the transparency requirements of municipal funding, and provides detailed forecasts of revenues and anticipated expenses.

Our annual budget process is one of the most significant tasks we undertake as a Town Council and community. It sets priorities, outlines responsibilities, identifies trends, and forecasts our future needs. We always endeavor to be financially responsible and conservative.

Looking ahead, it is anticipated that our annual budget for the next fiscal year will be approximately \$13 million. About half will be allocated to operational expenses and the other half will be allocated to investments in our aging infrastructure. Public safety remains our top priority, accounting for approximately 40% of our organization's operational expenses. This includes law enforcement, fire, and emergency medical services. This is followed by Human Resources at 28%, General Operations at 27%, and Risk Management at 5%. Revenue-wise, the bulk of our income, over 60%, comes from local municipal sales tax. This underscores the importance of supporting local businesses and economic activity within our community.

I encourage each of you to review this document carefully to gain insight into how our community is managed, the goals of each department, and how your tax dollars are being utilized. As your Mayor, working alongside our dedicated Town staff daily, I am immensely proud of their commitment to efficiently deliver essential services to the Carefree community. Thank you for your continued support and engagement in making Carefree a wonderful place to live.

Sincerely,

*Mayor John Crane*



## TOWN ADMINISTRATOR'S MESSAGE



Dear Residents,

As we approach the upcoming fiscal year, I am pleased to share some insights regarding our community's financial outlook and priorities. Carefree is on the cusp of celebrating 40 years of incorporation, a testament to our resilience and commitment to sustainable growth amidst the stunning backdrop of the upper Sonoran Desert.

Over the past four decades, Carefree has evolved into a vibrant residential community, with the Town Center standing as a beacon of commercial activity and economic vitality. However, as our community infrastructure ages, we must remain steadfast in our commitment to its maintenance and reinvestment. More recent community discussions around investments in public safety, preserving desert open spaces, and fostering high-quality development that honors our unique desert environment must be reconciled with the restricted financial capacity of the Town to ensure fiscally sustainable solutions.

Each spring, the Town embarks on an annual budget reconciliation process to evaluate expenses against the Town's financial capacity to ensure sustainable decision-making that benefits the residents. The evaluation process focuses on four key aspects: cash solvency, budget solvency, long-range solvency, and service solvency. This ensures that we can promptly meet financial obligations, effectively balance the budget, cover future costs and commitments, and provide the necessary level of services to our residents.

Last fiscal year, a comprehensive study commissioned by the Mayor assessed the monetary value associated with our staff positions. The study concluded that our staff is both nimble and compensated within or below current market ranges, ensuring that we are continuing to deliver high-quality cost effective services to our community.

Our Town staff plays a pivotal role in implementing the Town Council's approved work plan, which prioritizes quality community development, infrastructure management, economic development, and effective communication. These efforts have resulted in the creation of foundational documents such as the 5-year Capital Improvement Plan, 10-year Street Maintenance Plan, Economic Development Strategic Work Plan, Town Center Revitalization Plan, Communication Plan, and the ongoing update of our community's General Plan.

Looking ahead to the next fiscal year, our budgeted expenses are divided into two main areas: annual operation costs and investments in maintaining our infrastructure. Anticipated operational expenses for FY25 amount to \$7.5 million, with allocations for public safety (40%), human resources (28%), general operations (27%), and risk management (5%). Additionally, capital improvement expenditures are forecasted at approximately \$5.8 million, with allocations for street maintenance (59%), drainage improvements (16%), traffic safety improvements (15%), and Town Center enhancements (10%).



Total anticipated fiscal year expenses amount to approximately \$13.3 million, representing a slight decrease of approximately 7% from the previous year's budgeted expenses. Revenue sources include municipal sales tax (62%), state-shared revenue (22%), and cost recovery/user fees (16%). As the community's reliance on sales tax revenue increases, we are actively pursuing strategic economic development strategies to diversify our revenue sources and ensure financial stability.

In conclusion, Carefree is managed in a fiscally conservative manner, with an approximate \$7 million operating fund. We remain committed to prioritizing efficient core municipal services while reinvesting in our aging infrastructure to ensure the prosperity and sustainability of our community.

Please take the time to review this budget document for a better understanding of our financial structure. Your continued involvement is invaluable as we work together to maintain the vibrancy and well-being of Carefree.

Sincerely,

*Gary Neiss*





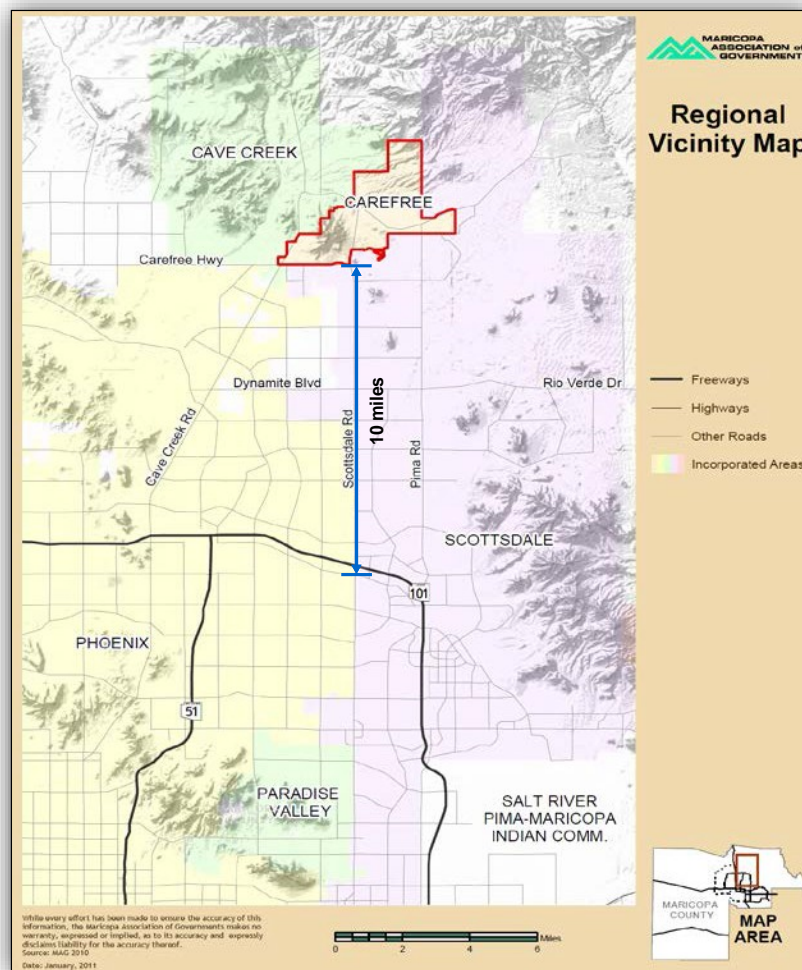
# COMMUNITY PROFILE

Carefree is nestled in the northeastern part of the Phoenix metropolitan area, a scenic 10-mile drive north from Loop 101 and 10 miles east from Interstate-17. Enveloped by the stunning Black Mountain and the foothills of Continental Mountain, Carefree spans approximately 9 square miles.

It's part of a regional area known as the Desert Foothills community, joining Cave Creek, as well as the northern fringes of Scottsdale and Phoenix. To the north, there's a pocket of unincorporated mountainous terrain and the Tonto National Forest. Additionally, Carefree serves as the entry point to Bartlett and Horseshoe Lakes, located about 10 miles east, along the Verde River.

With its unique location and natural beauty, Carefree offers residents and visitors alike a tranquil escape within the vibrant Phoenix area.

## REGIONAL VICINITY MAP:





## Historical Context:

In the 1870s, the Desert Foothills area saw the establishment of a military outpost during the Apache Wars, securing the land for miners and ranchers. However, the gold claims proved insufficient, and overgrazing led to a decline in these industries. In the 1930s, the construction of dams along the Verde River attracted workers who settled in the area, laying the foundation for emerging businesses and eateries within this region.



By the mid-1950s, investors Tom Darlington and K.T. Palmer purchased an old goat ranch near what is now Carefree's central business district, envisioning a unique desert community with a private airport, golf course, resorts, and a mixed-use business district. The name "Carefree" stemmed from the "Carefree Development Corporation," which plotted original residential subdivisions and assigned whimsical street names like Tranquil Trail and Easy Street. The first home was built in 1959, attracting retiring executives and notable celebrities.

Carefree was incorporated in 1984, experiencing its highest growth from 1990 to 2000, with around 1,300 new residents settling in. However, growth has subsequently slowed as the community is reaching the buildout of undeveloped lots, shifting the focus to remodeling and rebuilds of existing homes. The 2020 Census recorded approximately 3,700 permanent residents, with approximately 700 seasonal residents typically residing between November and April.

In the upcoming fiscal year, Carefree will celebrate 40 years of incorporation. The community is in the process of updating its General Plan which emphasizes maintaining the authentic small town feel rooted in the upper Sonoran Desert.

## Seeking Financial Sustainability:

Carefree has been managed in a conservative financial manner, focusing on limited but essential municipal services including public safety contracts, community development, public works, and municipal court. With only 16 full-time employees, Carefree maintains one of the smallest municipal staffs in Arizona. Each staff member carries expanded responsibilities to ensure compliance with state and local regulations. Typical of any small organization consultants are occasionally used to supplement staff on unique projects/tasks.

To provide these core services, annual operational costs amount to approximately \$7 million, with incremental increases driven by inflation and other external factors such as unfunded mandates and contract service adjustments. In addition to these operational costs, the Town must continue to manage and maintain its aging infrastructure. Like one's medical bills, as we age, the associated



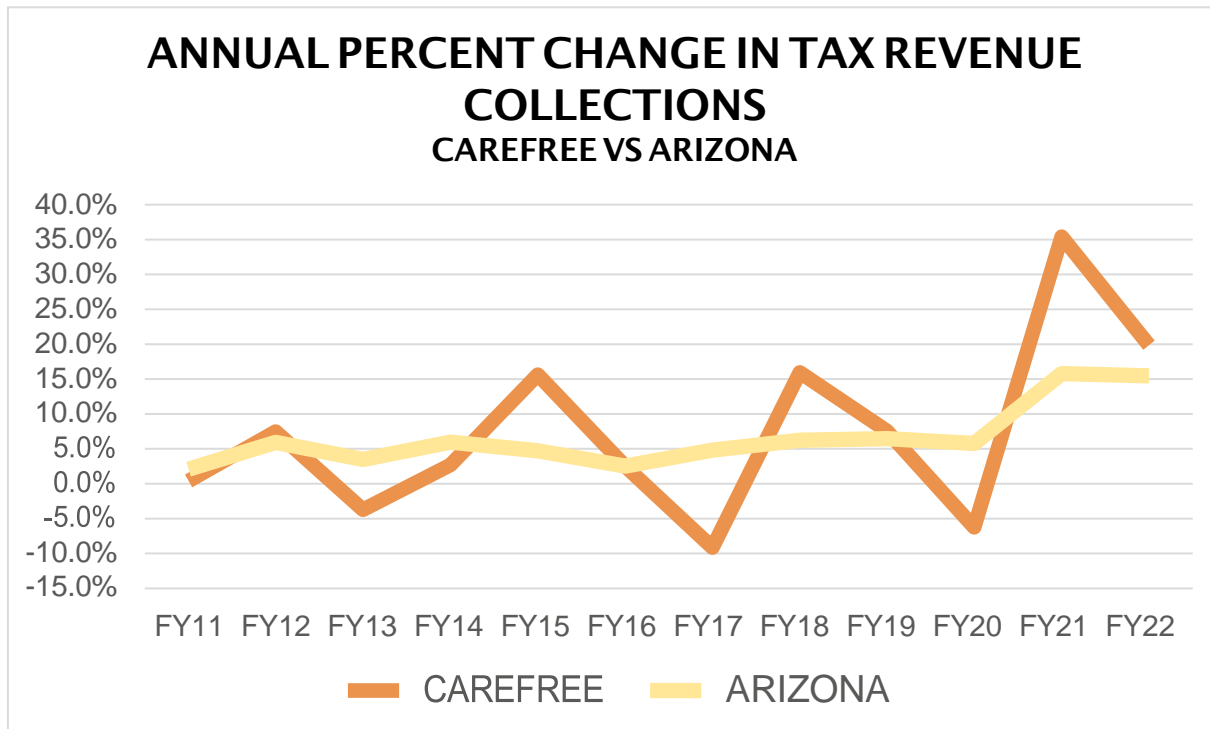
costs typically increase. Maintaining infrastructure is no different. Drainage features, streets, parking lots, town gardens, fire and emergency facilities and equipment, and office/meeting space must be maintained as these assets age, the older they get the more expensive the costs to repair, maintain, or perhaps replace.

From a revenue perspective, conservative fiscal management aims to mitigate threats to the town's income. External factors like state legislative changes, economic cycles, and consumer behavior changes can influence and provide a significant threat to the Town's main revenue stream – municipal sales tax. More specifically:

- **Legislative Changes:** Past alterations to construction sales tax assessments and rental tax as well as more recent consideration of the elimination of the grocery tax can substantially impact local funding.
- **Economic Cycles:** Sales tax revenue mirrors economic performance, with Carefree's revenue heavily dependent on a small number of businesses subject to market cycles. The departure of a major business could create significant revenue gaps.
- **Inflationary Pressures:** Costs for public safety contracts have risen notably, with annual inflation rates exceeding historical averages. Anticipating around 3% annual increases in operational expenses and capital projects is prudent based on long-term trends.
- **Limited Business Diversification:** Carefree's limited business sector exacerbates revenue volatility during economic shifts. Contrasted with the state's diversified business portfolio, Carefree's reliance on a few businesses illustrates this vulnerability. The chart on the next page illustrates a comparison of sales tax volatility when comparing the diverse economic base of the state with the limited economic base of Carefree.

Addressing these challenges requires strategic planning and diversification efforts to safeguard against revenue fluctuations and ensure sustainable municipal operations.





Based upon these threats to the Town’s revenue, the Town must evaluate what it can control to insulate itself from these threats. Therefore, similar to other communities with a sales tax-centric revenue model, an economic development strategic plan was established and refined over time to help retain and attract new businesses to diversify the Town’s tax base. The Town’s economic development strategies build upon the original vision of the founding fathers of Carefree who sought to incorporate hospitality land uses such as a resort across from the Desert Forest Golf course and a hotel within the Town Center (Source: The Carefree Story, K.T. Palmer 1967). These hotels help to provide a consumer base to support the restaurants and shops the founders envisioned within the Town Center. Today, the Town continues to build upon the founder’s vision while ensuring a sustainable revenue stream to offset the rising costs of the core municipal services.



# TOWN COUNCIL WORK PLAN

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

**GUIDING PRINCIPLES:**

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

**VALUE STATEMENT:**

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

**CORE TASKS:**



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



# BUDGET INTRODUCTION

This narrative-based budget document offers residents a deeper insight into the Town's organizational and financial framework, fostering greater community engagement and understanding. Many residents who have read the document have stated that they now have a better understanding of municipal finances and have referenced a desire for similar transparency in their own homeowners' associations.

The forthcoming budget section aims to provide a comprehensive overview, delving into the Town's financial policies, departmental services, achievements, and expenditures. Key topics include Fund Base Accounting, Financial Policies, Town Operational Revenues, Town Structure, General Fund services and costs, Alternative Funds, Capital Reserves, and an Expenditure Analysis. This outline offers deeper insight into the Town's organizational and financial framework, fostering greater community engagement and understanding.

## **Fund Base Accounting**

- an explanation of the various Town Funds

## **Financial Policies**

- a high-level explanation of the Town's financial policies to ensure transparency and solvency

## **Town Operational Revenues**

- an outline of where the Town's revenues come from which support the current levels of core municipal services

## **Town Structure**

- an explanation of the Town's organizational structure

## **General Fund**

- an explanation of services and costs associated with each Department

## **Alternative Funds**

- an explanation of additional Town Funds which support the Town's operations

## **Capital Reserves**

- an explanation of the Town reserves

## **Expenditure Analysis**

- a summary of the expenditure limitation and exemptions



## FUND-BASE ACCOUNTING

The Governmental Standards Board (GASB) serves as the authority in setting parameters and acceptable standards for governmental accounting. Each year, Town officials engage in the Government Finance Officers' Association meetings to assess ongoing requirements, best practices, and updates to the standards for financial reporting and budgeting established by the Governmental Standards Board.

Governmental accounting, often referred to as fund-based accounting, operates on the principle of segregating public dollars into separate accounts based on specific restrictions associated with the revenue stream. The following delineates the Town's various Funds:

### **General Fund:**

Traditionally the primary municipal Fund, the General Fund serves as the backbone for the community's essential municipal services year-round. Its revenue is sourced from a combination of municipal sales taxes, state-shared revenue, and various cost recovery fees for services rendered by Town staff.

### **Fire Fund:**

In Carefree, the municipal sales tax on retail products stands at 3%. Of this, one-third of the revenue is allocated to the Fire Fund, intended to cover costs associated with the master contract with Rural Metro. The remaining two-thirds of this revenue flows into the Town's General Fund. However, a persistent structural deficit plagues the Fire Fund, as the 1% allocated typically falls short of covering the entirety of the current Rural Metro contract costs. In the preceding fiscal year, a 20% increase—approximately \$300,000—was incurred in the Rural Metro contract, exacerbating the deficit. To mitigate this shortfall in Fire Fund revenue, General Fund revenue has been utilized, though this approach is unsustainable and encroaches upon funding for the Town's general operations.

Moreover, as the compounded inflationary index on the master contract continues to rise annually, the structural deficit is poised to escalate further. Given the volatility of sales tax revenue, which closely tracks economic conditions, there is a pressing need to diversify the Town's tax base. This diversification aims to ensure the Town maintains sufficient funding to offset inflationary increases and effectively address the lingering structural deficit.

### **Highway User Revenue Fund:**

Historically, the State of Arizona has imposed a flat tax of 0.18 cents per gallon of gasoline, designated and restricted to fund transportation-related projects. In recent years, a portion of the excise taxes collected from adult-use marijuana sales has also been channeled into





this restricted fund. The distribution of this tax revenue is determined by a formula that allocates one-half of the monies based on the Town's population relative to all incorporated cities and towns within the state, and the remaining half relative to the Town's population compared to those within Maricopa County.

However, as communities across the State and County experience higher rates of growth, Carefree's proportional share of these funds is anticipated to decrease over time. It's essential to highlight that these funds are restricted, meaning they can only be utilized for street and transportation-related purposes such as pavement management, street signs, street improvements, and street sweeping.

### **Municipal Court Funds:**

Individuals found guilty of violations in municipal court are subject to a series of fees and fines. A substantial portion of these funds is allocated to offset the expenses associated with administering the state and county court system. However, a proportional share is also directed to the municipal court to help cover administrative costs. These fees encompass Court Enhancement, GAP, and MJCEF funds. Due to the restricted nature of these funds, the Administrative Office of the Court meticulously reviews their allocation to ensure they are specifically applied to court operations. It's important to note that these court-restricted funds cannot be utilized outside of the court to finance municipal operations.

### **Capital Improvement Funds:**

The Town's infrastructure is predominantly established; however, there may arise considerations by future decision-makers to undertake additional infrastructure projects. These could include initiatives such as bridging a wash crossing, developing a park, or enhancing infrastructure within the Town Center to support the central business district. Such enhancements fall under the category of Capital Improvements.

As the useful life of Capital Improvements is expended, the community must plan for their replacement, such as street surfaces. While the useful life of Capital Improvements can sometimes be prolonged through effective maintenance practices, eventual replacement becomes inevitable. This Fund has been instrumental in funding the maintenance of existing infrastructure and planning for the augmentation of amenities, facilities, and infrastructure.

It's imperative to highlight that this fund should not be utilized to offset annual operations like the fire fund. Using these funds for recurring operations, such as fire and emergency medical services, is neither financially sustainable nor advisable. Such an approach would deplete funding earmarked for maintaining aging infrastructure without a means to replenish it.



### **Water Company Fund:**

The Town has traditionally provided support to the Carefree Water Company to enhance and expand its infrastructure for the benefit of Carefree residents. This assistance has been in the form of a Water Infrastructure Finance Authority (WIFA) loan and a capital aid and advance loan from the Town. Both loans and the subsequent payments from the water company are encompassed within this Fund.

It's noteworthy that the past loans extended to the water company have exclusively benefited Carefree residents, not those previously served by the Town of Cave Creek. Any additional Capital Aid and Advance loans provided to the water company can also be integrated into this fund. The overarching goal is to further fortify the water company's infrastructure and alleviate any potential impact on customer rates.

### **Other Funds:**

Many communities maintain additional designated Funds beyond those outlined above. These may include Enterprise Funds, which establish separate business accounts for the operation of utilities; Development Fee Funds, where fees are collected from new developments necessitating infrastructure extension and capacity; and Debt Service Funds, which gather fees through the administration of a secondary property tax to fund municipal bonds.

It's important to note that the Town currently does not assess these fees, rendering these accounts irrelevant to the Town's current budget.



## GUIDING FINANCIAL POLICIES

To consistently uphold financially conservative practices, the Town has instituted financial policies and controls. Over time, these policies require periodic review and potential refinement to ensure the Town's continued solvency. The Town's financial solvency is characterized by four key attributes:

### **Cash solvency**

This pertains to the Town's ability to meet its financial obligations promptly.

### **Budget solvency**

It refers to the Town's capability to balance its budget effectively.

### **Long-range solvency**

This denotes the Town's ability to cover future costs and financial commitments.

### **Service solvency**

It reflects the Town's capacity to provide the required and desired level of services to its residents.

Each of these attributes of the Town's solvency necessitates an annual review and reconciliation to address potential conflicts and ensure the Town can effectively balance its competing needs.

### **Expenditure Control Policy:**

The Town Administration takes responsibility for preparing and overseeing the implementation and compliance of the legally adopted budget. Purchases and expenditures must adhere to all applicable legal requirements. Annually, the Town Council adopts appropriations through the budget process. During the fiscal year, management has the authority to approve capital investments up to \$15,000. Capital investments exceeding this threshold require Council authorization.

To ensure transparency and competitive pricing, the Town utilizes cooperative purchase agreements and state contracts for expenses. Minor expenses not covered by such agreements or contracts typically prompt the Town to solicit multiple quotes to secure the most competitive price for the given product or service. For larger capital investments, the Town either initiates a request for proposal/quote process or leverages piggyback provisions in contracts with larger governmental entities to benefit from economies of scale.

Every week, the Town Administration reviews invoices and bills paid. Additionally, the Clerk and Mayor meticulously examine these invoices by reviewing and signing the checks, enabling



additional scrutiny of all accounts payable. Monthly, the Mayor and Town Administrator review the balances of all funds and investments. Furthermore, the Town's balance sheet and check registry are presented monthly to the Council for review and acceptance into the public record. These procedures ensure a verifiable and transparent process associated with the disbursement of public funds.

### **Revenues and Collections Policy:**

To ensure the Town can provide and sustain core municipal services expected by citizens, dependable sources of revenue are essential. Thus, these revenues must be collected equitably, promptly, and efficiently. The Arizona Department of Revenue (ADOR) oversees the collection services for all municipal sales taxes.

By law, tax payments for specific businesses are deemed confidential and cannot be publicly disclosed. ADOR conducts business audits, assesses late penalties, outstanding taxes owed, and associated interest payments to uphold tax compliance and fairness. This process helps maintain the integrity of revenue collection while ensuring transparency and accountability in financial management.

### **User Fees Policy:**

Like many communities, the Town has instituted fee schedules for particular services rendered to customers, residents, and businesses that receive specific benefits. User Fees are typically set to help defray both the direct and indirect costs associated with the program or service. Periodically, the Town revises these fee schedules to account for inflationary indices. Examples of such fees include permits, licenses, and special event fees. These adjustments ensure that the Town can continue to provide quality services while maintaining financial sustainability.

### **Capital Reserves Policy:**

Over time, the Town has bolstered its Capital Reserve Funds by curtailing annual operation costs, facilitating a "pay-as-you-go" approach for Capital Improvements. However, as these operation costs rise and additional federal and state regulations impose organizational expenses, the previous levels of operational savings and transfers to Capital Reserves will diminish.

Moreover, the Town has historically benefited from construction sales tax generated by the development of new homes. As the community approaches build-out, sales tax revenue from new homes will significantly decline, further reducing funding transferred into the Capital Reserves. Consequently, without diversifying its tax base through economic development initiatives, the Town will need to explore new policies to finance Capital Improvements or Assets with a useful lifecycle of eight or more years and/or valued over \$50,000.

This fund operates akin to a Homeowner Association's (HOA) Reserve Funds, aimed at upholding the community's infrastructure. Whether for an HOA or municipality, adequately funding





the maintenance of aging infrastructure is critical for solvency. Neglecting this funding and ongoing maintenance leads to more costly repairs and inadequate financial capacity to address deteriorating infrastructure. Thus, ensuring sufficient funding for infrastructure maintenance is paramount for the Town's financial stability and long-term viability.

### **Rainy Day Fund Policy:**

With an annual operation budget of approximately \$7 million, the Town currently holds a Rainy Day Fund balance equivalent to 35% of the annual operation budget. This indicates that the Town can sustain its operations for 4-5 months in the event of significant disruptions to its main revenue stream, municipal sales tax.

Given that municipal sales tax is vulnerable to external influences such as state legislative initiatives, lack of diversification in the local business sector, and economic cycles impacting local business productivity and viability, it is imperative for the Town to maintain a minimum of 1/3 of its operational budget in the Rainy Day Fund. This ensures financial resilience and the ability to weather unforeseen challenges or revenue fluctuations, safeguarding the Town's financial stability in the face of uncertainties.

### **Financing Alternatives Policy:**

The Town has adhered to a pay-as-you-go philosophy to fund Capital Improvements, although short-term financing was utilized to acquire buildings within the Town Center for Town Offices and Council Chambers, which have since been paid off. However, with the Town's Permanent Base Adjusted Expenditure Limit set at approximately \$12.8 million, the escalation in annual operational costs will curtail future annual expenditures for Capital Improvement Projects. Consequently, large Capital Projects with a lifecycle surpassing 8 years may necessitate financing to adhere to statutory expenditure limits.

For instance, a comprehensive project such as resurfacing all public streets, estimated at \$35-40 million, could be spread over a period of twenty years if financed. This approach offers the benefit of distributing costs across multiple generations. The current generation enjoys the benefits of the new or upgraded infrastructure investment, while future generations share in the financial responsibility. This multigenerational approach spreads the financial liability of these infrastructure investments over time.

To finance such projects, the Town could explore various methods such as revenue bonds, general obligation bonds, improvement districts, or community facility districts. Each method presents distinct advantages and considerations, allowing the Town to select the most suitable option based on its financial circumstances and long-term goals.



### **Budgetary Basis of Accounting:**

The Town Council adheres to specific procedures in establishing the budgetary data reflected in the financial statements:

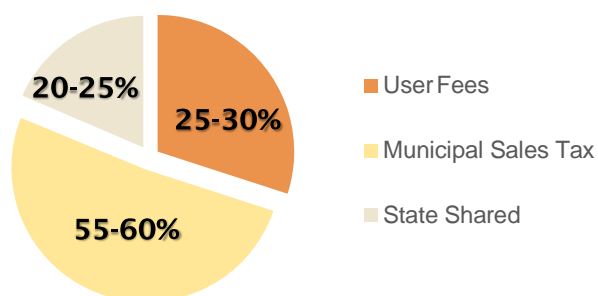
1. The Town Administrator submits a proposed budget for the upcoming fiscal year, commencing July 1, per Arizona Revised Statutes. This proposed budget outlines expenditures and the means of funding them.
2. Public workshops and hearings are conducted to gather citizens' comments on the proposed budget.
3. The Town budget is legally enacted through the passage of a Resolution. While the Town typically adopts this Resolution in or before July, state statute allows adoption up to the 3rd Monday of August.
4. To ensure compliance with expenditure limitations, the Town files a uniform expenditure report with the State annually. The Town follows a voter-approved permanent base adjustment to the expenditure limit, approved on November 3, 1998. This adjustment modifies the original base from 1980 to 1998.
5. The Town Administrator, with Town Council approval, has the authority to transfer any unencumbered appropriation balance between departments at any time. This flexibility enables the Town to effectively manage budgetary allocations as needed.



# TOWN OPERATIONAL REVENUES

The previous two sections of this budget document outline the fundamentals of municipal fund-based accounting and financial policies to ensure checks and balances as well as transparency requirements associated with the disbursement of public monies. The next two sections will focus on the forecasted revenues for the next fiscal year and the anticipated expenses.

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

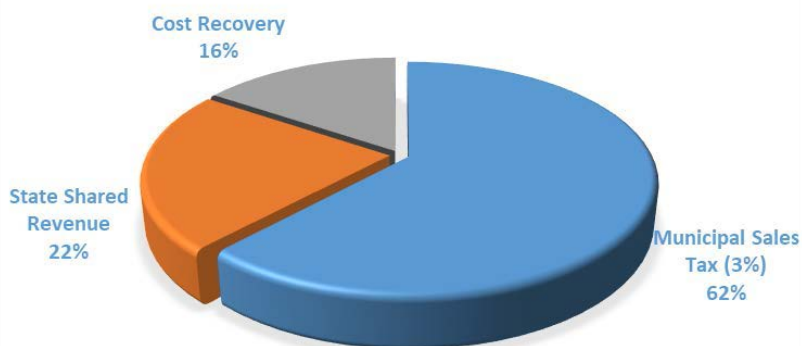


The chart to the left illustrates the three primary sources of the Town's revenues. Over the past 10 fiscal years, the majority of the Town's revenue has originated from one source: municipal sales tax. Sales tax revenues are closely linked to the performance of local businesses, rendering them susceptible to the volatility of economic cycles. In addition, changing legislation has and continues to erode historical revenue streams such as modifications to construction sales tax and the elimination of residential rental taxes.

Approximately equal shares of the Town's revenue is derived from user fees (cost recovery fees) and state shared revenue. State shared revenue is allocated to local governments on a per capita basis. Consequently, as other communities experience significantly higher growth rates than Carefree, the proportional share of Carefree's state shared revenue will gradually diminish over time.

For the upcoming fiscal year, the chart to the right illustrates that an estimated 62% (\$5 million) of the Town's revenue will originate from its local sales tax. Cost Recovery Fees are projected to constitute approximately 16% (\$1.26 million) of the Town's revenue, while state shared revenues are expected to increase slightly to approximately 22% (\$1.8 million) of the Town's revenue. Compared to the 10-year averages, the Town's reliance on the productivity of sales tax revenue is increasing.

**FY25 BUDGETED**

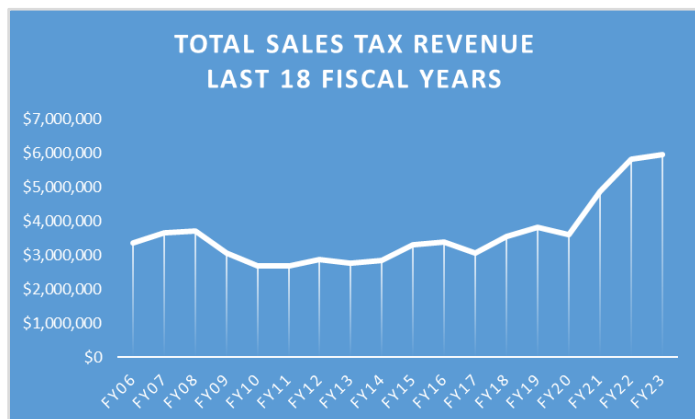


The next section of the budget will more specifically detail the forecast associated with each of these Town revenue sources.



REVENUE TYPE	FY23 ACTUAL	FY24 ESTIMATE	FY25 BUDGETED
<b>Municipal Sales Tax (3%)</b>	\$5,974,581	\$5,800,000	\$5,000,000
<b>State Shared Revenue</b>	\$1,700,165	\$2,002,928	\$1,814,859
<b>Cost Recovery</b>	\$1,261,383	\$1,266,140	\$1,258,546
<b>TOTAL</b>	<b>\$8,936,129</b>	<b>\$9,069,068</b>	<b>\$8,073,405</b>

### Municipal Sales Tax:



In 2006, the Town increased its municipal sales tax rate from 2% to 3% and approved the Lowes store at Cave Creek Road and Carefree Highway. These decisions were made with a clear purpose: to generate additional revenue to support a dedicated fund to offset the costs of a master contract with Rural Metro and replace the original resident subscription service model.

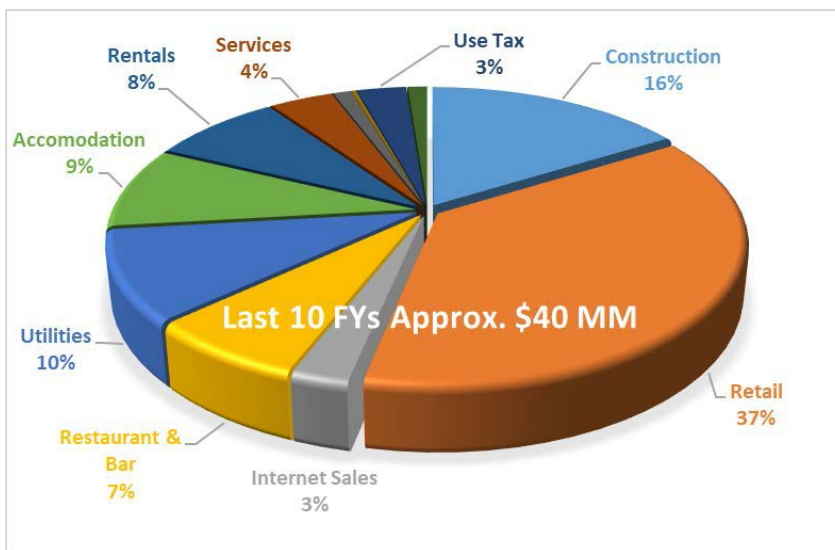
Over the ensuing 18 years, the town's coffers saw an average annual collection of \$3.62 million from municipal tax. Sales tax track with economic cycles, experiencing periods of contraction and expansions. For example, in 2011, the town experienced its lowest point, with revenue just shy of \$2.7 million, while in 2023, sales tax reached a peak of \$5.9 million. Despite recent robust collections, historical data warns against expecting this pace to continue indefinitely. External factors such as economic cycles, legislative changes, and shifts in consumer preferences all pose potential threats to revenue stability.

As illustrated in the accompanying chart, the town's sales tax revenue has been largely driven by the retail and construction sectors over the past decade. However, this reliance on retail comes with risks, as demonstrated by the closure of a major retailer, CVS, underscoring the inherent volatility of the retail market. Additionally, revenue from construction sales tax, while significant, is expected to decline as residential buildout approaches.



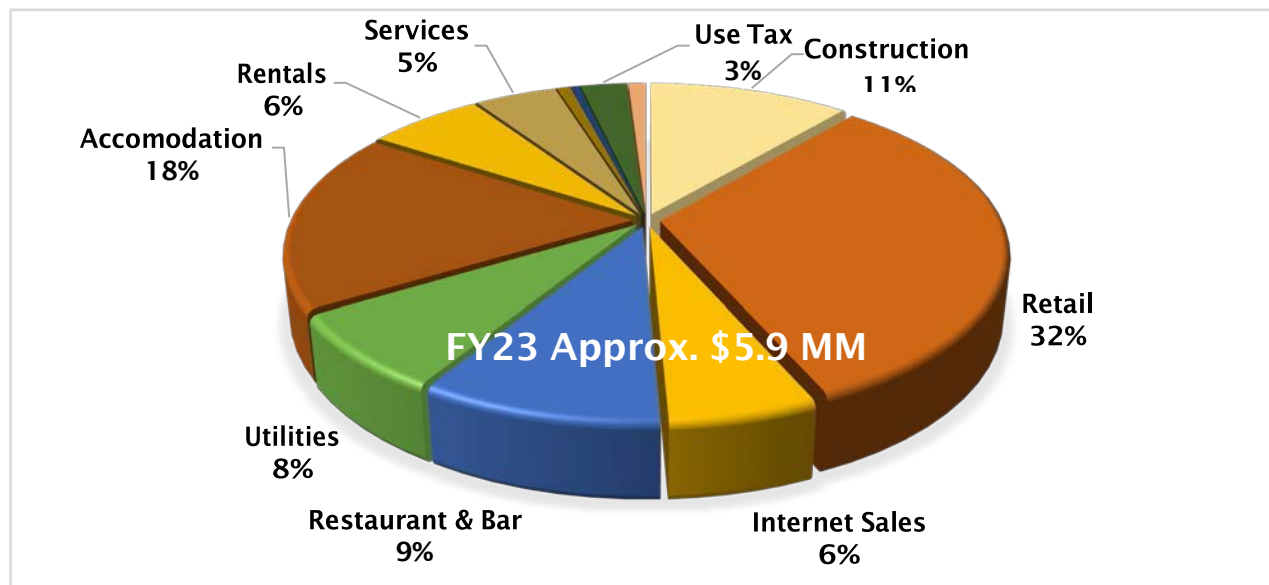


It's worth noting that revenue from construction sales tax has historically been crucial for funding the Town's Capital Reserve Fund, essential for maintaining the community's aging infrastructure, particularly its 110 miles of public streets. Given that streets represent one of the Town's most substantial financial commitments, prudent maintenance practices and economic approaches have been prioritized.



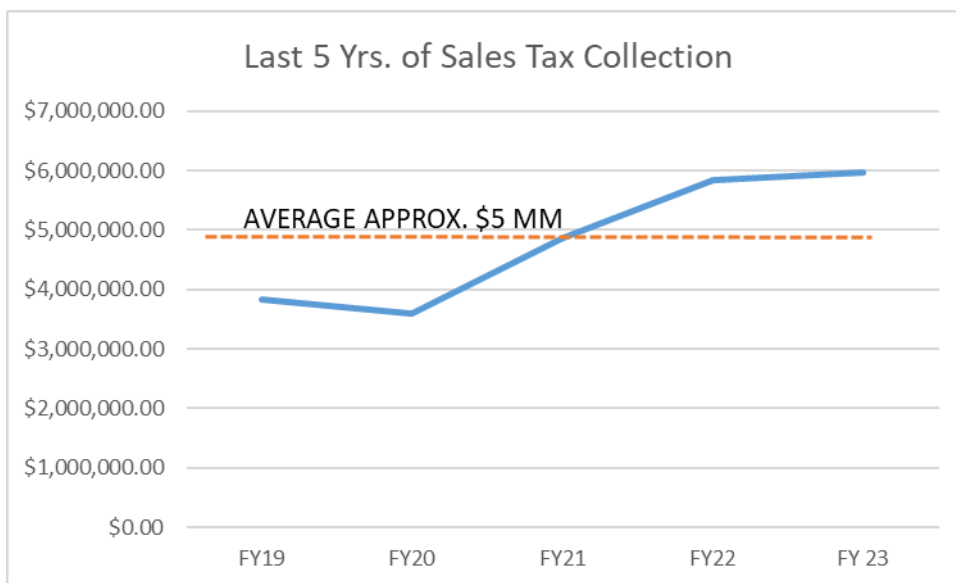
In the most recent fiscal year, while retail and construction continued to be primary revenue contributors, there were declines compared to ten-year averages. However, there were notable gains in the hospitality sector, particularly in accommodations, along with a slight increase in restaurant/bar services. This highlights the importance of economic development initiatives aimed at harnessing the town's ecotourism potential to diversify revenue streams.

Another emerging category is internet sales, more recently recognized as a specific category by the Arizona Department of Revenue. Though the exact impact on local brick-and-mortar businesses remains uncertain, it's evident that online sales have been steadily rising. This necessitates vigilance and adaptation to changing consumer trends, potentially through strategies supporting local businesses in navigating the digital marketplace.





Looking ahead, based on the last five years of data, the Town anticipates collecting a minimum of \$5 million in municipal sales tax revenue for the next fiscal year. This forecast is supported by growth in the hospitality sector and the expanding platform of internet sales. Nevertheless, challenges loom on the horizon, including the unpredictable closure of brick-and-mortar businesses, legislative changes, and declining construction activity, all of which could dampen future revenues.



In response to these challenges, the Town must continually assess strategies to safeguard against financial volatility. This involves proactive measures and sound financial management practices, such as revenue diversification, and adaptation to evolving market dynamics. By taking such steps, the Town can help to offset the impact of external factors and ensure the long-term sustainability of its finances.

### User Fees:

The Town has a diverse range of fees structured to recover costs associated with various services and operations:

- 1. Building Permit and Inspection Fees:** These are the largest user fees, reflecting the ongoing investment in custom homes, residential remodels, and potential developments. These fees likely cover the costs of processing permits and conducting inspections to ensure compliance with building codes and regulations.
- 2. Utility Fees:** Utilities pay fees for utilizing and conducting work within the Town's rights-of-way. These fees likely cover the costs of managing and maintaining the infrastructure related to utilities within the Town.
- 3. Court Service Fee:** This fee is paid by the Town of Cave Creek to the Town of Carefree to manage and assume the operational costs of the court. This arrangement enables both towns to share the costs of providing judicial services efficiently.
- 4. Rental Income:** The Town generates rental income from various sources, including leasing office space to entities like the Water Company. This income likely helps offset the costs of maintaining municipal properties and facilities.



- License Fees:** License fees encompass a range of charges, including special event fees for external vendors, as well as business license fees for brick-and-mortar businesses and contractors operating within the Town. These fees likely support administrative costs associated with licensing and regulatory compliance.

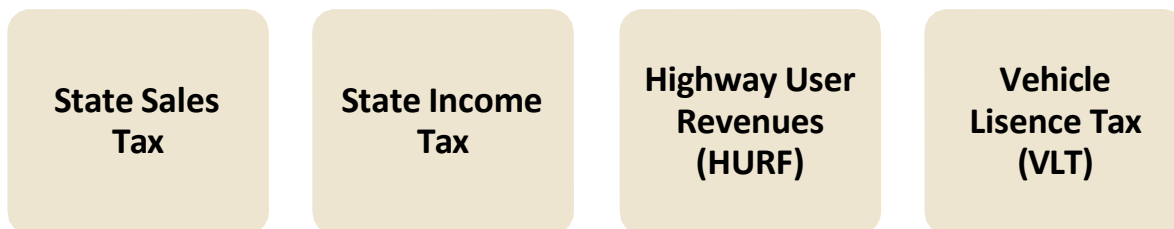
Overall, these user fees serve as a mechanism for the Town to recover the costs of providing essential services, managing infrastructure, and maintaining the community. By charging fees related to specific services and activities, the Town can ensure that those who directly benefit from these services contribute to their funding, rather than placing the entire burden on taxpayers.

### SOURCE AND AMOUNT OF USER FEES ANTICIPATED FOR FY25.

COST RECOVERY FEES	FY23 ACTUAL	FY24 ESTIMATE	FY25 BUDGET
<b>Building Permits</b>	\$465,727	\$467,000	\$450,000
<b>Utility Fees</b>	\$382,027	\$399,000	\$395,000
<b>Court Service Fees</b>	\$185,234	\$192,540	\$200,346
<b>Court Fines</b>	\$122,915	\$105,000	\$110,000
<b>Rental Income</b>	\$33,000	\$33,000	\$33,000
<b>Licenses/Vendor Fees</b>	\$47,303	\$54,400	\$55,000
<b>Agreements</b>	\$25,000	\$15,000	\$15,000
<b>Clerk Fees</b>	\$177	\$200	\$200
<b>TOTAL</b>	<b>\$1,261,383</b>	<b>\$1,266,140</b>	<b>\$1,258,546</b>

### State Shared Revenue:

The State shares four revenue streams with the Town:





### State Sales Tax:

The State imposes a sales tax rate of 5.6%, and cities and towns receive a portion of the total collected:

1. **Allocation Based on Population:** Each municipality's share of the state sales tax is determined by its population relative to the total population of all incorporated cities and towns in the state, as per the census data. This means that municipalities with larger populations will receive a larger portion of the sales tax revenue.
2. **Unrestricted Funds:** The funds received by cities and towns from the state sales tax are unrestricted. This means that local governments have the flexibility to utilize these funds for any municipal public purpose as they see fit. This could include funding essential services such as public safety, infrastructure maintenance, parks and recreation, and other community needs.

### State Income Tax:

The 1972 citizen's initiative established that cities and towns would receive a 15% share of the state income tax annually, known as urban revenue sharing:

1. **Allocation Based on Population:** The urban revenue sharing allocation is distributed to municipalities based on their population relative to the total population of all incorporated cities and towns according to the census. This means that municipalities with larger populations receive a larger share of the urban revenue-sharing funds.
2. **Two-Year Lag in Income Tax Collections:** The amount of urban revenue-sharing money received annually is based on income tax collections from two years before the fiscal year in which the city or town receives these funds. This means that there is a lag between when the income tax is collected and when municipalities receive their share of the revenue.
3. **No Expenditure Restrictions:** There are no restrictions on the expenditure of urban revenue-sharing funds, except that they must be used for a public purpose. This provides municipalities with flexibility in how they allocate these funds to meet the needs of their communities.
4. **Implementation of 2.5% Flat Income Tax:** With the recent implementation of the 2.5% flat income tax, cities and towns will receive a new reapportionment of 18% of the total state income tax collected.
5. **Anticipated Decrease Funding:** The State has experienced a significant decrease in income tax revenue due to the implementation of this flat tax. This will result in an approximate 20% decline in this funding over this next fiscal year.

### Highway User Revenues:

The gasoline tax, a significant revenue source for municipalities, is structured as follows:





1. **Flat Tax on Fuel:** There's a flat tax of 18 cents per gallon of fuel. This tax is collected on every gallon of gasoline sold, providing a steady stream of revenue for transportation-related projects.
2. **Portion from Excise Taxes on Marijuana Sales:** Additionally, a portion of the excise taxes collected on adult-use marijuana sales contributes to the revenue pool. This diversifies the funding sources for transportation projects.
3. **Highway User Revenue Fund (HURF) Allocation:** Municipalities receive 27.5% of the Highway User Revenue Fund (HURF). This fund is dedicated to supporting transportation infrastructure improvements.
4. **Allocation Formula:** Half of the funds received by municipalities are allocated based on a formula considering the municipality's population relative to the total population of all cities and towns in the state, according to the decennial census. This ensures that larger municipalities receive a larger share of the funds.
5. **County of Origin Distribution:** The remaining half of the funds is distributed based on the county of origin of gasoline sales. Within each county, the distribution is based on the population of the municipality relative to the population of all incorporated cities and towns in the county.
6. **Dedicated Use for Infrastructure:** It's important to note that these funds are specifically earmarked for improvements to public streets. This ensures that the revenue generated from the gasoline tax is dedicated solely to infrastructure projects aimed at enhancing transportation networks within municipalities.

### Vehicle License Tax:

A portion of revenues collected from motor vehicle licensing is shared with local municipalities:

1. **Allocation Percentage:** Incorporated municipalities receive approximately 20% of the total revenues collected from motor vehicle licensing. This allocation ensures that municipalities benefit from the fees associated with vehicle registration, which contributes to funding local services and infrastructure projects.
2. **Distribution Mechanism:**
  - The distribution of these funds is based on the "county of origin" where the vehicles are registered. This means that the revenue generated from motor vehicle licensing within a particular county is distributed among the municipalities within that county.
  - Additionally, the distribution takes into account the population of each municipality relative to the total incorporated population of their respective county. This ensures that municipalities with larger populations receive a proportionately larger share of the revenue.
3. **Fair Share Distribution:**



- This distribution mechanism aims to ensure that municipalities receive a fair share of the revenues generated from motor vehicle licensing within their county.
- By considering both the county of origin and the population of each municipality, the distribution reflects the population density and associated demand for local services and infrastructure.

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

Understanding the trends in State Shared Revenue over the past five fiscal years is essential to anticipate future revenue streams and plan municipal budgets effectively.

#### **1. Highway User Revenue Fund (HURF):**

- In FY20, there was a one-time increase in HURF funding, which provided municipalities with a temporary boost in revenue for transportation-related projects.
- It's important to note that HURF funding may fluctuate based on factors such as gas prices, future state use of funds, and the expansion of electrical vehicles.

#### **2. Recalibration in FY22:**

- In FY22, there was a recalibration of State Shared Revenue based on new Census numbers. This adjustment and future adjustments will impact the proportional share of revenue.

#### **3. Implementation of the Flat Tax in FY24:**

- The implementation of the flat tax led to a reapportionment of 18% instead of the previous 15% of income tax collected.
- Due to an approximate 20% decline in income tax with the implementation of the flat tax, the Town is anticipating a resulting decline in this State Shared Revenue.
- This decline highlights the importance of understanding the timing of revenue collection and distribution, as well as the potential impact of policy changes on future revenue streams.

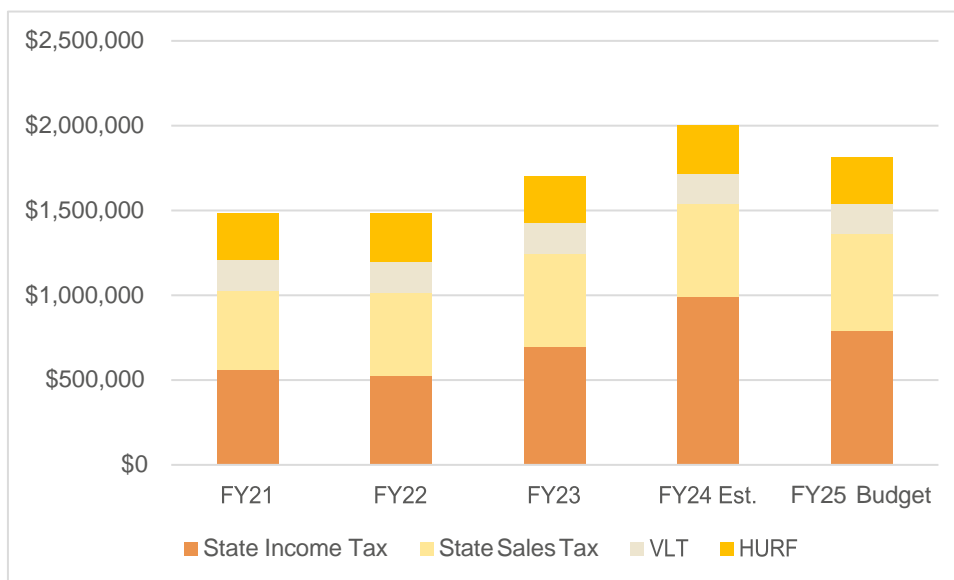
#### **4. Motor Vehicle Licensing Revenue Allocation:**

- Distribution is based on the "county of origin" where the vehicles are registered, along with the Town's population in relation to the total incorporated population of their respective county.

The future State Shared Revenue will be impacted by these variables. The chart below outlines the five-year trend and anticipated revenue for the next fiscal year.



### 5-YEAR STATE-SHARED REVENUE TOTALS BY CATEGORY.



CATEGORY	FY21	FY22	FY23	FY24 EST.	FY25 BUDGET
<b>State Income Tax</b>	\$561,223	\$523,051	\$699,050	\$988,192	\$791,859(44%)
<b>State Sales Tax</b>	\$465,873	\$490,938	\$544,720	\$554,736	\$568,000(31%)
<b>VLT</b>	\$185,551	\$183,054	\$182,202	\$172,000	\$180,000(15%)
<b>HURF</b>	\$272,183	\$288,864	\$274,193	\$288,000	\$275,000(10%)
<b>TOTAL</b>	<b>\$1,484,830</b>	<b>\$1,485,907</b>	<b>\$1,700,165</b>	<b>\$2,002,928</b>	<b>\$1,814,859</b>



## **SUMMARY:**

The Town's revenue structure is heavily reliant on two main sources: Municipal Sales Tax and Cost Recovery Fees, which together constitute about three-quarters of the anticipated annual revenue. The remaining quarter comes from State Shared Revenue, with a temporary boost due to the implementation of the flat income tax. However, this boost will likely diminish once the revenue from the flat tax aligns with the municipal share of 18%.

The Town's reliance on a core group of large retailers poses a risk, as demonstrated by the closure of the CVS store. If more high-producing retailers were to close, it could have a significant impact on the Town's main revenue stream. Therefore, diversifying revenue sources and promoting sustainable growth in sectors beyond retail is crucial for mitigating this risk.

One strategy mentioned is the focus on economic development strategies, particularly those centered around expanding and marketing ecotourism. This approach can provide some insulation against financial risks by diversifying the economy and reducing dependence on a single sector.

Here's a summary of key points and potential strategies:

### **1. Revenue Structure:**

- Municipal Sales Tax and Cost Recovery Fees make up three-quarters of anticipated revenue.
- State Shared Revenue provides the remaining quarter, with a temporary boost from the flat income tax.

### **2. Risk of Dependency on Retail Sector:**

- The closure of large retailers poses a significant risk to the Town's revenue.
- Broadening and diversifying revenue sources beyond retail is essential to mitigate this risk.
- Broadening and diversifying revenue sources through a balanced retail development of the northeast corner of Carefree Highway and Cave Creek Road will add significant additional sales tax revenue.

### **3. Economic Development Strategies:**

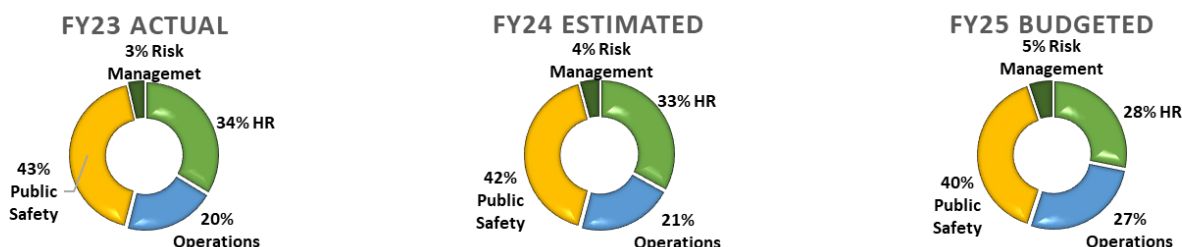
- Focus on expanding and marketing ecotourism to diversify the economy.
- Promote sustainable growth in sectors beyond retail to reduce dependency.
- Invest in infrastructure and amenities that support ecotourism initiatives.

By diversifying revenue sources and focusing on economic development strategies, particularly in ecotourism, the Town can reduce its vulnerability to fluctuations in the retail sector and ensure long-term financial stability.



# TOWN OPERATIONAL EXPENSES

## OVERALL OPERATIONAL EXPENSES:



The Town's annual operating expenditure is divided into four main categories: Public Safety Contracts, Human Resources, Operations, and Risk Management. Here's a summary of the anticipated expenses for the next fiscal year:

### 1. Public Safety Contracts:

- Anticipated Expense: Approximately 40% (\$2.9 million) of the total operational expenses.
- Historical Trend: This category has seen the largest increases in costs over time.

### 2. Human Resources:

- Anticipated Expense: Approximately 28% (\$2.04 million) of the total operational expenses.
- Historical Trend: Costs in this category have remained relatively uniform over time.

### 3. Operations:

- Anticipated Expense: Approximately 27% (\$1.99 million) of the total operational expenses.
- Historical Trend: Costs for general operational activities have also remained relatively uniform.

### 4. Risk Management:

- Anticipated Expense: Approximately 5% (\$370,000) of the total operational expenses.
- Historical Trend: Costs in this category have also been relatively stable.

Additionally, there's an annual operational contingency of \$200,000, bringing the anticipated total operation expenses to approximately \$7.5 million for the next fiscal year.



It's crucial to note that these operational expenses do not cover capital improvement expenses, which are separate from the Town's operational budget. Capital improvement expenses will be detailed separately.

A more detailed breakdown of operational expenses per department and division can be found in the following pages, providing further insight into how the Town allocates its resources to various operational functions.





**Public Safety:**

The Town contracts with two agencies to provide for public safety services. These two independent agencies contribute the largest costs in providing public safety services to the Carefree community.

**Rural Metro Contract:**

The current contract with Rural Metro will continue until June 30, 2027. The anticipated cost for this next fiscal year is approximately \$1.9 million. This contract is essentially for personnel as the Town owns all the hard assets. The contract contains an annual inflationary index of 2.5% during the remaining fiscal years. The Town must renegotiate future costs; however, the Town must take into consideration previous experience with the most recent renewal in FY21/22 at a 20% increase.

**Maricopa County Sheriff's Office Contract (MCSO):**

MCSO costs are associated with a cost recovery model that is approved by the County Supervisors and assessed to contract communities based on their level of services. Carefree's level of service is 1.5 deputies or .3 of a beat with an additional traffic patrol from October to April. With recent citizen concerns regarding traffic safety, the Town is planning to expand the traffic car for the entire year. This is an additional cost of \$120,000. Like most law enforcement organizations today, MCSO is currently understaffed; however, if during the course of the fiscal year, the Town Council, and the Sheriff's department decide to modify the current level of service, appropriate funding levels are allocated in the Town's budget. With an added level of service, the costs associated with the MCSO contract are anticipated to be approximately \$700,000.

A more detailed breakdown of the Total public safety costs can be found on Page 74.

**SUMMARY OF PUBLIC SAFETY CONTRACTS/COSTS**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>PUBLIC SAFETY SERVICES</b>			
<b>Fire &amp; Emergency Medical Services</b>	\$2,013,782	\$2,023,892	\$2,173,200
<b>Law Enforcement Services</b>	\$508,999	\$599,335	\$717,153
<b>TOTAL</b>	<b>\$2,522,781</b>	<b>\$2,623,227</b>	<b>\$2,890,353</b>



**Risk Management Contracts:**

The Town contracts for legal and risk management services to ensure comprehensive coverage and protection. Fitzgibbons Law provides general legal services for the Town. In cases where specialized legal services are required, the Town may contract additional services to complement the general legal support. These specialized services might be associated with various departments depending on the specific issue or subject at hand.

Additionally, akin to many municipalities across the state, the Town engages Southwest Risk to provide a portfolio of insurance coverage tailored to the distinctive needs of municipal governments. This municipal pool allows local governments to access extensive coverage options to address their unique requirements at the most cost-effective rates for their communities. The insurance pool convenes annually at the League of Cities and Towns Conference to establish budgets, rates, and policies, ensuring that member municipalities receive the best possible coverage and support.

More details of the Town’s risk management can be found on Page 52.

**SUMMARY OF RISK MANAGEMENT CONTRACTS**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>RISK MANAGEMENT SERVICES</b>			
<b>Legal Services</b>	\$115,158	\$154,820	\$235,000
<b>Insurance</b>	\$92,613	\$105,800	\$135,000
<b>TOTAL</b>	<b>\$207,771</b>	<b>\$260,620</b>	<b>\$370,000</b>



**Operations Expenses:**

This category encompasses various expenditures, including but not limited to materials, supplies, facilities management, equipment leasing and purchases, utilities, professional consulting contracts, organizational fees, permits, subscriptions, training, as well as office supplies. A detailed breakdown of these high-level operational expenses can be found in the subsequent pages, providing further insight into each department's specific expenditures and activities.

These costs are further detailed by the Town department and division on subsequent pages.

**TOTAL DEPARTMENT OPERATION EXPENSES**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>MUNICIPAL DEPARTMENTS</b>			
<b>Town Administration</b>	\$441,042	\$463,236	\$587,050
<b>Community Development</b>	\$242,681	\$289,975	\$579,700
<b>Public Facilities</b>	\$495,795	\$539,269	\$737,660
<b>Court</b>	\$65,800	\$71,458	\$84,223
<b>TOTAL</b>	<b>\$1,245,318</b>	<b>\$1,363,938</b>	<b>\$1,988,633</b>

**Human Resources/Salaries & Benefits:**

During last year's budget planning process, concerns were raised by some citizens about the size of the town staff and the levels of compensation. In response, the Mayor pledged to commission a third-party analysis by a professional with relevant expertise. Councilman Johnson and resident Sharon Smith, Ph.D., who both had decades of professional experience overseeing similar personnel studies assisted the Mayor in this endeavor. Public Sector Consultants, well-versed in advising a myriad of municipal entities, were chosen for the analysis.

After thoroughly reviewing job descriptions and conducting interviews with staff regarding their roles, the consultant assessed the local labor market, identified benchmark communities, and examined positions aligning with the town's 16 Full-Time Equivalents (FTEs). The analysis revealed that Carefree's staff ratio was comparatively nimble, with 4 employees per 1,000 residents, whereas other communities in the market averaged over 5.5 employees per 1,000 residents. Additionally, 56% of the employees were found to be paid within market rates, while 44% were below market.

Furthermore, the town contracts health benefits through the Rural Arizona Group Health Trust (RAGHT), representing numerous small rural communities across the state. Carefree remains



the smallest staffed municipality within this rural community-based Trust. In addition, in comparison to neighboring Cave Creek, Carefree has less than 50% of the administrative staffing levels.

As with any workforce, healthcare costs contribute to annual personnel cost increases. This year, medical costs will rise by 5%, while vision and dental expenses will remain unchanged. According to the Bureau of Labor Statistics, the annual inflationary index for labor is approximately 5%. Based on these increases, the forecasted total costs of salaries and benefits per department are detailed in the table below. These costs are further detailed by the Town department and division on subsequent pages.

**TOTAL SALARY AND BENEFITS PER DEPARTMENT FOR FISCAL YEAR 2024-2025.**

	FTE'S	FY 2023	FY 2024	FY 2025
		ACTUAL	ESTIMATED	BUDGET
<b>TOWN STAFF</b>				
<b>Administration</b>	5	\$696,761	\$711,428	\$745,804
<b>Community Development</b>	4	\$634,386	\$640,437	\$528,690
<b>Public Facilities</b>	4	\$494,840	\$521,225	\$526,301
<b>Court</b>	2.5	\$168,093	\$198,104	\$246,505
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>16</b>	<b>\$1,994,080</b>	<b>\$2,071,194</b>	<b>\$2,047,301</b>



# TOWN ORGANIZATIONAL STRUCTURE

It's noteworthy that unlike many elected positions, the roles of Mayor, Vice Mayor, and Councilmembers in the Town of Carefree are unpaid. These officials are elected at large and serve four-year staggered terms voluntarily.

As a statutory community, the Council in Carefree functions as a legislative body with the authority to enact new laws and policies governing the community. However, these regulations must align with federal, state, and county statutes and cannot exceed their jurisdiction.

The Town operates under a Town Administrator-Council form of government. In this structure, the Mayor acts as the Chief Executive Officer, while the Town Administrator serves as the Chief Administrative Officer, overseeing daily operations, preparing regulatory and policy documents, as well as the budget for the Council's consideration. The municipal services in Carefree encompass administrative services, public safety, community development, public works, and municipal court.

Below is the graphic representing the organizational structure of the Town:





## DEPARTMENTAL BUDGETS

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### **Town Council:**

The Town Council holds a vital role in reconciling policies, statutory requirements, financial implications, and community input. Regular Council meetings, typically scheduled for the first Tuesday of each month, are convened by the Mayor and Council to address matters concerning Town business and operations. Additional meetings and public workshops are called as needed to tackle specific topics or issues.

The corporate authority of the Town Council is rooted in law and exercised through the adoption of Ordinances, Resolutions, or Proclamations. It's essential to adhere to the authorities outlined in the Arizona Revised Statutes when establishing regulations and policies. The Town cannot enact regulations or policies that exceed the boundaries set by the State. Therefore, periodic adjustments to the Town Code, ordinances, and resolutions/policies are necessary to ensure compliance with evolving state requirements.

The Town Council also holds responsibility for allocating funds and providing policy guidance to the Town Administrator. They appoint key officials such as the Town Administrator, Municipal Court Magistrate, Town Attorney, and Town Prosecutor. Additionally, they authorize contracts for essential services like law enforcement and fire and emergency services.

The Town Administrator oversees the daily operations of each department, while the Town Magistrate supervises the Court's operations. The Town Attorney and Prosecutor, contracted to provide legal services, report directly to the majority of the Town Council. While Councilmembers lack individual authority to independently direct the Town Administrator and attorneys, decisions concerning specific issues are typically made collectively by the Council. Subsequently, the majority of the Council directs the Administrator and/or attorneys accordingly.

### **Goals for Fiscal Year 2024-2025:**

As previously outlined in this budget document, the Town Council has approved an organizational work plan that delineates priorities aimed at enhancing communication, diversifying the tax base through strategic economic development initiatives, and ensuring quality development and reinvestment in the Town's infrastructure. At a high level, these initiatives include, but are not limited to:





### **Communications:**

- Create and implement a communication program to engage multiple audiences, including residents, businesses, and potential investors.
- Enhance the utilization of digital media to regularly engage these audiences.
- Explore new communication platforms and ensure regular updates to enhance community engagement.

### **Economic Development:**

- Develop and implement a comprehensive economic development strategy to diversify the Town's sales tax base.
- Establish a balanced and sustainable financial structure to support core municipal services at desired levels.
- Promote business retention, expansion, and attraction of high-quality businesses.

### **Quality Community Development:**

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

### **Infrastructure:**

- Utilize best practices to maintain and improve publicly owned infrastructure.
- Address regulatory compliance requirements and incorporate them into future capital projects, including MS4 General Permit – Small Communities, Flood Control District coordination, Hazardous Mitigation Program, MAG Transportation Improvement Plans, and Street Pavement Maintenance Program.
- Review and enhance future funding to address the needs of aging infrastructure.



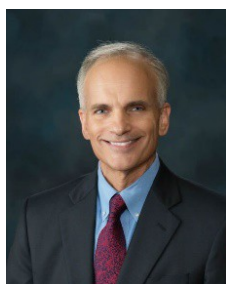
### Council Budget:

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

#### MAYOR & TOWN COUNCIL TOTAL OPERATIONAL EXPENSES

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>MAYOR AND COUNCIL</b>			
Office Supplies	\$929	\$700	\$700
Dues, Subscriptions	\$364	\$600	\$600
Grants - Alf	\$14,883	\$25,923	\$15,400
Education/Tuition/Lodging	\$7,997	\$9,650	\$10,000
<b>TOTAL</b>	<b>\$24,173</b>	<b>\$36,873</b>	<b>\$26,700</b>

### MEET THE MAYOR AND COUNCIL:



#### Mayor John Crane

Mayor John Crane has lived in Carefree since 1989. He served on the Town Council as a Councilmember and then Vice Mayor for 7 years and as Mayor since December 2022. Previously, John was appointed to the Carefree Subdivision Committee and was the Vice Chair of the Carefree Planning and Zoning Commission. John served 12 years as president and board member of the Carefree Foothills Homeowners' Association and served 10 years on the board of the Desert Foothills Land Trust. Currently, John serves on the Maricopa County Association of Governments Regional Council and as chair of the Maricopa County Parks and Recreation Advisory Commission.

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



John earned a BS degree in Mathematics from Villanova University in 1978 and a MS degree in Systems Management from the University of Southern California in 1985. He served seven years as a nuclear submarine officer. A business owner, since 1994, he has been a sales representative for Asian, European, and US semiconductor material and equipment suppliers to customers in North America. In 2021 he was recognized by the Black Mountain Foothills Chapter of the Daughters of the American Revolution (DAR) with the Medal of Honor, the most prestigious honor awarded by the DAR for citizenship and patriotic service. John and his partner, Betsy, can frequently be seen strolling through Carefree enjoying all the Town has to offer.



### **Vice Mayor Cheryl Kroyer**

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

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

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

Since moving here, she has been involved in several volunteer organizations. She served on the auxiliary board of Scottsdale Healthcare for three years and published and edited the hospital's first electronic newsletter. She has also served on the board of the Arizona Institute for Breast Health as treasurer and public relations manager. For the last three years, Cheryl has worked Wednesdays



at the Foothills Food Bank. In her free time, she enjoys golf, yoga, bridge, movies, and can be seen walking her golden retriever, Biff, through Town most mornings. Cheryl graduated from the University of Texas at Austin with a Bachelor of Journalism degree.



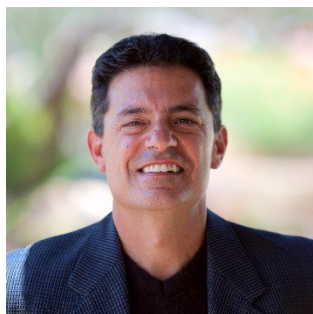
### **Councilmember Sheila Amoroso**

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

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

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

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



### **Councilmember Vince D'Aliesio**

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

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

Vince lives in the first house built in Carefree by Gerry Jones. He has worked as an insurance broker, educator, coach, and student. Most importantly, a husband of 28 years to Cheryl and father of three: Noah, a 21-year-old son attending ASU and two 18-year-olds, Sophie, and Matthew, all three educated in CCUSD schools from preschool. D'Aliesio 's also has a rescue Chi-Pin named Snoopy, are fostering a Golden-doodle named Toby, and two desert tortoises: Stanley and Sammy Hagar, in addition to the many beautiful coyotes, javelina, bobcats, mule deer, and other God's creatures that allow Vince and his family to reside on their land.

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



### **Councilmember Stephen Hatcher**

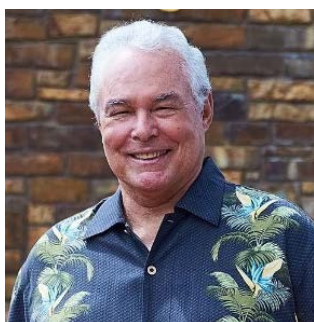
Stephen Hatcher has been a resident of Carefree since 2011 and moved to Cave Creek in 1992 from Scottsdale. Stephen earned his BS in Mechanical Engineering from Arizona State University and in 1980 started his first career with Lockheed Aerospace in military research and finished his engineering career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

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





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



### **Councilmember Michael Johnson**

Michael (Mike) is a California Bay Area native who has lived in Carefree since 2005 and became a permanent resident in 2013. He is married with 5 children and 4 grandchildren. Mike holds a Bachelor of Science Degree in Business Administration and Accounting from California State University Hayward and an Associate of Arts Degree from Chabot College Hayward. He is a Certified Public Accountant (inactive) who started his career in 1978. The majority of his almost 40-year career was spent as a Chief Financial Officer and Controller working in technology startups, public and fortune 500 companies that created jobs and helped build the internet infrastructure. He managed fast growth, mergers and acquisitions, financial and SEC reporting, budgeting, forecasting, treasury, spending, systems and raised capital from Initial Public Offerings, Institutions and Venture Capital. Companies Mike worked with include Baron Data Systems, Ascend Communications (sold to Lucent), Cashflow, Amber Networks (sold to Nokia), Trapeze Networks, and Innovalight (sold to DuPont). Although Mike says his first love is technology; he was able to take a break from "Silicon Valley" and work for the Oakland Tribune as Chief Financial Officer and then Chief Accounting Officer for Itel Rail.

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



### **Councilmember Clint Miller**

Clint's passion for architecture remains as strong today as it did four decades ago when he began his career as an intern. His current projects primarily revolve around contemporary residential architecture, often incorporating elements of Rural European influence. Through a cohesive and timeless design process, Clint brings together expertise in architectural illustration, historic architecture, interior design, and landscape architecture. His work reflects simplicity and a deep respect for the site.

While Clint previously managed groups responsible for large-scale commercial design projects, his transition into the residential sector occurred when he decided to create a dwelling for his own family. This endeavor resulted in the construction of an award-winning home in 1998, recognized by the Arizona Chapter of the American Institute of Architects. Constructed with authentic, load-bearing adobe, this project paved the way for Clint to design numerous premier adobe homes across Arizona.





Throughout his career, Clint has fostered valuable relationships with top consultants in the valley, ranging from interior design to engineering and landscape architecture. For his projects, he often collaborates with consultants in home automation, lighting design, and energy modeling. Clint's architectural illustration skills have also made him a significant contributor to the development of architectural guidelines for large master-planned communities.

Clint's residential projects have been featured in AIA Home Tours, honored in AIA Homes of the Year competitions, and recognized in AIA Historical Preservation Exhibits. In 2010, Phoenix Home and Garden magazine acknowledged him as a Master of the Southwest, and his striking architecture has graced the cover of the publication. Clint was appointed to town council on July 11, 2023 and his term will run through December 2026.



## Administrative Services:

The Town Administration serves as the central hub of the organization, overseeing and coordinating workflow internally and externally. This entails continuous collaboration with various entities, including citizens, businesses, governmental agencies, nonprofits, private entities, Town Council, and Town Departments, to ensure seamless service delivery.

The Administration Department is supported by five full-time positions:

- **Town Administrator:** Provides strategic leadership and direction to the organization, working closely with the Town Council and other stakeholders to implement policies and initiatives.
- **Town Clerk:** Manages public records, election coordination, and other administrative duties essential for the smooth functioning of the Town.
- **Town Accountant:** Handles financial services, including budgeting, accounting, and financial reporting, ensuring fiscal responsibility and transparency.
- **Communications Manager:** Oversees communication efforts, both internal and external, to promote transparency, engagement, and awareness of Town initiatives and services.
- **Executive Assistant/Office Manager:** Provides administrative support to the Town Administrator and other department heads, facilitating smooth operations and communication within the Town Administration.

Through these positions, the Administration Department facilitates a range of organizational activities, including Human Resources, Risk Management, Legal Services, Financial Services, Information Technology, Public Records, Election Coordination, Intergovernmental Affairs, Communications, and general operations and management of all Town Departments.

The next section of the budget will detail the services offered by each department and their associated divisions, starting with Administrative Services.





The following tables outline the staffing levels as well as a high-level summary of the expenses associated with the Administrative Services Department. On subsequent pages, this aggregated summary is further detailed in the divisional expenses associated with the department.

#### SUMMARY OF ADMINISTRATIVE SERVICES TOTAL OPERATION EXPENSES.

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>ADMINISTRATION</b>			
<b>Mayor &amp; Council</b>	\$24,173	\$36,873	\$26,700
<b>Management</b>	\$233,198	\$266,530	\$313,600
<b>Clerk</b>	\$87,178	\$58,413	\$87,500
<b>Communications</b>	\$96,493	\$101,420	\$159,250
<b>TOTAL</b>	<b>\$441,042</b>	<b>\$463,236</b>	<b>\$587,050</b>

#### SUMMARY OF ADMINISTRATIVE SERVICES TOTAL SALARY AND BENEFIT

	FTE'S	FY 2023	FY 2024	FY 2025
		ACTUAL	ESTIMATED	BUDGET
<b>TOWN ADMINISTRATION</b>				
<b>Management</b>	2	\$310,411	\$327,328	\$345,664
<b>Clerk</b>	2	\$292,346	\$297,815	\$306,609
<b>Communications</b>	1	\$94,004	\$86,285	\$93,531
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>5</b>	<b>\$696,761</b>	<b>\$711,428</b>	<b>\$745,804</b>



## Town Management:

As per the Town Code, the Town Administrator serves as the primary administrative officer, tasked with overseeing the daily operations of the Town's services. Reporting directly to the Town Council, the Administrator works in tandem with the Council to execute their goals and directives by liaising with relevant Town personnel and contracted service providers.

More specifically, the Town Administrator:

1. **Leadership and Coordination:** The Administrator provides cohesive leadership to the Town staff and works in collaboration with the Town Council to execute their goals and directives.
2. **Supervision and Coordination:** Responsibilities include directly supervising all Town staff, coordinating administrative functions across various Town departments, and establishing personnel policies to promote inclusivity and foster a positive workplace atmosphere.
3. **Budget Management:** The Administrator plays a crucial role in managing the Town budget, acting as the Town's purchasing agent, and collaborating with legal representatives and risk managers to identify and mitigate potential risks and financial liabilities.
4. **Strategic Development:** The Administrator assumes a central role in the efficient operation and strategic development of the Town, ensuring effective management of resources and alignment with the Town Council's objectives.

## Accomplishments for Fiscal Year 2023-2024:

- ❖ Completed procurement of new Fire Truck and Brush Truck
- ❖ Successfully, procured street maintenance project which was recognized for specifications and fiscal management by the Arizona General Contractors Association. Also, bid and currently managing \$3MM street maintenance project.
- ❖ Managed refresh of Gardens with comprehensive stucco repair, painting and stone throughout gardens.
- ❖ Managed drainage culvert replacement.
- ❖ Updated Stormwater documents to ensure compliance with evolving state requirements.
- ❖ Coordinated with MAG and neighboring communities regarding regional projects.
- ❖ Conducted RFQs for Building Official, Engineering Services, and Legal Services.
- ❖ Coordinated with legal representatives to address the community's best interests and mitigate risk.



- ❖ Continue the Town's efforts to expand communications channels to improve engagement with the Carefree community.
- ❖ Worked with the League of Cities and Towns to maintain and share an understanding of evolving relevant issues at the State Legislature.
- ❖ Continue to work with residents, businesses, and potential future business interests to address community inquiries and expectations.

Goals & Objectives for Fiscal Year 2024-2025:

Conduct Council visioning/strategic plan sessions with both incoming and outgoing Councilmembers.

Continue to work with external agencies to represent the Town's best interests.

Fill the vacant Town Engineer position.

Continue to coordinate the deliverables of each Town Department.

Within the Town Management division, there are two full-time positions: the Town Administrator and the Executive Assistant/Office Manager. The primary operational expenses associated with this division are outlined as follows:

- **Office Supply/Service Contract:** This covers general office supplies for the department, as well as maintenance contracts for equipment such as the photocopier and generator. Additionally, it includes banking fees for payments and postage expenses.
- **Utilities:** This category encompasses various utility expenses such as internet, electrical, gas, water, trash, and janitorial services.
- **Governmental Fees:** These fees cover payments to several governmental entities including ADOR (Arizona Department of Revenue), AZDOA (Arizona Department of Administration), League of Cities and Towns, MAG (Maricopa Association of Governments), AZDES (Arizona Department of Economic Security), Emergency Management, and various professional organizational dues.
- **Special Projects:** This category includes unique tasks to be undertaken during a specific fiscal year. For the upcoming fiscal year, consideration is being given to a facilitated strategic planning session involving both incoming and outgoing Council members.

These expenses are essential for the effective functioning of the Town Management division and contribute to the overall management and administration of the town's affairs.



**TOWN MANAGEMENT OPERATIONAL EXPENSES.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>TOWN MANAGEMENT</b>			
Office Supplies/Maintenance/Subscriptions	\$72,044	\$101,150	\$111,100
Regulatory Fees/Dues	\$33,393	\$34,680	\$36,700
Special Projects	\$22,660	\$12,000	\$40,000
Utilities/Building Services	\$102,559	\$116,000	\$121,500
Education/Tuition/Lodging	\$2,542	\$2,700	\$4,300
<b>TOTAL</b>	<b>\$233,198</b>	<b>\$266,530</b>	<b>\$313,600</b>

**TOWN MANAGEMENT SALARIES AND BENEFITS - 2 FTE POSITIONS.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>TOWN MANAGEMENT</b>			
Salaries                      2 FTE	\$246,643	\$256,640	\$267,732
FICA	\$14,560	\$15,927	\$16,599
Medicare Expense	\$3,400	\$3,610	\$3,855
ASRS Retirement Contribution	\$28,581	\$30,592	\$32,618
Group Med/Dental/Life/AD&D	\$16,311	\$19,311	\$23,741
Vision Care	\$223	\$252	\$100
Workmans Compensation	\$571	\$596	\$620
Unemployment Ins.-Des	\$122	\$400	\$400
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$310,411</b>	<b>\$327,328</b>	<b>\$345,664</b>





### Town Clerk/Treasurer:

The Town Clerk/Treasurer and Accounting division play a crucial role in managing and overseeing various aspects of the town's financial operations and administrative duties. Their responsibilities include:

- **Financial Management:** This involves the daily, monthly, and annual accounting of Town monies, including audits, budgeting, financial transactions, and generating reports. They also handle banking activities and transfers with the State Treasurer's office.
- **Human Resources and Payroll:** The department processes HR requirements and manages payroll for town personnel.
- **Records Management and Public Records Requests:** They are responsible for maintaining records, responding to public record requests, and fulfilling statutory postings, notices, and advertising requirements.
- **Insurance Management:** This includes procuring insurance coverage for Town property and personnel, as well as managing insurance claims.
- **Utility District Management:** Serving as the Secretary of the Carefree Water Company and District Clerk for the Utilities Community Facilities District, the Town Clerk manages contracts, meeting agendas and materials, scheduling, meeting management, and archival of relevant documentation.
- **Financial Management:** Provide critical support to ensure efficient financial management, compliance with statutory requirements, and effective administrative operations for the Town of Carefree.
- **Council Support:** They manage the Council calendar, schedule meetings, gather agenda items and reports from staff, prepare agendas and agenda packets, distribute meeting materials, and ensure statutory notice postings are completed accurately and promptly.

### Accomplishments Fiscal Year 2023-2024:

- ❖ Managed, prepared, and noticed 22 Public Meetings/Public Hearings including Town Council, Carefree Water Company/Utilities Community Facilities District, and Sky Ranch Community Relations Committee.
- ❖ Responded to 55 Public Records Requests and assisted with 7 extended legal matters including 3 allegations of Open Meeting Law violations and 3 insurance-related matters.



- ❖ Managed the May 2023 Special Election regarding Primary Property Tax, including timeline and deadlines involving publicity pamphlets, reporting requirements, financial reports, and statutory notices to state agencies.
- ❖ Managing the 2024 July, Primary Election and November, General Election including candidates, PACS and updates to the General Plan.
- ❖ Managed the posting and recruitment of a new Deputy Court Clerk, Town Engineer, and Public Works vacancy as well as assisted in the recruitment for the Carefree Water Company and interview and hiring of a Town Attorney.
- ❖ Attended the Arizona Municipal Clerks' Annual Conference and Election Training and Athenian Dialog to maintain clerk and election certification.
- ❖ Attending the 2023 Maricopa County election recertification program to maintain certification as a state-certified Election Official.
- ❖ Obtained the designation as a Master Municipal Clerk.
- ❖ Maintained paralegal/legal assisting certification with the National Association of Legal Assistants.

### Town Accountant:

The accountant is responsible for coordinating, monitoring, and overseeing all accounting and auditing operations and activities. Key responsibilities include ensuring the accuracy of financial records, preparing and submitting financial documents and reports, managing budgets, and maintaining ancillary records. Additionally, this role involves collaborating with the Administrator to prepare the annual budget.

- On a daily basis, tasks include appending cash receipts, reviewing invoices, obtaining necessary approvals for payments, and fulfilling financial records requests. Weekly activities involve processing accounts payable and reconciling bank statements. Bi-weekly tasks include processing payroll and ASRS Retirement wires.
- Monthly duties consist of updating the Capital Assets System, creating financial statements for Town Council meetings, and updating GL Permanent Record Reports.
- Quarterly responsibilities include booking Vanguard Interest in the general ledger, creating OpenBooks documentation, and calculating Worker's Compensation Insurance payments.
- Annually, the role involves coordinating the annual audit with the audit firm and providing all necessary transaction details. Additionally, this position ensures compliance with laws regarding Federal and State Grants and handles tax calculations and payments related to Town Leased property.



Overall, the accountant plays a critical role in ensuring the accuracy, compliance, and efficiency of the Town's financial operations.

### Information Technology:

This area of expertise is responsible for managing the Town's Information Technology (IT) infrastructure, ensuring the smooth operation of the Local Area Network (LAN) system and providing support for hardware and software. Key responsibilities include:

- **System Maintenance:** Installing, maintaining, and updating operating and security systems software and related equipment to ensure efficient and accurate utilization while minimizing downtime. This includes identifying and resolving system operating problems and providing on-site technical assistance to staff.
- **Security Administration:** Administering security for all IT-supported applications on LAN computer systems in collaboration with technical support companies to ensure the integrity and confidentiality of data.
- **Upgrades and Modifications:** Installing upgrades to systems software and evaluating the feasibility of modifications to, or replacement of, hardware to enhance system performance and functionality.
- **Backup and Data Protection:** Performing nightly backups of essential data, checking for problems and completion, and ensuring the validity of file server backups by restoring random files. Additionally, backing up each workstation's local hard drive and periodically defragmenting them to improve performance.
- **Virus Protection:** Monitoring antivirus software for quarantined viruses, removing them from user workstations, and informing users of current computer virus threats and prevention measures.

Every month, tasks include testing file server backups, ensuring all updates are downloaded to workstations, and conducting maintenance activities such as defragmenting local hard drives and deleting unnecessary files.

Annually, responsibilities include evaluating newer versions of software for potential upgrades, checking file server logs for hardware errors, and including any necessary upgrades or replacements in the budget process.

This area of expertise plays a critical role in maintaining the Town's IT infrastructure and ensuring the security, reliability, and efficiency of computer systems and data management processes.



Goals for Fiscal Year 2024-2025:

Coordinate with the Town Accountant to obtain contracted accounting software specialist for the installation and transfer of all data using the newly obtained dynamic accounting program.

Continued processing of the electronic storage of archived documents and records maintained by the Town Clerk and other departments.

The most significant operational expenses associated with the Clerk’s division are the third-party audit services, accounting software and elections.

**TOWN CLERK OPERATIONAL EXPENSES**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>TOWN CLERK</b>			
<b>Office Supplies/Subscriptions</b>	\$33,602	\$16,334	\$22,600
<b>Audit/Accounting Software</b>	\$29,279	\$38,650	\$55,650
<b>Elections</b>	\$22,303	\$0	\$7,000
<b>Continuing Education</b>	\$2,003.00	\$2,420.00	\$2,400.00
<b>TOTAL</b>	<b>\$87,187</b>	<b>\$57,404</b>	<b>\$87,650</b>



**TOWN CLERK SALARIES AND BENEFITS – 2 FTE POSITIONS:**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>TOWN CLERK</b>			
Salaries                    2 FTE	\$227,847	\$226,624	\$237,871
FICA	\$13,939	\$14,051	\$14,748
MEDICARE EXPENSE	\$3,260	\$3,286	\$3,449
ASRS Retirement Contribution	\$27,729	\$27,852	\$29,187
Group Med/Dental/Life/AD&D	\$18,909	\$24,833	\$20,470
Vision Care	\$159	\$159	\$159
Workmans Compensation	\$421	\$510	\$525
Unemployment Ins.-Des	\$81	\$500	\$200
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$292,346</b>	<b>\$297,815</b>	<b>\$306,609</b>



## Communications:

Community engagement encompasses a wide array of communication methods, including verbal, written, broadcast, and digital media platforms. With the proliferation of digital and social media platforms, engaging the community effectively requires significant dedication and time. Each platform has its own unique requirements and preferences, necessitating the formatting of similar messages in different ways for rapid engagement.

The position responsible for community engagement manages various communication channels, including the Town's website, digital media platforms, video communications, and written communications on community-related issues and interests. Additionally, this role involves liaising with local business associations to enhance business exposure and opportunities by highlighting special events and initiatives. Furthermore, the position collaborates with Town staff, elected and appointed officials, and residents to facilitate engagement on community issues.

In summary, this position plays a vital role in fostering meaningful connections between the Town and its community members through diverse communication channels and engagement initiatives.

### Accomplishments for Fiscal Year 2023-24:

- ❖ Consistent social media and emails.
- ❖ Established a consistent brand image.
- ❖ Organizing website for better user experience/ adding interactive features.
- ❖ Assisted in the planning and execution of community events/activities.
- ❖ Created automatic segmented email lists for different audiences (events, alerts, etc.)
- ❖ Creates and distributes weekly and monthly newsletters - NEW Carefree Next Week.
- ❖ In the process of switching to a new website and app provider which will increase efficiency.
- ❖ Collaborating on the community's 40<sup>th</sup> Anniversary celebration



Goals for Fiscal Year 2024-2025:

Work with Carefree business owners to build overall visibility and attraction.	Create and launch a separate Visit Carefree website specifically for visitors.	Launch a new store for Carefree Merch with more products (stickers, mugs, shirts, bags etc.) called Carefree Creations.	Continue to coordinate the deliverables of each Town Department.	Work with influencers on social media to elevate the Town's brand credibility, image and attraction to diverse audiences.
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The primary operational expenses attributed to communications are seasonal events which this year include the community's 40<sup>th</sup> anniversary celebration, Veterans Day, Memorial Day, Holiday Celebrations, and Earth Day. Print, social, and digital media are associated with the multiple layers of the Town's communications and marketing efforts.

**COMMUNICATIONS OPERATIONAL EXPENSES.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>COMMUNICATIONS</b>			
Office Supplies	\$1,150	\$1,200	\$1,500
Seasonal-Special Events	\$36,393	\$38,750	\$73,750
Print/Social/Digital Media	\$58,500	\$61,000	\$83,500
Education/Tuition/Lodging	\$450	\$470	\$500
<b>TOTAL</b>	<b>\$96,493</b>	<b>\$101,420</b>	<b>\$159,250</b>





**COMMUNICATIONS SALARIES AND BENEFITS – 1 FTE POSITION.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>COMMUNICATIONS</b>			
Salaries                      1 FTE	\$67,521	\$62,300	\$68,750
FICA	\$3,906	\$4,414	\$4,263
Medicare Expense	\$914	\$1,032	\$997
ASRS Retirement Contribution	\$7,667	\$8,750	\$8,436
Group Med/Dental/Life/AD&D	\$13,589	\$9,382	\$10,329
Vision Care	\$17	\$17	\$357
Workmans Compensation	\$190	\$190	\$200
Unemployment Ins.-Des	\$200	\$200	\$200
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$94,004</b>	<b>\$86,285</b>	<b>\$93,531</b>



### **Risk Management:**

Two specific areas of contractual services are found under Town Administrative Services: Legal Services and Insurance.

### **Legal Services:**

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

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

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

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

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

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



Goals for Fiscal Year 2024-2025:

Continue to work with staff to provide legal advice when considering updates to the General Plan, Town Codes and Town policies.

Provide the strongest, most defensible legal advice to the Town Council and the Town Administrator in connection with active litigation.

**LEGAL SERVICE CONTRACT COSTS**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>LEGAL SERVICES</b>			
General Legal	\$62,049	\$75,100	\$100,000
Special Legal	\$5,749	\$10,000	\$60,000
Prosecutor	\$47,360	\$69,720	\$75,000
<b>TOTAL</b>	<b>\$115,158</b>	<b>\$154,820</b>	<b>\$235,000</b>



**Insurance:**

In 1986, the Arizona Municipal Risk Retention Pool was established with the support of the Arizona League of Cities and Towns. This initiative aimed to offer local governments an alternative means to manage and distribute the unique risks they face, ultimately leading to more stable insurance rates. The Town of Carefree became a member of this municipally owned pool in 1989.

As a member of the pool, the town holds an equity share and is entitled to receive annual dividends. These dividends can be received either as a direct payment or as a credit towards the following year's insurance policy premium. Historically, the Town of Carefree has opted to apply the annual dividend as a credit towards the subsequent year's policy premium.

In addition to financial benefits, the pool offers specialized services to its members. These services cover various areas including personnel issues, equal employment opportunities, civil rights matters, land use regulations, human resource database management, and tenant's user liability policies for third parties. These resources and services provided by the pool serve to further support and assist member municipalities in effectively managing their risks and liabilities.

**MUNICIPAL RISK INSURANCE**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>Insurance Services</b>			
<b>Southwest Municipal Pool</b>	\$92,613	\$105,800	\$125,000
<b>Claims-Losses</b>	\$0	\$0	\$10,000
<b>TOTAL</b>	<b>\$92,613</b>	<b>\$105,800</b>	<b>\$135,000</b>



## Community Development Department:

The Community Development Department plays a pivotal role in ensuring the orderly and high-quality development of our community. Comprised of four essential divisions—Building Safety, Planning and Zoning, Code Enforcement, and Economic Development—each division collaborates closely to execute the town's vision, strategies, regulations, and policies.

- **Building Safety Division:** This division focuses on ensuring the safety and compliance of all building projects within the community. It oversees building permits, conducts inspections, enforces building codes, and ensures that all construction activities adhere to safety standards and regulations.
- **Planning and Zoning Division:** Responsible for land use planning and zoning regulations, this division works to guide the orderly development of the community. It reviews development proposals, manages zoning ordinances, conducts long-term planning efforts, and facilitates public hearings to ensure that development projects align with the town's General Plan and zoning regulations.
- **Code Enforcement Division:** Tasked with maintaining community standards and enforcing municipal codes, this division addresses issues related to property maintenance, nuisance abatement, and code violations. It conducts inspections, investigates complaints, and works to ensure that properties comply with local ordinances to preserve the overall quality of life in the community.
- **Economic Development Division:** Focused on promoting municipal sales tax growth and community vitality, this division works to attract new businesses, support existing businesses, and stimulate economic activity within the community. It implements economic development initiatives, facilitates business retention and expansion efforts, and collaborates with local stakeholders to create a vibrant and sustainable economy.

By working collaboratively, these divisions leverage their respective expertise to foster responsible and sustainable development while preserving the unique character and quality of life in our community. Together, they play a vital role in shaping the future of our town and realizing its vision for growth and prosperity.

The following tables outline the overall operational expenses and dedicated staffing levels within each of the Divisions within the Community Development Department. These aggregated figures are further detailed under each division within the Department.



**SUMMARY OF COMMUNITY DEVELOPMENT OPERATIONAL EXPENSES.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>COMMUNITY DEVELOPMENT</b>			
<b>Planning &amp; Zoning</b>	\$86,227	\$65,400	\$235,700
<b>Building Safety</b>	\$138,806	\$211,500	\$291,700
<b>Economic Development</b>	\$13,225	\$5,050	\$44,050
<b>Code Enforcement</b>	\$4,423	\$8,025	\$8,250
<b>TOTAL</b>	<b>\$242,681</b>	<b>\$289,975</b>	<b>\$579,700</b>

**SUMMARY OF COMMUNITY DEVELOPMENT SALARIES AND BENEFITS.**

	FTE'S	FY 2023	FY 2024	FY 2025
		ACTUAL	ESTIMATED	BUDGET
<b>COMMUNITY DEVELOPMENT</b>				
<b>Planning &amp; Zoning</b>	2	\$243,716	\$248,907	\$269,396
<b>Building Safety*</b>		\$150,844	\$143,365	\$0
<b>Code Enforcement</b>	1	\$62,288	\$65,664	\$68,366
<b>Economic Development</b>	1	\$177,537	\$182,501	\$190,928
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>4</b>	<b>\$634,386</b>	<b>\$640,437</b>	<b>\$528,690</b>

*\* Building Safety is now provided through contracted services due to a lack of qualified personnel within the industry.*



## **Building Safety:**

The Building Safety Division plays a critical role in administering and enforcing the Town's adopted building codes to ensure a safe built environment. This division oversees the entire process of building permits, from receiving and reviewing applications to approving and issuing permits. Additionally, it conducts inspections to verify compliance with the adopted building codes.

Key responsibilities of the Building Safety Division include:

- **Permit Processing:** Receiving, reviewing, approving, and issuing all building permits in accordance with the adopted building codes and regulations.
- **Inspections:** Conducting inspections of construction projects at various stages to ensure compliance with building codes and approved plans.
- **Coordination:** Collaborating with other relevant departments such as the Town Engineer, Planning and Zoning Director, and Fire Marshal to coordinate the review, approval, and issuance of building permits.

The administration of the building code is funded through a fee structure associated with the issuance of building permits. These fees help offset the costs associated with the administration and enforcement of building regulations.

Overall, the Building Safety Division ensures that construction projects within the Town adhere to high safety standards and regulatory requirements, contributing to the overall well-being and integrity of the community's built environment.

### **Accomplishments Fiscal Year 2023-2024:**

- ❖ The Building Division conducted 4368 inspections.
- ❖ Permitted construction projects of 121,600 square feet of improved structures and remodeling and additional structures of over 18,795 square feet,
- ❖ Oversight of 38 New Single Family home projects valued at over 28.5 M
- ❖ The building Division performed 2184 site visits and 285 project plan reviews, inspected, and reviewed 38 Single Family residences.
- ❖ Implemented the Commercial Safety inspection process for new businesses entering Carefree that facilitates the issuance of Commercial Certificate of Occupancy.
- ❖ Performed Short-Term Rental Safety Inspections as a part of the required registration process for rental properties.





Goals for Fiscal Year 2024-2025:

Procure online permitting and plan review system and begin implementation.

Continue to work in cooperation with Rural Metro on Commercial Safety Compliance.

Continue to provide timely efficient plan review and permitting process.

From an expense perspective, building safety services are currently provided through a third-party contract with Brown and Associates due to industry shortages in certified inspectors and building officials. Additionally, the Town will be looking to purchase and transition to digital permitting over the next fiscal year.

**BUILDING SAFETY OPERATIONAL EXPENSES**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>BUILDING SAFETY</b>			
Office Supplies/Vehicle/Subscriptions/It	\$8,682	\$1,500	\$1,700
Special Projects - Digital Permitting	\$45	\$0	\$50,000
Contract Services	\$129,588	\$210,000	\$240,000
Education/Tuition/Lodging	\$491	\$0	\$0
<b>TOTAL</b>	<b>\$138,806</b>	<b>\$211,500</b>	<b>\$291,700</b>



## Planning and Zoning:

The Planning and Zoning Division plays a crucial role in overseeing the orderly growth of the town by implementing the community's General Plan and Zoning Ordinance. Here are the key responsibilities and objectives of the division:

### Responsibilities:

- **Implementing the General Plan:** The division ensures the implementation of the General Plan, which sets forth broad policies for future development within the town.
- **Enforcing Zoning Regulations:** The Zoning Ordinance establishes specific regulations regarding land use, density, and intensity of development within the community. The division is responsible for enforcing these regulations to maintain the desired character and integrity of the town.
- **Special Planning Studies:** Conduct special planning studies as necessary to assist in the development of new policies or regulations that align with the community's goals and values.
- **Coordination with Other Departments:** Collaborating with the Building Safety Division and Engineering Division to review permitting and ensure compliance with zoning requirements. Additionally, working closely with the Economic Development Division to support initiatives aimed at enhancing the community's economic vitality.

### Objectives:

- **Preserving Carefree's Distinctive Character:** As Carefree continues to grow, the division aims to maintain its identity as a distinctive, premier upper Sonoran community. This involves careful attention to development policies and regulatory documents to uphold the town's vision and values.
- **Ensuring Orderly Growth:** The division is committed to ensuring that growth occurs in an orderly manner, in line with the General Plan and Zoning Ordinance, to preserve the town's unique character and quality of life.
- **Supporting Economic Development:** Collaborating with the Economic Development Division to assist with initiatives that diversify and enhance the community's ability to provide core municipal services, while also promoting economic growth and sustainability.

The Planning and Zoning Division plays a vital role in shaping the future of Carefree by guiding development in accordance with the community's vision and values. Through careful planning, coordination, and enforcement of regulations, the division strives to maintain Carefree's distinctive character while fostering responsible growth and economic prosperity.



Accomplishments Fiscal Year 2023-2024:

- ❖ Processed 13 Zoning Applications/13 Preapplications, including 7 Mountainside, 1 Condominium Plat, 3 Variances, and 2 Wall Height Waivers.
- ❖ 20 Public Meetings/Public Hearings/Work Sessions including General Plan update community workshops and Sign and Circulation Plan and stakeholder meetings.
- ❖ Issued Zoning Verification/Ordinance Violation Letters including Short-term Rental deficiencies.
- ❖ Answered public records requests as it pertained to the Planning and Zoning Division.
- ❖ Supported the facilitation and issuance of building permits, right-of-way permits, and other development-related activities.
- ❖ Reviewed approximately 120 Building Permits for compliance with the Town's Zoning Ordinance, including 14 new single-family residential lots and 10 condominiums.
- ❖ Conducted approximately 160 site inspections over the Fiscal Year including building permit pregrades and final inspections, zoning cases, and investigation of construction concerns or other complaints.
- ❖ Continued coordination of the General Plan Update process including preparation of the First Public Hearing Draft – February 2024.
- ❖ Revisited the signage component of Sign and Circulation Plan and reached a consensus amongst the newly-formed Stakeholder group.
- ❖ In conjunction with Economic Development, met with various members of the development community regarding commercial parcels in Town.
- ❖ Management of the Carefree and Cave Creek Cemetery to include updating and maintaining all relevant records, coordinating with family members, and staking plots.



Goals for Fiscal Year 2024-2025:

Move the General Plan update process through the public hearing phases towards hopeful adoption and resident ratification.

Set goals with and continue to support efforts related to implementing the Redevelopment Plan for Town Center under the Economic Development Division, including design guidelines and overlay zoning.

Coordinate with Economic Development to continue to explore and diversify Carefree's tax base to maintain a quality community.

Update the Carefree Zoning Ordinance.

Begin to implement the signage portion of the Sign and Circulation Plan for Town Center.

Professionally survey and develop a to-scale plan of the Carefree-Cave Creek Memorial Cemetery.

The main operating expenses associated with this department are the production of documentation and professional fees supporting efforts to update the General Plan and subsequent updates to zoning, design guidelines, or other initiatives that arise out of the General Plan update process.



### PLANNING AND ZONING OPERATIONAL EXPENSES

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>PLANNING &amp; ZONING</b>			
Office Supplies/Service Contracts/IT	\$10,248	\$7,500	\$14,400
Professional Fees	\$75,094	\$56,528	\$220,000
Continuing Education	\$894	\$975	\$1,100
<b>TOTAL</b>	<b>\$86,236</b>	<b>\$65,003</b>	<b>\$235,500</b>

### PLANNING AND ZONING SALARIES AND BENEFITS – 2 FTE POSITIONS

	FY 2023	FY 2024	FY 2025
	Actual	Estimated	Budget
<b>PLANNING AND ZONING</b>			
Salaries - 2 FTE	\$180,304	\$184,114	\$197,648
FICA	\$10,354	\$11,415	\$12,254
Medicare Expense	\$2,421	\$2,670	\$2,866
ASRS Retirement Contribution	\$21,943	\$22,628	\$24,251
Group Med/Dental/Life/AD&D	\$26,591	\$25,604	\$29,767
Vision Care	\$325	\$367	\$325
Workmans Compensation	\$1,696	\$1,875	\$2,050
Unemployment Ins.-Des	\$81	\$235	\$235
<b>SALARIES &amp; BENEFITS</b>	<b>\$243,716</b>	<b>\$248,907</b>	<b>\$269,396</b>



## Code Enforcement:

The Code Enforcement Officer plays a crucial role in ensuring Town Code compliance. Here are the key responsibilities and activities of the Division:

- **Town Code Compliance:** The Code Enforcement Officer works closely with Town staff and the community to address Town Code compliance issues. This involves investigating complaints, conducting inspections, and taking appropriate enforcement actions to resolve violations fairly and equitably.
- **Business License Management:** The Division manages the issuance of business licenses and vendor certificates, particularly during special events. This ensures that businesses operating within the Town comply with licensing requirements and contribute to the community's economic vitality.
- **Emergency Preparedness:** The Division collaborates with the Town's first responders to address emergency preparedness.
- **Office Support:** Provides office support services to various departments within the Town, assisting with administrative tasks, record-keeping, and coordination of activities.
- **Bailiff Services:** Assists in bailiff services for the municipal court, ensuring courtroom security and supporting court proceedings as needed.

Overall, the Code Enforcement Division plays a vital role in maintaining community standards.

### Accomplishments in FY 2022-2023:

- ❖ Respond to citizen's complaints of code violations. Works with other departments that may also be engaged in code compliance tasks. (i.e., Town Administrator, Zoning Director, Building Inspector, Town Engineer, and Public Works).
- ❖ Process/Manage 264 in-town and 170 out-of-town Business License.
- ❖ Process 399 vendor certificates associated with special events.
- ❖ Maintain Estate Sale process.
- ❖ Processing compliance issues and new licenses/certificates associated with Short Term Long Term Residential Rentals.
  - 15 Long-term Rentals, 19 Approved 11 Inactive
  - 36 Short-term Rentals



Goals for FY 2024-2025:

<p>Assist in the data and refinements of:</p> <ul style="list-style-type: none"><li>•Town and Fire Department COOP (Continuity of Operations Plan)</li><li>•Maricopa County Hazard Mitigation Plan</li><li>•Town of Carefree Emergency Operations Plan</li></ul>	<p>Work with Planning and Zoning to update Codes</p>	<p>Continue to process all business licenses, vendors certificates, and investigate code violations.</p>	<p>Complete continuing education CELA Level2</p>
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The general operating expenses associated with this division are those associated with documenting compliance cases and software being used to track short-term rentals to ensure registration compliance.





### CODE ENFORCEMENT OPERATIONAL EXPENSES

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>CODE ENFORCEMENT</b>			
Office Supplies	\$4,123	\$2,975	\$3,750
Special Projects - STRs	\$0	\$3,100	\$4,000
Continuing Education	\$0	\$350	\$500
<b>TOTAL</b>	<b>\$4,123</b>	<b>\$6,425</b>	<b>\$8,250</b>

### CODE ENFORCEMENT SALARY AND BENEFITS - 1 FTE

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>CODE ENFORCEMENT</b>			
Salaries	\$43,776	\$45,602	\$47,607
1 FTE (Bailiff Services In Court)			
FICA	\$2,714	\$2,517	\$2,642
Medicare Expense	\$635	\$589	\$618
ASRS Retirement Contribution	\$4,698	\$4,990	\$5,228
Group Med/Dental/Life/AD&D	\$9,693	\$10,487	\$10,992
Vision Care	\$80	\$80	\$80
Workmans Compensation	\$652	\$850	\$850
Unemployment Ins.-Des	\$41	\$150	\$150
Uniforms	\$0	\$400	\$200
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$62,288</b>	<b>\$65,664</b>	<b>\$68,366</b>



## Economic Development:

Economic development initiatives aim to diversify the Town's revenue streams and ensure financial stability. Here are the key strategies and challenges faced by the town in this regard:

### Importance of Economic Diversification:

- **Sales Tax Dependency:** The town's financial model heavily relies on sales tax revenue. Economic diversification is crucial to reduce financial risk and balance revenue streams with the costs of providing municipal services.
- **Build-Out Challenge:** Carefree is nearing functional build-out, limiting opportunities for further development and construction-related revenue. This presents a challenge as construction sales tax revenue becomes less reliable in the future.
- **Destination Stay Strategy:** The town aims to attract visitors through a destination stay strategy, focusing on capturing bed tax revenue and increasing visitor spending on meals which creates organic traffic for nearby retail.

### Initiatives:

1. **Village Center Redevelopment Plan (VCRP):** Approved in 2023, the VCRP outlines revitalization and future development needs. The Economic Development Division, in collaboration with the Planning Division, is responsible for implementing tasks outlined in the plan.
2. **Signage, Circulation, and Parking Plan:** A key deliverable of the VCRP, this plan addresses wayfinding signage, parking access, and pedestrian, bike, and vehicular access to Town Center.
3. **Regional/Neighborhood Retail Development:** Efforts are underway to facilitate regional/neighborhood retail development on the northeast corner of Cave Creek Road and Carefree Highway.
4. **Marketing and Events:** Marketing and events play a crucial role in economic development. The Economic Development Division will collaborate with the Communications Division to build a platform encouraging community events, advertising, and outreach supporting retail brand concentrations.

The Town of Carefree remains committed to fostering economic development while preserving the community's distinctive character and promoting a sustainable community. Through strategic initiatives and collaboration with stakeholders, the town aims to achieve long-term prosperity and resilience.



Key Accomplishments Fiscal Year 2023-2024:

- ❖ Engaged Empire and Diversified Partners and actively facilitating the Development of the Northeast Corner of Carefree Highway and Cave Creek Road (Carefree Quarter)
- ❖ Renewal of Sanderson Lincoln agreement for the Pavilion
- ❖ 97% occupancy in the Town Center
- ❖ Engaged with building owners on revitalization projects
- ❖ Grew the use of Sanderson Lincoln Pavilion and continued to expand events
- ❖ Created Town Center merchant group

Goals for Fiscal Year 2024-2025:

Start construction of the Carefree Quarter

Implement the Comprehensive Sign Plan

Initiate a façade improvement program for the redevelopment area

Prepare and issue Town Hall Site RFP

Complete the Circulation and Parking Plan (In coordination with Planning), and implement initial projects

Coordinate with Planning to start the design guideline and zoning review and update process



The following two tables outline the expenses associated with the Economic Development Division. The most significant operating expenses are associated with purchasing consumers and efforts supporting town center merchant organizations.

**ECONOMIC DEVELOPMENT & MARKETING OPERATIONAL EXPENSES.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>ECONOMIC DEVELOPMENT</b>			
Office Supplies/Subscriptions/It	\$2,672	\$2,700	\$2,850
Special Projects - Market Data/Tc	\$9,553	\$1,250	\$40,000
Education/Tuition/Lodging	\$1,000	\$1,100	\$1,200
<b>TOTAL</b>	<b>\$13,225</b>	<b>\$5,050</b>	<b>\$44,050</b>

**ECONOMIC DEVELOPMENT SALARY AND BENEFITS - 1 FTE.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>ECONOMIC DEVELOPMENT</b>			
Salaries 1 FTE	\$137,599	\$138,721	\$145,601
FICA	\$7,553	\$8,601	\$9,027
Medicare Expense	\$1,767	\$2,011	\$2,111
ASRS Retirement Contribution	\$16,746	\$17,049	\$17,865
Group Med/Dental/Life/AD&D	\$13,318	\$15,453	\$15,674
Vision Care	\$259	\$291	\$259
Workmans Compensation	\$255	\$275	\$290
Unemployment Ins.-Des	\$41	\$100	\$100
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$177,537</b>	<b>\$182,501</b>	<b>\$190,928</b>



## Public Works Department:

The Public Works Department plays a vital role in managing and maintaining the Town's infrastructure and amenities. At a high level the responsibilities of this Department

### Responsibilities:

- **Management of Capital Assets:** The department oversees and maintains various capital assets such as public streets, drainage culverts within public rights-of-way, Town street signs, and landscape within public rights-of-way.
- **Facility Maintenance:** Maintenance of Town-owned buildings and amenities is a key responsibility of the department. This includes ensuring the proper functioning and upkeep of public facilities to serve the community effectively.
- **Regulatory Compliance:** Compliance with regulatory requirements, including the Town's MS4 permit and dust control permits, is essential. The department ensures adherence to regulations and applies necessary chemicals in accordance with guidelines.
- **Resource Management:** Efficient and sustainable use of resources is a priority for the department. The Town Engineer oversees regulatory compliance requirements and ensures that facilities and amenities are managed and maintained over time in a resourceful manner.



The following tables outline the aggregated expenses associated with the Public Works Department, including the Town Engineering Division and Streets/Facilities Division. The next series of pages will provide further details on the Department's divisional expenses.

**SUMMARY OF PUBLIC WORKS OPERATIONAL EXPENSES:**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>PUBLIC FACILITIES</b>			
<b>Engineering</b>	\$61,544	\$39,937	\$126,500
<b>Public Works</b>	\$434,251	\$499,332	\$611,160
<b>TOTAL</b>	<b>\$495,795</b>	<b>\$539,269</b>	<b>\$737,660</b>

**SUMMARY OF PUBLIC WORKS EXPENSES - 5 FTE POSITIONS:**

	FTE'S	FY 2023	FY 2024	FY 2025
		ACTUAL	ESTIMATED	BUDGET
<b>PUBLIC FACILITIES</b>				
<b>Engineering</b>	1	\$134,482	\$138,328	\$145,976
<b>Public Works</b>	4	\$360,358	\$382,896	\$380,326
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>5</b>	<b>\$494,840</b>	<b>\$521,225</b>	<b>\$526,301</b>



## Town Engineer:

The Town Engineer plays a crucial role in overseeing regulatory compliance and implementing best maintenance practices for the effective management of capital improvements and assets. Here are the key responsibilities of the Town Engineer:

- **Regulatory Compliance:** The Town Engineer ensures that all governmental regulatory requirements are met. This includes compliance with environmental regulations, building codes, and any other relevant regulations governing public infrastructure projects.
- **Maintenance Practices:** Implementing best maintenance practices is essential for prolonging the lifespan of capital improvements and assets. The Town Engineer oversees the development and implementation of maintenance strategies to ensure optimal performance and efficiency.
- **Coordination of Public Work Activities:** The Town Engineer coordinates various public work activities to ensure smooth operations. This involves scheduling maintenance tasks, overseeing construction projects, and coordinating with other departments or external contractors as necessary.
- **Addressing Drainage Concerns:** Drainage issues can pose significant challenges for infrastructure and public safety. The Town Engineer addresses drainage concerns by assessing problems, proposing solutions, and implementing mitigation measures to prevent flooding or erosion.
- **Processing Permits:** The Town Engineer is responsible for processing grading and drainage permits. This involves reviewing permit applications, ensuring compliance with regulations, and issuing permits for construction or development activities.
- **Capital Improvement Plan (CIP) Management:** The Town Engineer manages and updates the five-year Capital Improvement Plan. This plan outlines priority infrastructure projects, budgets, and timelines for implementation, helping to guide long-term planning and investment decisions.

By fulfilling these responsibilities, the Town Engineer plays a critical role in ensuring the safety, functionality, and longevity of the Town's infrastructure and assets, ultimately contributing to the overall well-being and quality of life for residents and visitors.

### Accomplishments for Fiscal Year 2023-2024:

- ❖ Updated the five-year Capital Improvement Program.
- ❖ Prepared for and oversaw ADEQ MS4 comprehensive audit.
- ❖ Completed and managed Dust Control permitting requirements.





- ❖ Conducted approximately 70 final inspections for grading and drainage compliance and reviewed plans for compliance issues.
- ❖ Reviewed and approved rights-of-way permits and conducted a pre-construction meeting for each one.
- ❖ Produced specifications for street maintenance project bid document and conducted bid process.
- ❖ Advertised Bid documents for MAG-funded crosswalk improvements on Tom Darlington.
- ❖ Addressed residential drainage complaints.
- ❖ Completed public process to review and adopt a residential/local street traffic calming program.

Goals for Fiscal Year 2024-2025:

Ensure continued regulatory compliance and training.	Update program to maintain culverts.	Use the updated Town's Pavement Preventative Maintenance Plan to coordinate repair activities.
Coordinate and manage a bid for a Pavement Maintenance Project.	Oversee the design and construction of drainage culvert repairs and bank protection projects.	Rebid and supervise the Tom Darlington Crosswalk Improvements.
Update replacement and maintenance schedule for Town's heavy equipment and vehicles.	Continue to assist/oversee improvements to public rights-of-way and Town facilities.	Work with residents on traffic calming proposals.
	Seek grant/alternative funding for public works and engineering projects.	



The following two tables outline the expenses associated with the Town Engineering Division. The primary operational expenses are associated with data needed to create plans for infrastructure improvements.

**TOWN ENGINEER OPERATIONAL EXPENSES.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>ENGINEERING</b>			
Office Supplies	\$1,779	\$888	\$4,700
Professional Services - Survey, CAD, GIS	\$58,083	\$39,137	\$140,000
Continuing Education	\$1,682	\$0	\$2,000
<b>TOTAL</b>	<b>\$61,544</b>	<b>\$40,025</b>	<b>\$146,700</b>

**TOWN ENGINEER SALARY AND BENEFITS – 1 FTE.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>ENGINEER</b>			
Salaries                    1 FTE	\$109,700	\$111,350	\$117,266
FICA	\$6,801	\$6,904	\$7,271
Medicare Expense	\$1,591	\$1,615	\$1,700
ASRS Retirement Contribution	\$13,350	\$13,551	\$14,389
Group Med/Dental/Life/AD&D	\$1,364	\$2,839	\$3,000
Vision Care	\$153	\$0	\$200
Workmans Compensation	\$1,482	\$1,620	\$1,700
Unemployment Ins.-Des	\$41	\$450	\$450
<b>SALARIES &amp; BENEFITS</b>	<b>\$134,482</b>	<b>\$138,328</b>	<b>\$145,976</b>



## Streets/Facilities Division:

The Streets/Facilities Division plays a vital role in managing and maintaining the Town's public rights-of-way, facilities, and assets. Here are some key responsibilities and activities of the division:

- **Street Maintenance:** This includes keeping streets clean from debris, managing cleanup efforts from vehicular incidents or animal debris, and repairing damage to streets caused by various factors such as weather or accidents.
- **Pavement Maintenance Projects:** The Division helps coordinate pavement maintenance projects, including inspection requirements, to ensure that streets are properly maintained and repaired to extend their lifespan and ensure safety for motorists.
- **Traffic Signage Management:** Managing and repairing traffic signage is another crucial responsibility of the division to ensure proper traffic control and safety on the roads.
- **Town Center Street Lighting:** The Division oversees and manages the maintenance and repair of Town Center lighting to ensure proper illumination and safety in public areas.
- **Public Amenities and Facilities:** This includes overseeing and assisting in the management of public amenities, facilities, or properties such as parks, gardens, and public buildings.
- **Trash and Debris Cleanup:** The Division dedicates significant time and effort to picking up trash along major streets on a weekly basis to maintain cleanliness and aesthetics. Additionally, they trim, mow, and regrade shoulders to mitigate brush encroachment and reduce fire hazards.
- **Town Center Maintenance:** Facilities staff perform various maintenance and repair tasks within the Town Center, including repairing pedestrian lights, painting surfaces, setting up and tearing down for events, installing holiday decorations, repairing fountains and fireplaces, and addressing damage to aging infrastructure.
- **Storm Cleanup:** During active monsoon seasons or other severe weather events, the division is responsible for cleaning up debris and addressing any damage caused by storms. This can involve significant time and resources, depending on the magnitude of the storm.

Overall, the Streets/Facilities Division plays a crucial role in ensuring the functionality, safety, and aesthetics of the Town's public spaces and infrastructure, contributing to the overall well-being of residents and visitors.

### Accomplishments for 2023-2024:

- ❖ Continued tree & brush trimming along streets to address visibility and fire hazards.
- ❖ Swept/removed debris deposited in streets after storm events.



- ❖ Graded shoulders of arterial streets to provide fire breaks, address visibility issues, and provide safe pull-offs for vehicles.
- ❖ Provided support for Town-owned buildings to trouble-shoot electrical problems, replace light fixtures, paint, fix doors, etc.
- ❖ Regularly removed trash along all Town roadways.
- ❖ Participated in MS4 training and conducted inspections.
- ❖ Continuously inspect and repair pedestrian and street lighting in Town Center.
- ❖ Conducted culvert inspections.
- ❖ Maintain/repair assets in Gardens such as fountains, splash pads, irrigation, visitor center and amphitheater.
- ❖ Support special events by installing seasonal lights, amphitheater chairs and tables, heaters, misters, audio, trash, etc.
- ❖ Maintain all traffic signage throughout town.

Goals for Fiscal Year 2024-2025:

Ensure continued regulatory compliance and training.

Continue and refine program to maintain culverts.

Continue to manage and maintain rights-of-way and Town facilities/amenities.

Continue to coordinate infrastructure projects with street maintenance projects.

Continue to work with Town Engineer to create replacement schedule for equipment with limited useful life.

Coordinate with Town Engineer on Capital Improvement Plans and Projects.



The following operational expenses are essential for the efficient and safe operation of the Streets/Facilities Division, ensuring that public areas are well-maintained and meet safety standards.

- **Supplies and Materials:** This includes various supplies and materials necessary for daily tasks such as street maintenance, landscaping, and facility upkeep.
- **Median Maintenance:** Funds allocated for maintaining medians, which may include landscaping, irrigation, and general upkeep.
- **Janitorial Services:** Contracted services for maintaining cleanliness in public areas and facilities.
- **Safety Equipment:** Allocation for safety gear such as barriers, cones, and digital message boards to enhance the safety of personnel working in public rights-of-way.
- **Striping Machine:** Procurement of a new striping machine to replace the existing one, which is failing.
- **Traffic Signage Replacement:** Budget allocated for replacing faded traffic signs with new ones that have improved reflective qualities, enhancing visibility and safety on roads.

#### STREETS/FACILITIES OPERATIONAL EXPENSES.

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>PUBLIC WORKS</b>			
Supplies/Maintenance/Permits/Traffic Signs	\$90,661	\$76,482	\$110,000
Utilities/Trash/Fuels	\$74,391	\$78,805	\$96,000
Contract Services - Medians	\$60,000	\$60,000	\$60,000
Equipment Purchases	\$58,530	\$99,202	\$100,000
Gardens -Restrooms, Maintenance, Services	\$148,669	\$182,093	\$241,960
Education/Tuition/Lodging	\$2,000	\$2,750	\$3,200
<b>TOTAL</b>	<b>\$434,251</b>	<b>\$499,332</b>	<b>\$611,160</b>



**FACILITIES SALARIES AND BENEFITS – 4 FTES POSITIONS.**

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>PUBLIC WORKS</b>			
Salaries                    4 FTE	\$248,429	\$266,856	\$253,350
FICA	\$15,016	\$16,545	\$15,708
Medicare Expense	\$3,512	\$3,869	\$3,674
ASRS Retirement Contribution	\$29,831	\$32,797	\$31,086
Group Med/Dental/Life/AD&D	\$43,093	\$39,843	\$53,018
Vision Care	\$577	\$591	\$591
Workmans Compensation	\$16,944	\$18,445	\$19,000
Unemployment Ins.-Des	\$163	\$450	\$400
Uniforms	\$2,793	\$3,500	\$3,500
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$360,358</b>	<b>\$382,896</b>	<b>\$380,326</b>



**Public Safety:**

Typically, the costs to provide comprehensive public safety services make up over 40% (\$2.89 million) of the Town’s operational expenses. There are two independent service providers within the Public Safety Department: Law Enforcement and Fire and Emergency Services. These first responder services are provided to the Town through contracts with Maricopa County Sherriff’s Office (MCSO) and Rural Metro. This contractual model permits the Town to have access to a broader range of services in the most economical manner. This cost-effective approach is important as the costs for municipally run public safety enterprises has grown exponentially throughout the state and nation as the costs of public safety pensions continue to rise over recent years along with the costs to equip, train and retain these first responders.

The below table outlines the aggregated costs for public safety services. The next several pages will further detail these costs.

	FY 2023	FY 2024	FY 2025
	Actual	Estimated	Budget
<b>PUBLIC SAFETY SERVICES</b>			
<b>FIRE &amp; EMERGENCY MEDICAL SERVICES</b>	\$2,013,782	\$2,023,892	\$2,173,200
<b>LAW ENFORCEMENT SERVICES</b>	\$508,999	\$599,335	\$717,153
<b>TOTAL</b>	<b>\$2,522,781</b>	<b>\$2,623,227</b>	<b>\$2,890,353</b>





## Law Enforcement:

The Maricopa County Sheriff's Office (MCSO) plays a crucial role in law enforcement for the Town of Carefree. Here are some key points regarding the MCSO contract and its operations:

- **Responsibilities:** MCSO is responsible for enforcing both state and local laws, as well as deterring criminal activity within the Town of Carefree.
- **Professionalism and Community Policing:** MCSO provides a professional and courteous law enforcement agency that supports community-based policing principles. All sworn personnel are required to comply with the training standards set by the Arizona Peace Officer Standards and Training (AZ POST).
- **Cost Recovery Model:** The MCSO contract operates on a cost recovery model, covering expenses such as labor, training, equipment, supplies, staffing, office space, vehicles, and overhead costs.
- **Patrol Coverage:** The Town's current contract with MCSO provides for 0.3 beats or 1.5 deputies to patrol the community 24/7. During the high season (October to March), an additional deputy is allocated for increased traffic patrol, bringing the total level of service to 0.5 beats during this peak period.
- **Flexibility in Services:** The Town can request amendments to the MCSO contract to increase the level of service. However, any such increases must be accompanied by a revenue stream to offset the additional costs.
- **Addressing Traffic Concerns:** Residents' concerns about traffic safety are noted, and the Town is exploring various options to address them. These may include limited special enforcement periods, street design modifications, and the use of digital speed signs. Budgeting for additional year-round traffic enforcement is also being considered, subject to personnel availability.
- **Animal Control and Incarceration Fees:** In addition to the MCSO contract, the Town contracts annually with Maricopa County Animal Control to manage stray animals. Separate from operating the Consolidated Municipal Court, the Town pays Maricopa County a fee for incarcerations.



These efforts reflect the Town's commitment to maintaining public safety and addressing community concerns in partnership with MCSO and other relevant agencies.

### LAW ENFORCEMENT EXPENSES.

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>LAW ENFORCEMENT SERVICES</b>			
<b>MCSO Contract</b>	\$499,278	\$583,349	\$698,153
<b>Jail Services</b>	\$7,854	\$13,986	\$16,500
<b>Animal Control</b>	\$1,867	\$2,000	\$2,500
<b>TOTAL</b>	<b>\$508,999</b>	<b>\$599,335</b>	<b>\$717,153</b>



## Fire Department and Emergency Services:

The provision of fire protection and emergency services in Carefree involves a partnership with Rural Metro under a master contract arrangement. Here are some key points regarding this partnership:

- **Transition from Individual Subscriptions:** Initially, residents individually subscribed to emergency services with Rural Metro. However, in 2006, the Town assumed this financial responsibility and began paying Rural Metro directly for fire protection and emergency services for all residents, businesses, and property owners in Carefree.
- **Funding Mechanism:** The master contract is funded, in part, through a dedicated municipal sales tax of 1%, representing one-third of the total municipal sales tax collected. These revenues are placed into a dedicated fund known as the Fire Fund. Historically, the dedicated sales tax revenue in the Fire Fund has not been sufficient to cover the costs of the contract, leading to subsidies from the Town's General Fund.
- **Ownership and Contract Structure:** Under the master contract with Rural Metro, the Town owns all fire department facilities, furnishings, equipment, and apparatus. Rural Metro provides the personnel for these services. This approach separates the costs of assets from the contract, focusing the contract costs on labor.
- **Service Statistics:** In the fiscal year 2022-23, the Fire Department responded to 715 calls for assistance. The reported average response time for emergency calls (code 3) was 4 minutes and 18 seconds. However, there are no comparative metrics for average response time. The National Fire Protection Association (NFPA) sets the standard for response time which requires response time data for 90% of calls. 90% of the calls need to come in with a 4-minute response time in order to comply with NFPA standards. Over the past year, Rural Metro NFPA response time is generally above 5 minutes.

Overall, the partnership with Rural Metro underscores the Town's commitment to ensuring the provision of fire protection and emergency services to the community, albeit with challenges related to funding and data reporting. As the fire station approaches 20 years old, there is funding to refresh the interior paint, flooring, and fixtures. In addition, the expiring life-cycle of some of the emergency equipment is budgeted to be replaced.



### BUDGET FOR FIRE AND EMERGENCY MEDICAL SERVICES

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>FIRE &amp; EMERGENCY SERVICES</b>			
Rural Metro Contract	\$1,831,500	\$1,857,000	\$1,904,000
Office Equipment/Building Maintenance	\$2,102	\$2,600	\$120,700
Vehicle Maintenance/Fuel	\$22,179	\$19,342	\$20,000
Fixtures/Appliance Replacement	\$17,726	\$6,950	\$14,500
Emergency Equipment	\$140,275	\$138,000	\$114,000
<b>TOTAL</b>	<b>\$2,013,782</b>	<b>\$2,023,892</b>	<b>\$2,173,200</b>



## Municipal Court:

The municipal court serves a crucial role in administering justice within the community, handling violations of town ordinances and state laws. Here are some key points regarding the operations and structure of the municipal court:

- **Jurisdiction and Responsibilities:** The municipal court has jurisdiction over violations arising under town ordinances and codes, as well as civil traffic, criminal traffic, and misdemeanor violations outlined in state law. Additionally, the court issues protective orders when necessary.
- **Presiding Judge and Staffing:** The Presiding Judge is appointed by the Town Council and oversees court operations, including supervising court staff, making assignments for associated judges, and appointing a public defender as required by state law. The court staff includes a court administrator, deputy clerk, bailiff, and other personnel.
- **Personnel Costs:** Personnel expenses account for approximately three-quarters of the court's annual expenses. These include the salaries or contracts for the Presiding Judge, pro-tem judges, public defender, interpreter, court administrator, deputy clerk, and bailiff. The budget anticipates hiring a part-time assistant deputy clerk to address workload and time-sensitive processing requirements.
- **Shared Court Agreement:** Carefree and Cave Creek share the expenses of operating a municipal court through an Intergovernmental Agreement (IGA). This arrangement results in significant annual savings for both communities compared to operating independent courts. The court operates within Cave Creek, but the Presiding Judge and certain staff members are appointed by Carefree.
- **Financial Practices and Auditing:** The court's financial practices are audited annually by an external company to ensure compliance with state and local mandates. The audit report is shared with Cave Creek as outlined in the IGA.
- **Continuing Education and Professional Development:** The Presiding Judge and court staff participate in continuing education programs as required by the Arizona Supreme Court. Attendance at educational conferences and training sessions helps them stay updated on laws and improve customer service.



Overall, the municipal court plays a vital role in upholding justice and ensuring fair treatment of all individuals within the community, with a focus on efficiency, compliance, and professional development.

### SUMMARY OF TYPES OF CHARGES PROCESSED BY THE COURT.

CHARGES FILED	FY20/21	FY21/22	FY22/23	FY23/24*
<b>Criminal (non-traffic)</b>	32	36	28	54
<b>Criminal Traffic</b>				
<b>Failure to Appear (traffic &amp; non-traffic)</b>	0	2	1	1
<b>DUI</b>	22	32	38	24
<b>Serious Criminal Traffic</b>	12	9	1	0
<b>Other Criminal Traffic</b>	13	37	17	19
<b>Civil Traffic</b>	1,388	1,539	952	834
<b>TownCode</b>	8	5	7	62
<b>TOTAL</b>	<b>1,475</b>	<b>1,660</b>	<b>1,043</b>	<b>994</b>

\*FY 23/24 Figures include only the first half of the year (July 2023 — February 29<sup>th</sup> 2024)



### Accomplishments for Fiscal Year 2023-2024

- ❖ Updated and created criminal and civil traffic forms to comply with law and rule changes.
- ❖ Created a form and procedure to comply with Defendants' new ability to seal their criminal records after an allotted amount of time (Petition to Seal).
- ❖ Updated the court section of the Town's website with new information, including access to forms that enable the public to file motions/requests in an efficient and modern manner.
- ❖ Revised the court's treatment order form and updated the court's treatment provider workbook to assist Defendants with the ability to identify a provider of their choice.
- ❖ Revised the court's policy, warning and administrative order regarding the use of cameras and recording devices in the courtroom.
- ❖ Revised First Amendment auditor procedure.
- ❖ Completed a request by the Arizona Supreme Court to review and revise Chapter 13 of the Criminal Court Benchbook, utilized in statewide trainings and a published judicial resource.
- ❖ Created, implemented and published the court's "Plan B" to comply with Arizona Supreme Court mandates requiring the availability and use of virtual court appearances.
- ❖ Implemented use of telephonic appearances for criminal cases on a limited basis to reduce foot traffic, prevent unnecessary travel, improve customer service and ensure access to justice.
- ❖ Created a virtual plea packet to streamline telephonic change of plea proceedings.
- ❖ Implemented significant revisions to civil traffic bond card to reflect changes in the law and consistency with other jurisdictions.
- ❖ Implemented a new fingerprint compliance process to ensure all state departments receive accurate criminal records in a timely manner.
- ❖ Streamlined court process to improve customer service Implementation and continued migration of court forms, processes, and information to Microsoft Teams to facilitate centralized access for all court staff including a new jurisdiction tracking method.
- ❖ Held Security and Emergency Preparedness Committee meetings, reviewed and changed security protocols to conform with Arizona Supreme Court requirements and ensure safety of customers and court staff.





Goals for Fiscal Year 2024-2025

Coordinate with the Town Accountant to obtain contracted accounting software specialist for the installation and transfer of all data using the newly obtained dynamic accounting program.

Continue to identify any security concerns and identify possible needs qualifying for grant funding to improve court and customer security.

Continue to evaluate for possible implementation changes to the court's website to including filing motions, making requests and payments.

Identify materially relevant educational opportunities to enhance and improve court staff knowledge and performance of duties including enrollment into the Institute of Court Management.

Evaluate internal court administrative orders for update and revision as needed.

Implement new methods of community outreach and informational sessions.

Continued processing of the electronic storage of archived documents and records maintained by the Town Clerk and other departments.

Develop a standardized archiving schedule for newly created records and documents generated by staff to ensure a smooth and complete archiving process.



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

### CONSOLIDATED COURT OPERATIONAL EXPENSES\*

	FY 2023	FY 2024	FY 2025
	ACTUAL	ESTIMATED	BUDGET
<b>MUNICIPAL COURT</b>			
Office Supplies/Maintenance/Postage	\$17,344	\$18,620	\$21,636
Contract Services-Judge/Public Def/Interp	\$48,745	\$52,873	\$58,173
Education/Tuition/Lodging	\$575	\$0	\$5,350
<b>TOTAL</b>	<b>\$66,664</b>	<b>\$71,493</b>	<b>\$85,159</b>

*\*Prosecution fees & incarceration fees are found in law enforcement costs.*

### CONSOLIDATE COURT SALARIES AND BENEFITS – 2.5 FTES

	FY 2023	FY 2024	FY 2025
	Actual	Estimated	Budget
<b>COURT</b>			
<b>SALARIES</b> 2 FTE	<b>\$124,201</b>	<b>\$140,529</b>	<b>\$195,505</b>
FICA	\$7,932	\$8,713	\$12,121
MEDICARE EXPENSE	\$1,855	\$2,038	\$2,835
ASRS RETIREMENT CONTRIBUTION	\$16,204	\$17,271	\$23,988
GROUP MED/DENTAL/LIFE/AD&D	\$17,375	\$18,841	\$11,445
VISIONCARE	\$205	\$92	\$80
WORKMANS COMPENSATION	\$241	\$320	\$330
UNEMPLOYMENT INS.-DES	\$81	\$300	\$200
<b>SALARIES &amp; BENEFITS</b>	<b>\$168,093</b>	<b>\$198,104</b>	<b>\$246,504</b>

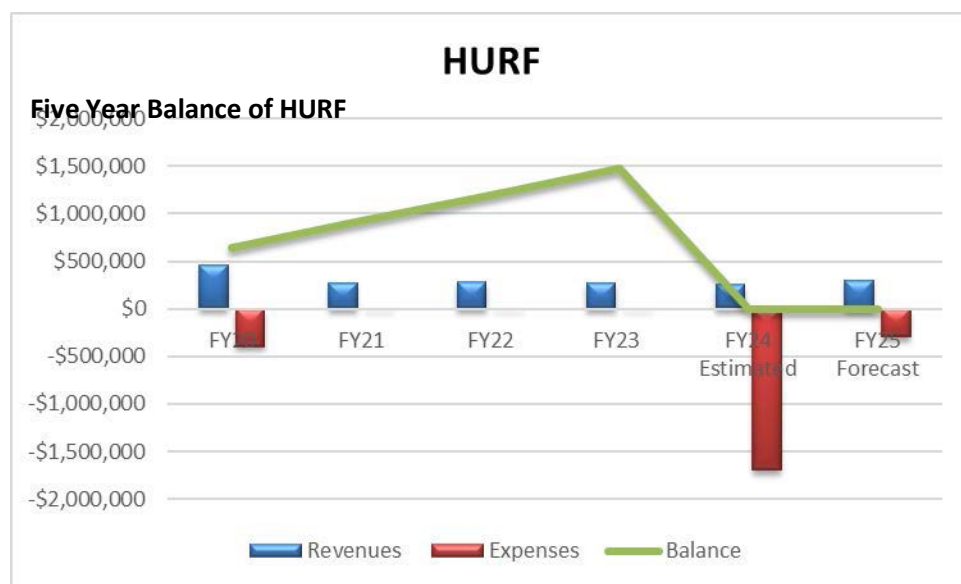


## ALTERNATIVE FUNDS

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

### Highway User Revenue Fund:

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



The Town has a ten-year public street pavement maintenance plan. This plan has been updated using technology called ROBATIC which is used to rate the pavement condition. This plan evaluates the level of asphalt distress and defines treatments to reduce pavement oxidation and mitigate the deterioration of the street surfaces throughout the community.

The funds within the Highway User Revenue Fund (HURF) are used to, in part, offset the costs for the street maintenance projects. However, these funds are not sufficient to cover the balance of costs associated with the projects. As the chart indicates, HURF monies are saved over time and then invested in the street projects. The balance of HURF was used for the \$3 million street maintenance project undertaken this past fiscal year. It is important to note, as the asphalt continues to age, its useful life decreases, options should be considered to fund an asphalt replacement program throughout the community. It is anticipated that an asphalt replacement program for all public streets in Carefree would cost approximately \$40 million under today's dollars and the present pricing of petroleum-based products. This figure does not include any associated curbing/gutter replacement or drainage feature upgrades nor any design/engineering expenses.



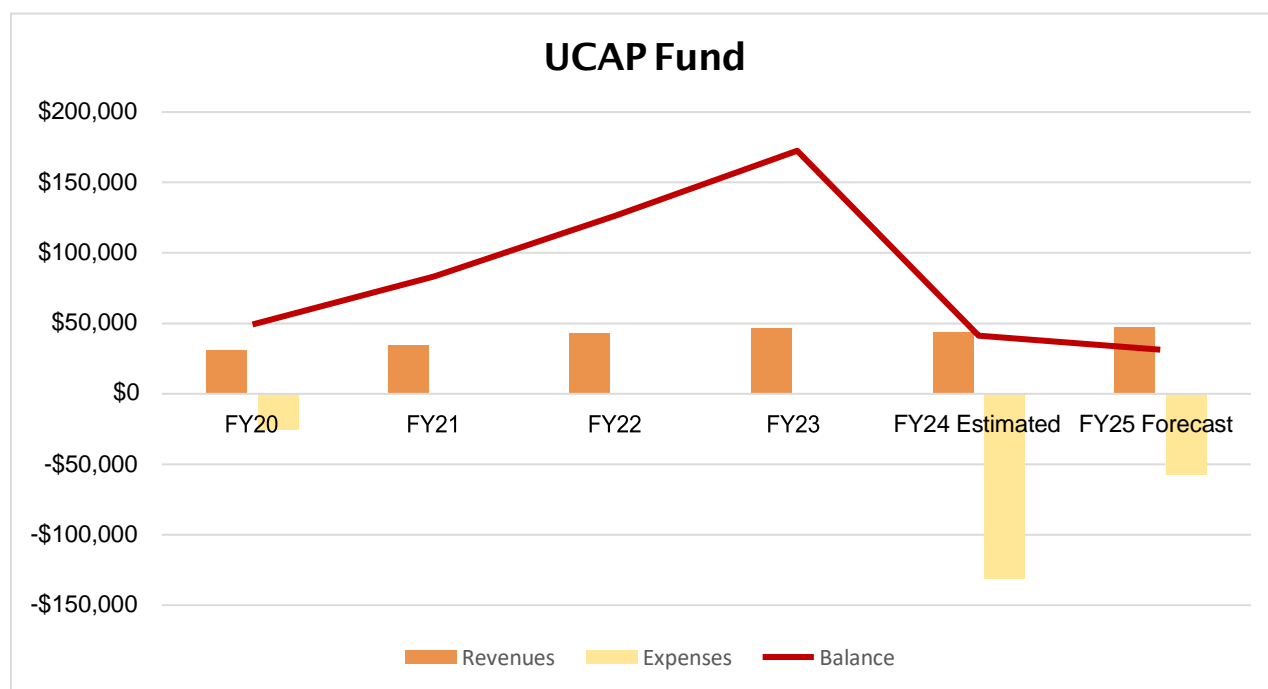
Approximately 4 years ago, the Town began the current cycle of Street Maintenance Projects. To date nearly 80% of the streets have been treated with a crack seal, fiber micro seal, or a cape seal treatment. It is anticipated that in the next fiscal year Tom Darlington Drive and western portions of Cave Creek Road will receive a 2 inch mill and asphalt overlay.

### Utility Capital Expenditure Fund:

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

As you can see from the chart below, there is a range in annual revenue which averages about \$35,000. These monies are saved and then subsequently invested in street maintenance projects over time. A residual balance of \$30,000 is typically maintained to ensure any claims by Southwest Gas for reimbursement can be funded.

**BALANCE OF UTILITY CAPITAL EXPENDITURE FUND**





**TOWN OF CAREFREE UTILITY COMMUNITY FACILITY DISTRICT FUND:**

PAY DATE	AMOUNT	BALANCE
30-Jun-24	\$10,000	\$3,268,956
31-Dec-24	\$24,000	\$3,244,956
30-Jun-25	\$24,000	\$3,220,956
31-Dec-25	\$24,000	\$3,196,956
30-Jun-26	\$24,000	\$3,172,956
31-Dec-26	\$24,000	\$3,148,956
30-Jun-27	\$24,000	\$3,124,956
31-Dec-27	\$150,000	\$2,974,956
30-Jun-28	\$150,000	\$2,824,956
31-Dec-28	\$150,000	\$2,674,956
30-Jun-29	\$150,000	\$2,524,956
31-Dec-29	\$150,000	\$2,374,956
30-Jun-30	\$150,000	\$2,224,956
31-Dec-30	\$150,000	\$2,074,956
30-Jun-31	\$150,000	\$1,924,956
31-Dec-31	\$150,000	\$1,774,956
30-Jun-32	\$150,000	\$1,624,956
31-Dec-32	\$150,000	\$1,474,956
30-Jun-33	\$150,000	\$1,324,956
31-Dec-33	\$150,000	\$1,174,956
30-Jun-34	\$150,000	\$1,024,956
31-Dec-34	\$150,000	\$874,956
30-Jun-35	\$150,000	\$724,956
31-Dec-35	\$150,000	\$574,956
30-Jun-36	\$150,000	\$424,956
31-Dec-36	\$150,000	\$274,956
30-Jun-37	\$150,000	\$124,956
31-Dec-37	\$124,956	\$0

In 1998, the Carefree Water Company was acquired through a Utility Community Facility District (UCFD). The goals associated with the acquisition were to diversifying the community's water portfolio and thereby reducing reliance on the community's aquifer while also bolstering the system's storage capacity and fire suppression capabilities.

To aid these efforts, a Capital Advance Loan was established which permitted the Town to loan the water company funds to invest in it's water infrastructure and improve the system's capacity while minimizing the impacts on water rates. Overtime, as the water company invested in the



original Carefree water system, this loan expanded; however, the benefits of these investments increased the system’s storage capacity and fire suppression capabilities.

More recently, this past fiscal year, an additional \$2 million was assigned to this Capital Advance loan to fund additional system upgrades to the Peaceful Place pump station and additional fire hydrants which benefit residential properties in both the original Carefree system and a neighborhood on the east side of Black Mountain in the recently annexed water service area. Payment schedule regarding the Capital Advance obligations are illustrated in the adjacent table to the right.

In addition to the Capital Advance, a Capital Lease in the form of a low interest loan from the Water Infrastructure Finance Authority (WIFA) was made to construct the largest reservoir in the water company’s storage capacity. A one million-gallon underground reservoir at the northeast corner of Pima Road and Stagecoach Pass. The water company has 4 remaining payments as outlined below.

Payment Date	Payment	Balance
30-Jun-24	\$244,764	\$715,798
30-Jun-25	\$244,764	\$471,034
30-Jun-26	\$244,764	\$226,270
30-Jun-27	\$226,270	\$0



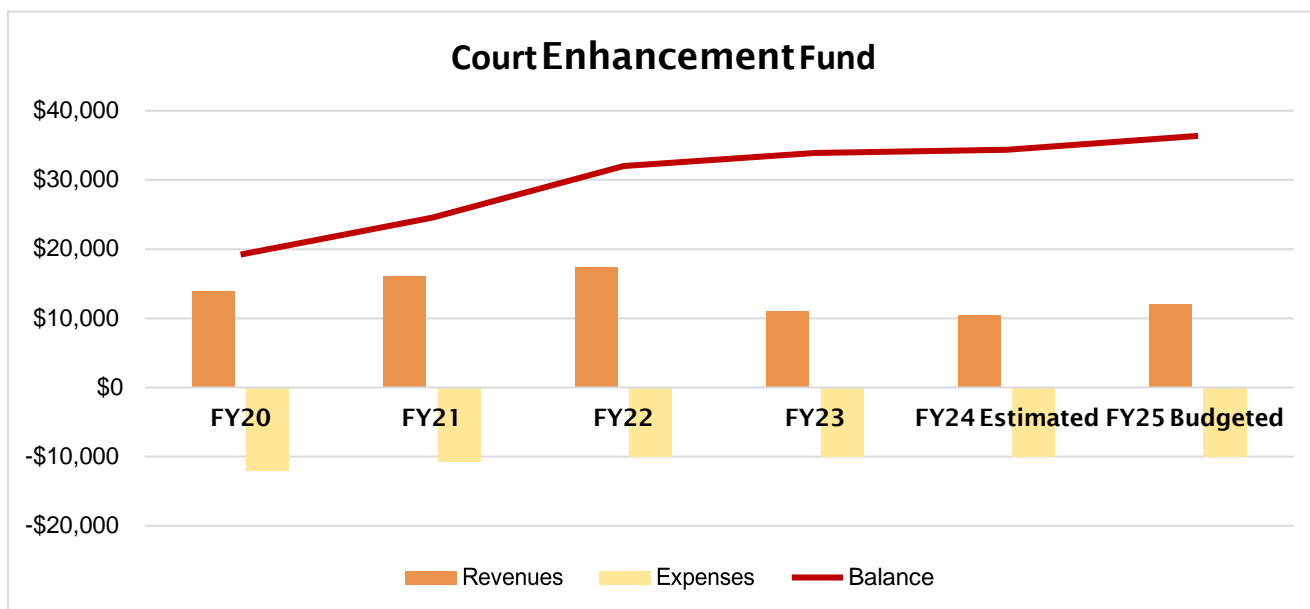
### Municipal Court Funds:

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

### Court Enhancement Funds:

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

**BALANCE OF COURT ENHANCEMENT FUNDS.**

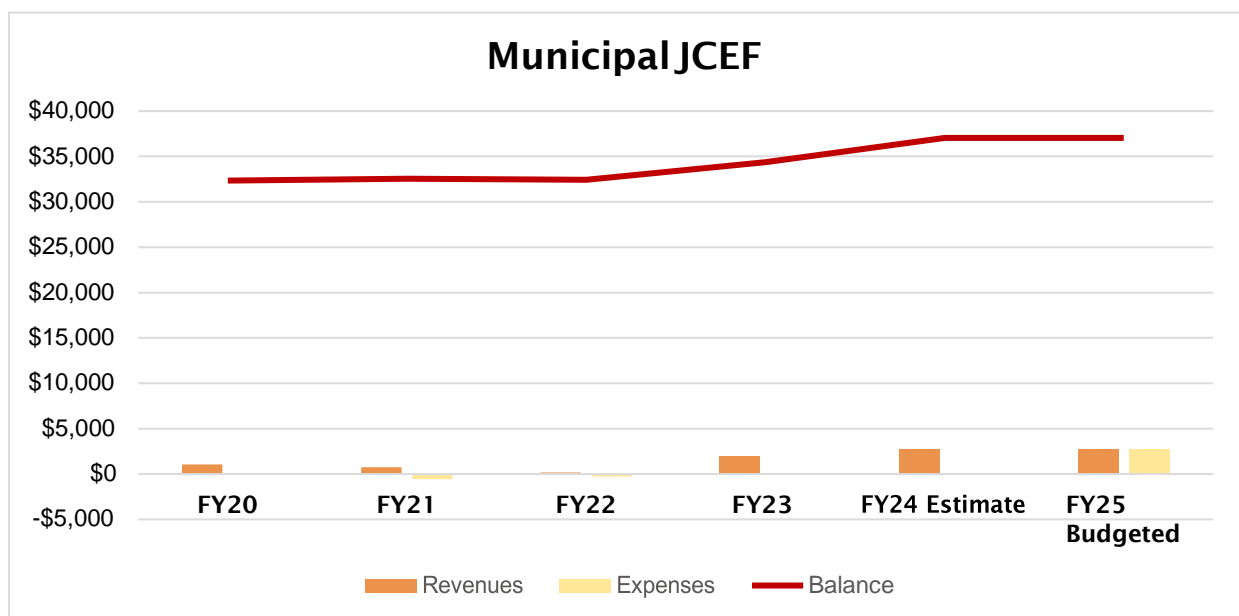




## MJCEF:

The chart below outlines the revenues, expenses, and annual fund balance of MJCEF. These Funds are allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Over the last five years, there have been nominal expenditures from this Fund and thus the balance is approximately \$37,000. This Fund can be used for future capital expenditures to support the court's needs.

### FIVE YEAR BALANCE OF COURT RESTRICTED MJCEF FUNDS.



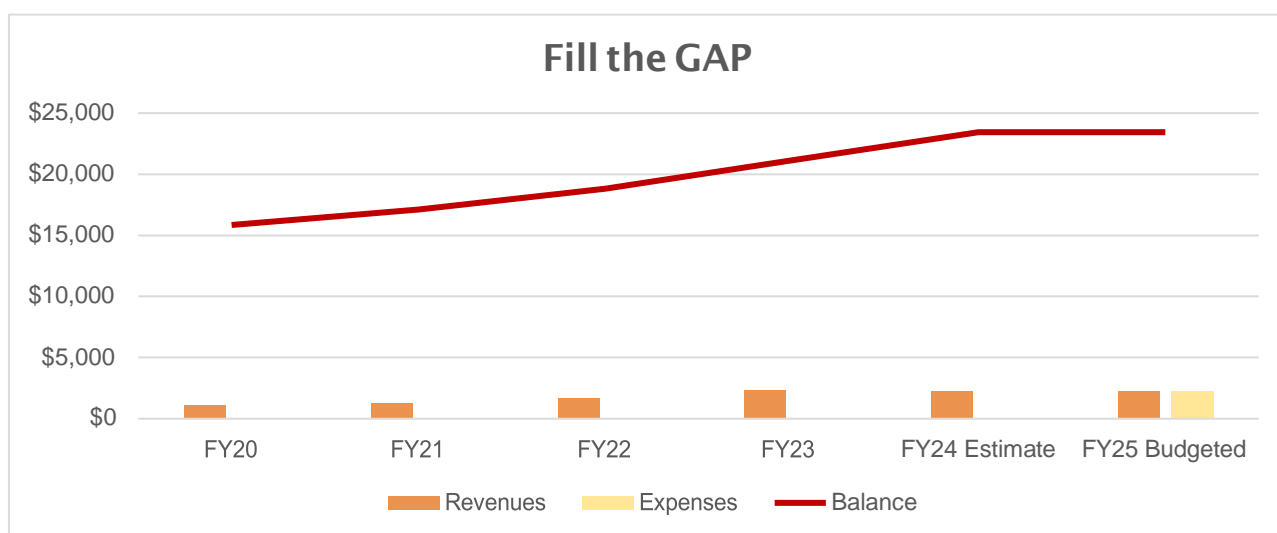




**GAP:**

The chart below outlines the revenues, expenses, and annual fund balance of GAP. This Fund is allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Like MJCEF, over the last five years, there has been limited expenditures from this Fund and thus the balance is approximately \$23,000. This Fund can be used for future capital expenditures to support the court's needs.

**FIVE-YEAR BALANCE OF COURT RESTRICTED GAP FUNDS**



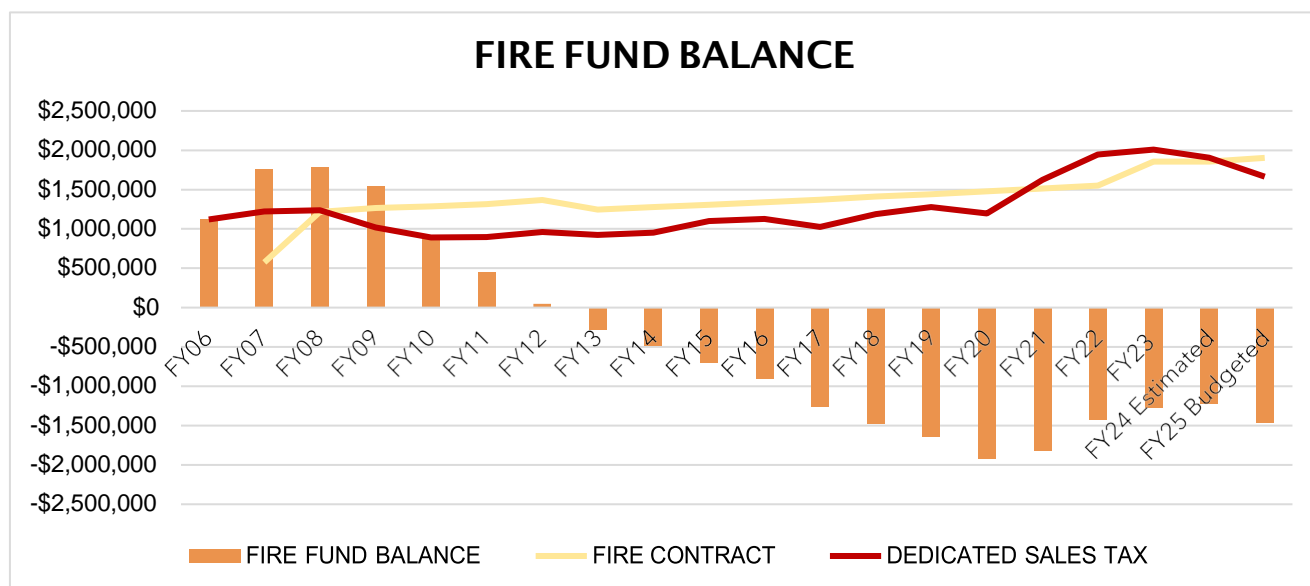


## Fire Fund:

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

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

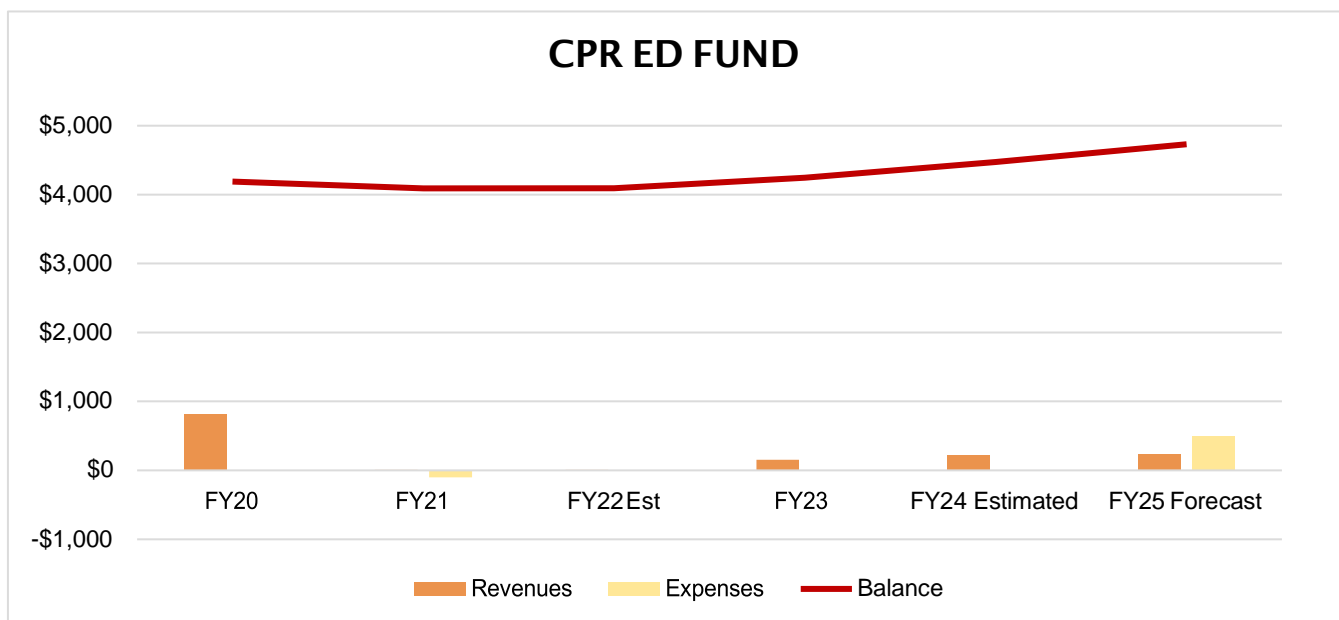
### FIRE CONTRACT STRUCTURAL DEFICIT:





### CPR Fund:

As part of the master contract, the fire department conducts a CPR program. The revenues (donations) and expenses associated with this program are captured within this specific Fund and simply reimburse the costs of the program for supplies. The account has approximately \$4,700.

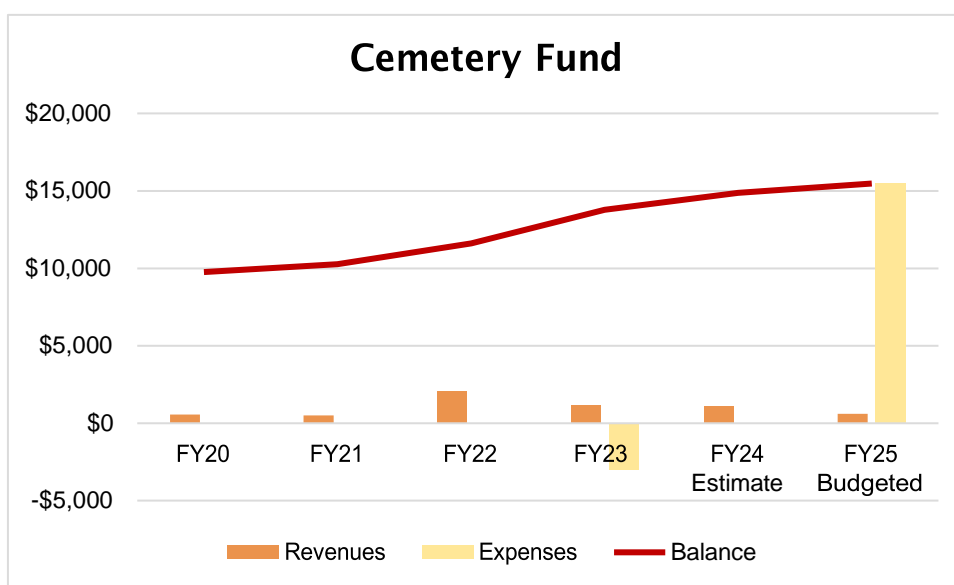




## Cemetery Fund:

The Town operates a small cemetery located south of Cave Creek Road on the east side of Pima Road. These funds are collected to cover general maintenance of the cemetery. The Town needs to create a digital map of the cemetery to better plan for its capacity and maintenance. Currently, the balance for this Fund is just over \$15,500. These funds will be used to conduct the surveying and GIS database.

### BALANCE OF CEMETERY FUND.



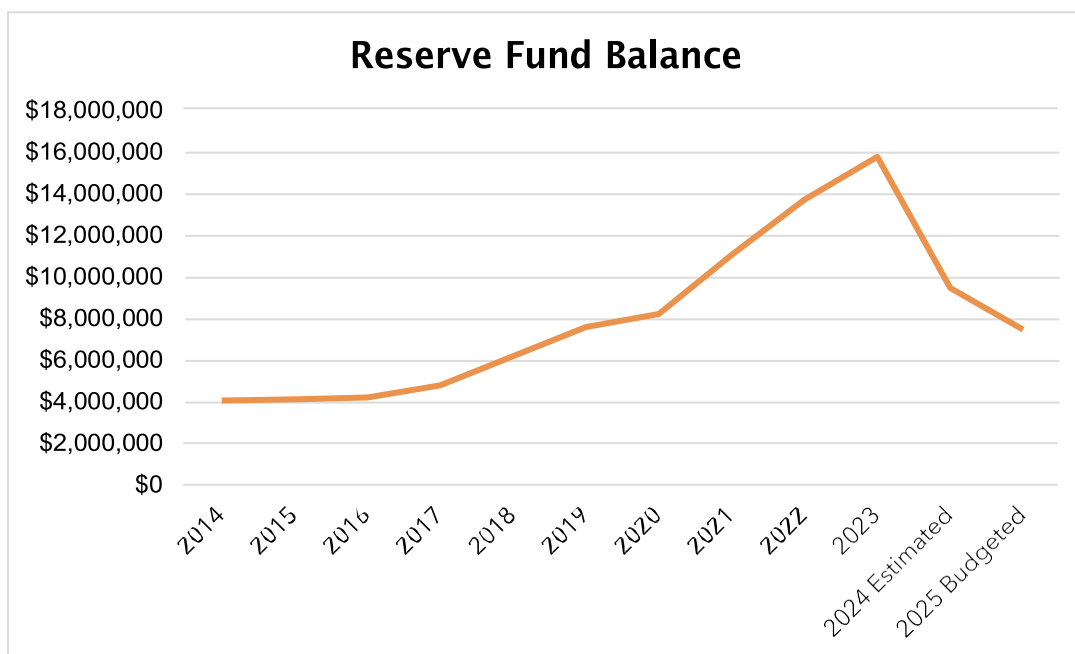


### Capital Reserve Funds:

The town has demonstrated proactive management of its infrastructure through the implementation of a Capital Improvement Plan (CIP) and the establishment of Capital Reserve Funds. Utilizing one-time revenues generated from new construction during periods of growth to bolster the reserve fund reflects prudent financial management. However, as the community approaches buildout, this revenue stream is expected to decline while maintenance costs for aging infrastructure are projected to rise. To address this challenge, the town needs to adopt a more sustainable approach to funding infrastructure maintenance. This could involve regular reviews and adjustments to the CIP, diversification of revenue sources, prioritization of maintenance projects based on asset management principles, and seeking grants and partnerships.

The below chart illustrates the Capital Reserve Fund balance over the last 10 years. The balance of this fund peaked in 2023 and subsequently is projected to decline to less than \$8 million over the next fiscal year. The main contributors to the resulting decline are investments in the Town's fire and emergency resources and street maintenance.

**BALANCE OF CAPITAL RESERVE FUND**





# CAPITAL IMPROVEMENT PROGRAM

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## **Streets:**

One of the Town's most significant capital assets and liabilities are its public streets, which serve the community. These streets endure the extreme heat and rays of the harsh desert sun, leading to significant oxidation, drying, and cracking of the asphalt, and overall degradation of the street surface. To mitigate the effects of these environmental conditions, the Town regularly undertakes cycles of preventative maintenance on the streets.

This maintenance involves observing various forms of asphalt distress and assessing the pavement condition index (PCI) to identify necessary actions, such as crack sealing, fog sealing, slurry sealing, chip sealing, milling, and overlaying. The Town last conducted a pavement evaluation in 2022 and is now approaching the end of its current street maintenance cycle, with approximately 80% of the streets having been treated. The next phase of maintenance will require over \$3 million in repairs.

In addition to maintaining the street surface, there are various associated infrastructure elements, including pedestrian crosswalks, signage, and drainage outlets, each requiring maintenance or improvement over time. Furthermore, as a new generation of residents moves into town, there are typical requests for additional infrastructure such as signs, crosswalks, sidewalks, street modifications, intersection modifications, and landscape modifications. These requests need to be reconciled with a cohesive plan to prioritize projects and establish a sustainable funding mechanism.

While current Town capital reserve funds are designated to maintain existing aging assets, the introduction of new infrastructure should be supported by a separate funding mechanism to prevent an imbalance that could hinder the maintenance of existing infrastructure. This approach ensures the Town can effectively maintain both existing and new infrastructure to meet the evolving needs of the community.

## **Drainage Facilities:**

The Public Works Department undertakes maintenance on numerous drainage culverts located beneath the Town's public rights-of-way. The Department follows an inspection schedule to clear debris from the entrances and exits of these culverts. Often, the bed of the wash leading into these culverts experiences fluctuations, resulting in sediment deposits within them. By removing this sedimentation, the capacity of the culvert typically remains unchanged, as sediment levels fluctuate with the wash bed. Consequently, the primary focus of the Public Works efforts is to minimize or remove brush and debris that could impede flows into the culverts. Additionally, the Department ensures the integrity of wing and headwalls to facilitate water flow through the culvert. Over time, some culverts and headwalls will require additional maintenance to maintain their functionality.



## Public Buildings:

The Town owns several buildings housing various administrative functions, each requiring reinvestment over time for reconditioning and repair. Here's a description of the five town-owned buildings/facilities:

1. **Town Council Chambers:** Recently remodeled to accommodate public meetings, ongoing maintenance costs are covered in the Town Administration budget. Upcoming improvements may include upgrades to audio equipment for better meeting recordings.
2. **Town Hall/Administrative Offices:** Located in a highly desirable and visible area, there's consideration for repositioning the building/property for restaurant/retail uses. However, staff will need a suitable space for relocation. Current maintenance costs are captured in the Town Administration budget.
3. **Amphitheater Multiple-Purpose Room:** This room hosts the visitor center, storage, and changing areas for performances, with public restrooms for the gardens and amphitheater. Maintenance costs are managed within the Town Center facilities budget.
4. **Fire Station:** Built in 2006 as part of the Town's fire safety program, ongoing repairs focus on equipment, furniture, and infrastructure like the roof, garage doors, windows, and HVAC equipment.
5. **Public Works/Water Company:** Buildings house both the Public Works Department and the Water Company. Recent upgrades include LED lighting for cost-efficient and higher-quality lighting, along with roof replacements. Ongoing maintenance is budgeted within the Public Works Department.

Additionally, the Town leases a privately owned lot adjacent to the Public Works facility to provide storage capacity for material and equipment supporting the Facilities team.

## TownCenter:

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

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



## FISCAL YEAR CAPITAL PROJECTS

CAPITAL PROJECTS	EST. EXPENSE
<b>Drainage</b>	
Culvert Repairs	\$750,000
Slurry Bank Repairs	\$150,000
ADEQ Sampling/Ms4 Compliance	\$15,000
	<b>\$915,000</b>
<b>Traffic Safety</b>	
Neighborhood Program	\$15,000
Flock Cameras (4)	\$12,000
Solar Radar Speed Signs (12)	\$110,000
Pedestrian Xings	\$750,000
	<b>\$887,000</b>
<b>Street Maintenance</b>	
Tom Darlington/CCR/Highlands 2-3" M/O	\$3,350,000
Street Sign Replacement	\$50,000
	<b>\$3,400,000</b>
<b>Town Center</b>	
Electrical Repairs	\$30,000
Chair Replacement	\$5,000
Landscape/Sidewalk Repairs	\$40,000
Replace Holiday Lights/Décor	\$25,000
Signage & Parking Lot Repairs	\$500,000
	<b>\$600,000</b>
<b>TOTAL</b>	<b>\$5,802,000</b>





### ANTICIPATED FUNDING SOURCES

ANTICIPATED FUNDS	AMOUNT
MAG Ped Grant	\$405,000
HURF	\$300,000
UTCAP	\$47,000
Capital Reserves/GF	\$5,050,000
<b>TOTAL</b>	<b>\$5,802,000</b>



## BUDGET CONTINGENCY

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



## EXPENDITURE LIMIT ANALYSIS

Each year the Arizona Economic Estimates Commission develops expenditure limits for local governments. These expenditure limitations are based on a formula using 1979-80 expenses adjusted for inflation and population growth. However, many communities have used statutory mechanisms to adjust the base due to the growing needs of the respective communities. On November 3, 1998, the citizens of Carefree approved a permanent base adjustment of \$1,047,314. Therefore, based on Carefree's permanent base adjustment, the expenditure limit for FY2024/25 is \$12,867,589.

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

### Expenditure Limitation Analysis.

Total Expenditures:	\$13,298,095
Exclusions from Revenues:	
Bond Proceeds	\$ 0
Debt Service Payments	\$ 315,675
Dividends, Interest, Gains	\$ 316,000
Grants (MAG)	\$ 405,000
ALF	\$ 10,000
Contributions from private organizations	\$ 0
HURF	\$ 310,000
UTCAP	\$ 47,000
Refunds, Reimbursements	\$ 0
Voter-approved exemptions	\$ 0
Total Exclusions:	\$ 1,087,675
Total Expenditures Subject to Limitation:	\$ 12,210,420
Expenditure Limitation:	\$ 12,867,589
Under Limitation by:	\$ 645,847

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# APPENDIX

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AUDITOR GENERAL SCHEDULE