

**NOTICE OF THE BUDGET WORKSHOP
OF THE CAREFREE TOWN COUNCIL**

WHEN: TUESDAY, APRIL 27, 2021

WHERE: ZOOM ONLINE*

TIME: 3:30 P.M.

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

Members of the Council are participating by technological means or methods pursuant to A.R.S. §38-431(4).

The agenda for the meeting is as follows:

CALL TO ORDER

SILENT ROLL CALL

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

AGENDA:

ITEM #1 Approval of the April 13, 2021 Budget Workshop Minutes.

ITEM #2 Workshop to discuss the Fiscal Year 2021-2022 budget.

ITEM #3 Adjournment.

DATED this 20th day of April, 2021.

TOWN OF CAREFREE

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

Items may be taken out of order

*Due to the risks to public health caused by the possible spread of the COVID-19 virus at public gatherings, it has been determined that public meetings will be held indefinitely through technological means. Meetings will be also open to the public through technological means. In reliance on, and compliance with, the March 13, 2020 Opinion issued by Attorney General Mark Brnovich, the Town of Carefree provides this special advance notice of the technological means through which public meetings may be accessed. While this special notice is in effect, public comment at meetings will only be accepted through written submissions, which may or may not be read aloud during meetings.

Join Zoom Webinar:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/3229729660>

Audio by Telephone:

1.669.900.6833 or 1.253.215.8782 or 1.346.248.7799

Webinar ID: 322 972 9660



FOR SPECIAL ACCOMMODATIONS

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

DRAFT
MINUTES OF THE BUDGET WORKSHOP
OF THE CAREFREE TOWN COUNCIL



WHEN: TUESDAY, APRIL 13, 2021
WHERE: ZOOM WEB <https://us02web.zoom.us/j/3229729660>
MEETING ID: **322 972 9660**
TIME: 3:30 P.M.

Town Council Attending:

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

Town Council Absent:

None

Staff Present:

Gary Neiss, Town Administrator; Alex Orozco, Communications Coordinator; Stacey Bridge-Denzak, Planning Director and Zoning Administrator - Steve Prokopek, Economic Development Director; Michael Tibbet, Chief Building Official; Travis Johnson, Public Works Superintendent; Dennis Randolph, Code Enforcement Officer.

Mayor Peterson called the Budget Workshop to order at 3:30 p.m.

AGENDA:

ITEM #1 Workshop to discuss Fiscal Year 2021-2022 budget.

Town Administrator, Gary Neiss presented the FY 2021/22 Budget Workshop via PowerPoint. This was the 1st of 4 public meetings to be held to discuss the budget. The next workshop will be April 27, 2021 at 3:30 p.m. Mr. Neiss outlined the budget process and timeline of future budget workshops to be held in order to review with Town Council the respective needs of the organization.

Town Administrator Neiss explained, the Budget process began earlier this year with the Council Work Plan. He plans to continue this process over the next couple years and revisit the work plan to identify how the Town is performing and to gain some metrics of performance for the organization. Mr. Neiss defined the four pillars, which make up the Plan:

1. Quality Community Development
2. Infrastructure Management
3. Economic Development & Financial Stability
4. Communications, Marketing and Community Engagement

Mr. Neiss pointed out that in the near future, when the new Town Engineer is selected, a work plan associated with infrastructure will be presented to Council. In addition, Planning Director, Stacey Bridge-Denzak will be working on information to provide to Council, regarding the general plan update.

Back in early January Town Administrator Neiss discussed with various Department heads that they needed to begin evaluating their department workloads. Mr. Neiss added he had changed the budget process this year, from a line item budget to a policy based budget, which describes the purpose of each department, associated workloads, and deliverables of each department. Mr. Neiss encouraged questions and discussion between staff and Council regarding associated Departmental workloads, prioritizations and the associated costs to perform their respective duties for the next fiscal year.

Town Administrator Neiss presented the organizational structure of the Town, 5 departments with Divisions within those departments with a core staff of 16 employees. Mr. Neiss invited each department head to discuss their respective roles and trends within their departments as well as anticipated costs or special projects that might need additional attention or focus over the balance of the next fiscal year.

Public Safety Department

Public Safety Advisory Committee

Town Administrator Neiss presented an overview of the committee's first introductory meeting. The first phase of the Public Safety Committee is to revisit the contract with Rural Metro. The Committee plans to meet with folks in Cave Creek to better understand the direction that they are taking and design a path for Carefree in the future. The next phase is to evaluate the level of service with MCSO regarding traffic calming, increase the patrols within the neighborhoods of Carefree and explore the use of photo radar to supplement the traffic control. Explaining, reports and formal recommendations will be made to Town Council to illustrate what changes they would recommend to the level of services in Carefree. Mr. Neiss spoke to the associated costs with the Rural Metro and Maricopa County Sheriff's Office contracts for the next fiscal year. The next Public Safety Advisory Committee meeting to be held May 12, 2021.

Administrative Services

Town Administrator Neiss presented an overview of the Department and the Divisions within.

- **Town Management** –Oversees the daily operation of the Town, administers all contracts, communicates with Town Council and citizens, and is the main point of contact for the organization. Workload of the Department over the next fiscal year consists of governmental compliance such as MS4, infrastructure coordination, the water acquisition and street pavement maintenance. Town Administrator Neiss is the point person for the Public Safety Committee. Mr. Neiss outlined the budget impacts of the Administrative Services Department such as inflationary increases on contracts and special projects throughout the Town.

Town Administrator Neiss presented for Town Clerk, Kandace French-Contreras

- **Town Clerk** – A Division of 2 employees. Mr. Neiss explained the roles and responsibilities of the two full time employees and the dual role of the office. Town Administrator Neiss outlined many of the responsibilities of the two staff members who handle many matters; custodians of the public records, management of State mandated programs, election officials, safeguard investments of monies. The Town Clerks Department supports the Town Administrator and staff as needed, processes payroll and provides support to the Town Attorney. Mr. Neiss recognized Jim Keen, Town Accountant/Deputy Clerk for his many years of dedication, acknowledging Mr. Keen's management and compliance of the audit. Jim Keen also handles all matters relating to IT, network security and maintenance of server administration.

The Clerk's Department is looking to update the outdated accounting budget software which will better conform to the new budget format and facilitate a better transition in the future.

Town Administrator Neiss responded to Councilmember Tony Geiger pertaining to the Town Engineer, timeframe of hiring and how it fits into the budget. Mr. Neiss explained that the position has been re-advertised as the finalists that were selected during the recent interview process had been hired on by other jurisdictions. Mr. Neiss provided the budgeted competitive salary and benefits package for the position and anticipates filling the position sometime in late May early June.

Mr. Neiss responded to Councilmember Vince D' Aliesio regarding the consideration of contracting with a recruiter for the position. Mr. Neiss explained his concerns with the costs associated in utilizing a recruiter.

Mr. Neiss introduced Alex Orozco, Communications Coordinator

- **Communications** – Communication Coordinator Alex Orozco presented an overview of the Communications Division's role, workload and budget impacts via PowerPoint. Ms. Orozco expressed the importance of developing a communications plan and strategies for the Organization, both publicly and internally, outlining details and strategies to accomplish these goals. Ms. Orozco outlined the plan of expanding the Town's digital presence and focus on the enhancement of imagery and Town branding. Ms. Orozco updated Council on the progress and implementation of the new Visitor Center, expressing the importance of attaining new handout materials and furnishing the space in a way that is welcoming as well as informative. Communications Coordinator Orozco itemized budget impacts and strategies such as costs associated with marketing within social medias, updating the website through Civic Plus and the acquisition of tangible marketing materials.

Ms. Orozco responded to questions from Councilmember Stephen Hatcher regarding feedback from business owners with respect to the newsletters that were sent out. She explained that the program has not yet been fully implemented. She noted that the contact information for business owners needs to be updated. Ms. Orozco informed that she has received great feedback and built great relationships by creating this layer of transparency with central businesses by extending conversations with business owners in person, while strategizing ways to acquire updated contact information.

Community Development

Mr. Neiss introduced Stacey Bridge- Denzak, Planning Director and Zoning Administrator

- **Planning and Zoning Division** – Planning Director and Zoning Administrator Stacey Bridge-Denzak began her presentation by referencing the work plan document that identifies the vision that relates to premier distinct communities, high quality and experience based retail. Ms. Bridge-Denzak explained that the Planning and Zoning Division is all about delivering this vision by way of the built environment, believing that Planning and Zoning is the Division that represents what everybody sees. Ms. Bridge-Denzak explained that this is accomplished through the General Plan and required updates thereto. Noting the General Plan is basically the blueprint of how the Town plans to develop, Ms. Bridge-Denzak expressed the importance of the Zoning Ordinance, Town Code and Subdivision Regulations which are also important documents that are the framework of supporting that overall vision. Director Bridge-Denzak recognized the significance of having an Economic Development Director on board as the two divisions work in concert to support the goals of the Community Development Department.

Ms. Bridge-Denzak continued to explain, Planning and Zoning meets with Commissioners, Councilmembers, citizens, applicants, businesses and other interest to discuss development plans, cases and permits and support general development opportunities in Carefree. The department works closely with the Building Department, processes ROW permits and offers support for questions relating to Carefree and its physical development. Director Bridge-Denzak emphasized the importance of the archiving of the Department's records and minutes.

Presenting an overview of the workload of the Planning and Zoning Department, Ms. Bridge-Denzak shared numbers of applications, text amendments, public meetings and hearings, site inspections and review of Building permits for compliance with the Zoning Ordinance. In addition, the Department manages the ongoing Crosswalks Study. The amount of workload for the department was tremendous.

Director Bridge-Denzak outlined budget impacts of the Planning and Zoning Division which include the General Plan update and update of the Zoning Ordinance. The Zoning ordinance maintains that vision and supports the development of the community at large. Ms. Bridge-Denzak expressed the importance of the safe storage of the Divisions archive documents, working toward acquiring space at a local storage facility for this purpose and getting our Code/Ordinance.

Vice Mayor John Crane inquired regarding the timeframe of the General Plan update process. Director Bridge-Denzak explained the goal is to hire a consultant by the end of 2021 and begin the process in early 2022, then bringing it forward for a vote by the residents in 2023. Additionally, Vice Mayor Crane questioned the process in updating the Zoning Ordinance. Ms. Bridge-Denzak outlined the process. Informing that the updates first go through Planning and Zoning for recommendation then to Town Council for final approval. Ms. Denzak explained that the update needs to be looked at holistically, to ensure how we want development within the Town to occur. Ms. Bridge-Denzak further

explained that both updates will happen concurrently. Councilmember Kroyer asked for clarification of the referenced Planning and Zoning related policy documents. Director Bridge-Denzak explained the Baker Study is specific to Town Center; the General plan is a policy document that is mandated by the State and requires an update every 10 years. Ms. Bridge-Denzak noted that the General Plan is that policy document that the Zoning Ordinance builds upon.

Councilmember Stephen Hatcher had questions related to the digitization and safe storage of the division's documents. Ms. Bridge-Denzak explained that most of the digitizing of Planning and Zoning records is done by Department staff in-house. Ms. Denzak further explained that the Planning and Zoning minutes are stored in fireproof cabinets, but all other documents are not, emphasizing the importance of acquiring space at a local storage facility.

Town Administrator Gary Neiss introduced Michael Tibbett, Chief Building Official.

- **Building Safety Division** - Mr. Tibbett detailed the role of the Building Safety Division, including the number of inspections and plan reviews. Mr. Tibbett meets with developers, homeowners, contractors and architects to resolve complex building code issues and ensure compliance as well as provide safe guards for the public and properties related to construction. Chief Building Official Tibbett expressed that the workload is heavy, given the number of inspections, site inspections, plan reviews. He described his work on the Hampton Inn.

Mr. Tibbett provided the Council with information on budget impacts, the need for professional services, and future anticipated replacement of the Town vehicle, a 2012 Ford Escape, assigned to him.

Vice Mayor Crane commented that Building permit fees should cover building permit inspection costs. Have building permit fees increased accordingly with the number of inspections? Mr. Tibbett provided clarification noting that the Town's building permit fees are some of the highest and have not increased. Mr. Tibbett further explained the permit fee calculation process.

Town Administrator Gary Neiss introduced Steve Prokopek, Economic Development Director.

- **Economic Development Division** –Steve Prokopek, Economic Development Director presented goals and dynamics of the Economic Development division. Mr. Prokopek expressed the importance of product development, including creating a redevelopment area, putting tools in place that will allow the Town to create a built environment, beginning with ideas. Mr. Prokopek further explained, from there we can take those ideas, and move toward a strong marketing and outreach program. Director Prokopek explained that most of the budget impacts for the Economic Development Division are in concert with the Planning and Zoning Division, feeding directly into the General Plan Update as well as the Zoning Ordinance updates. Mr. Prokopek explained from a budget perspective, the dynamic balance between product development and business development, outreach and marketing.

Director Prokopek concluded that the budget request is more about building tools, redevelopment area plan and updating the economic analysis and information.

Town Administrator Neiss introduced Dennis Randolph, Code Enforcement Officer

Code Enforcement Division – Dennis Randolph, Code Enforcement Officer described his role within the division. Mr. Randolph investigates complaints, acts as Court Bailiff and performs duties related to the court. Mr. Randolph processes business licenses and vendor certificates. Dennis also assists with the front of office whenever needed. Mr. Randolph presented data related to his workload relating to the number of business licenses and vendor licenses processed as well as the number of investigations conducted. Officer Randolph stated that his division's budget request is small with one request, the replacement of the 10 year old Ford Escape.

Town Administrator Neiss introduced the Public Works Department.

Public Works Department

- **Town Engineer Division-** Mr. Neiss provided an overview of the process and timeline of hiring a Town Engineer, further defining the role of the Town Engineer to oversee agency governmental compliance requirements, manage public infrastructure and assets and coordinate workload for facilities and ROW Division, MS4 compliance requirements, dust control permitting requirements, drainage and street repairs, inspections for grading and drainage compliance and review plans for compliance issues and oversee ROW permits and manage street projects, which is key to the Town Engineer's role. Mr. Neiss added an additional aspect of the Town Engineers position, putting capital projects together, reviewing the assets and fundamentally putting a plan together.

Mr. Neiss shared respective budget impacts of this Division to include a new truck for the Town Engineer, consulting services to develop data for street maintenance programs, GPS/GIS work and adding new software to support the position.

Councilmember Stephen Hatcher asked if the vehicles the Town acquires are leased or purchased. Mr. Neiss informed Mr. Hatcher that the vehicles are purchased through a State process, not leased.

Town Administrator Neiss responded to questions pertaining to how the Town Engineer and the Carefree Water Company will interface. He explained the Town Engineer will be overseeing the Public Works department which is adjacent to the Carefree Water Co. Mr. Neiss sees the Town Engineer position having office space in Town Hall as well as a presence at Public Works and as a result, Mr. Neiss sees a close alignment in coordination between the Town Engineer and the Carefree Water Company, more specifically, Greg Crossman.

Mayor Peterson commended Town Administrator, Gary Neiss and Town Engineer, Greg Crossman for all the extra work that the two of them in particular have done, expressing that it's very necessary. Mayor Peterson acknowledged the outstanding job that they have done and recognized that it is over and above what all else they are trying to accomplish. Town Administrator Gary Neiss introduced Travis Johnson the supervisor for the Public Works Division.

Facilities/ROW – Public Works Supervisor Travis Johnson presented information on the four personnel, including him, and the work and responsibilities of the Public Works department. He explained the role of the Division, including the maintenance and repair of public facilities, safety surveys, ROW maintenance, traffic signs, signage maintenance, equipment maintenance and other responsibilities. Mr. Johnson presented an overview of Public Works workload expressing how busy it has been. The acquisition of a brush chipper has cut the work load in half. The Public Works team has maintained the thinning of tree canopies, painted walls and buildings within the Town Center Gardens, building of a storage facility for the golf cart and storage and built out the greenroom for a visitor center, meeting, office and event space. The Public Works department installed a new drainage culvert in the cemetery to stop erosion along the driveway, treated the surface pavers of the amphitheater and painted the floor of the splash pad. Mr. Johnson emphasized the amount of ongoing maintenance and repairs needed to the lights and electrical outlet covers within Town Center Gardens.

Councilman Vince D' Aliesio acknowledged the Public Works Division for all of their hard work. Mr. D' Aliesio inquired about the cost savings of Public Works building of the recent shed as opposed to hiring out the work. Mr. Johnson responded that there was a large savings in performing the work themselves.

Town Administrator Gary Neiss presented for Carol Comacho, Consolidated Court Administrator

Municipal Court Department

- **Consolidated Court** – Mr. Neiss provided information pertaining to the role of the Consolidated Court. Mr. Neiss reminded the group of the new administration at the Courts. The new presiding Judge was appointed last month, Tara Parascandola. Mr. Neiss explained Carol Camacho is the new Court Administrator. Town Administrator Neiss acknowledged Carol for all she does in assisting Judge Parascandola in making it a smooth transition. Mr. Neiss outlined the role of the Court; processing all civil and criminal citations issued in Carefree and Cave Creek, responding to public inquiries, maintaining accurate court records and distributing monies received according to Statute. Mr. Neiss presented that the workload of the Court increased in citations due to the change in MCSO leadership, and incoming citations due to bike week, legislative changes increase inquiries from the public and daily operations are often difficult with minimal staff. Budget impacts include new forms due to legislative changes and postage costs that increased operational costs.

Councilman Tony Geiger questioned if there will be statistics with DUIs and other citations? Mr. Neiss explained that the reports take a while to process through the court, but there are monthly data reports provided through MCSO.

Town Administrator reminded the group of the next budget workshop to be held April 27, 2021.

Lastly, Mr. Neiss presented an overview of Capital Projects. Funds to support maintaining existing infrastructure such as providing street maintenance projects, improving the safety of pedestrian crosswalks, replacing signage, maintain our assets to reduce vandalism by

adding security cameras, pet repairs, Town Center revitalizations initiatives and the potentially the water consolidation project.

Mr. Neiss presented a schedule of future Budget meetings:

- April 27th Budget overview of revenues & expenses
- May 4th Tentative budget – bottom line adopted
- June 1st Budget adoption
- July 1st New Fiscal Year begins

ITEM #2 Adjournment.

The meeting was adjourned at 5:00 p.m.

DATED this 15th day of April, 2021.

TOWN OF CAREFREE
BY: *Samantha Gesell*
Samantha Gesell, Planning Clerk

TOWN OF CAREFREE



Fiscal Year Budget 2021-2022



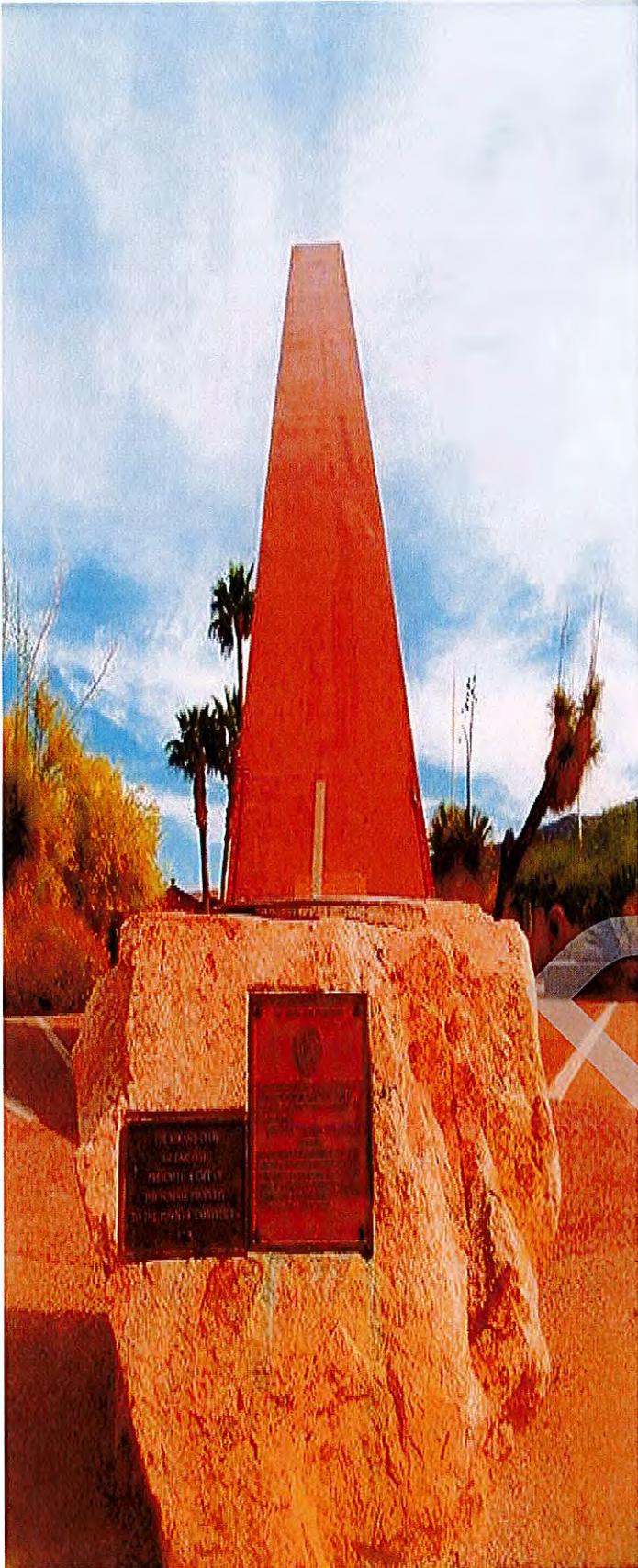
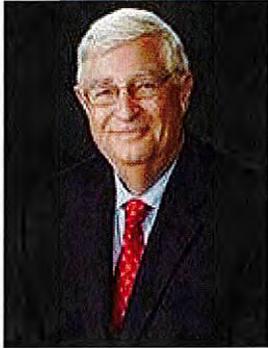


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Auditor General Schedules

MAYOR'S MESSAGE



It has been a tremendous honor to serve this beautiful community as your Mayor over the past six years. Each year, the budget process is one of the most important tasks the Town Council undertakes. In order for the residents and community interests to better understand how the public money is spent, the Town is introducing a new formatted budget this fiscal year called program based budgeting. Program based budgeting is a method of budgeting expenditures to meet programmatic objectives of the organization rather than budgeting on a non-descriptive line-item basis. This approach provides a rational basis and explanation behind the numbers. This rational basis is expressed in specific performance objectives/service levels outlined within

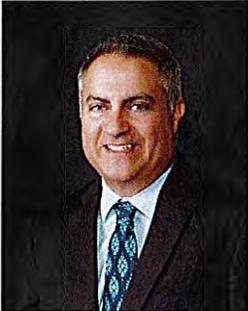
each department.

During the fall, the Council conducted public workshops with outgoing and incoming Councilmembers to review and further develop a work plan outlining what the Council hopes to address over this next two year Council term and delineate strategies to achieve the objectives in the work plan. This budget document is one element, from a policy perspective, which permits the Town to fund and implement the initiatives defined by this collaborative process.

From a longer term perspective, as the community matures and a new generation of residents emerge within the community, priorities and desired levels of services may evolve. Additionally, over time, external influences can impact the level of municipal services as well as perhaps, their funding mechanism. A collaborative citizen driven process should be used to navigate these evolving circumstances. For example, the Council recently appointed a Public Safety Advisory Committee. The Committee is composed of a cross-section of residents from many different professional backgrounds; however, a common theme amongst the Committee members is their professional experiences in analyzing business models. More specifically, in part, the Committee is evaluating evolving circumstances with Fire and Emergency Services. The Committee has begun to analyze the existing level of service provided by Rural Metro and external influences from nearby first responding agencies desiring for both Carefree and Cave Creek to join the regional emergency response partnership called Automatic Aid. The Committee of residents will evaluate the benefits and costs of such a change in the level of service, outline potential increases in costs and provide funding options for the community to consider. This bottom up approach creates ownership in solving our future concerns and helps to provide for a stronger sense of community.

In the future, I would like to see more collaborative grass root collaborations so we may share our experiences and design the appropriate solutions for our community. Please consider giving back and helping your community by volunteering your time in assisting the Town. It is an excellent way of using your skill sets and experiences to better the community around you.

TOWN ADMINISTRATOR'S MESSAGE



For almost two decades I have had the distinct honor and pleasure to represent and work with residents, businesses as well as appointed and elected leaders within the Carefree community. As residents, businesses and leaders have transitioned through the community, our fiscally conservative management approach has served the community well. Looking towards the future, as the community approaches residential build-out a renewed focus will be on revitalization/updating of residences as well as the community infrastructure.

Additionally, as the community matures, levels of services will need to be revisited to ensure the Town addresses the evolving needs of the community.

For example, public safety is always a critical contributor to quality of life for Carefree residents and businesses. From a community policing perspective, calming traffic passing through the community is constant concern expressed by many Carefree residents. The use of technology through photo enforcement may be a cost effective means to change the behavior of the bad actors passing through the community while allowing the town to redeploy Sherriff deputies to conduct more community/neighborhood patrols to further enhance visibility throughout the community.

Another example of evolving community needs is fire service. The current contract with Rural Metro is set to expire in the summer of 2022. Now is the time to begin to explore the level of services and associated costs. Recently, in neighboring Cave Creek, the discussion regarding emergency service coverage has focused on incorporating Automatic Aid into a possible master contract with a nearby emergency service provider. Any change outside of the current provider, Rural Metro, will impact the level of services in Carefree. Due to this fact, Carefree needs to explore its options regarding Rural Metro and possible impacts Cave Creek's decision may have on Carefree's level of service. At the present time, Carefree has a mutual aid agreement with Scottsdale which permits Scottsdale to respond when called upon. However, Automatic Aid would provide a more seamless and quicker response as the closest equipment is automatically dispatched to the site of an incident and thus saving time and possibly lives. Therefore, Carefree needs to further explore these evolving circumstances to possibly adjust its level of services. Obviously, any changes to level of services must be reconciled with associated expenses and supporting revenue streams. All of these considerations must be flushed out with the community to cultivate an understanding of these evolving issues and the options the community must consider.

Water resources has been and will continue to be a critical topic for Carefree and all communities in the Desert Southwest as the ongoing drought continues. In order to preserve and protect the water resources for all Carefree residents, business and property owners, the Town began the process to incorporate and integrate the Carefree residents reliant upon the Cave Creek water system a few years ago. In January 2021, this contractual acquisition process concluded with the Town of Cave Creek. The next phase of this acquisition will include a series of construction projects which will disconnect these accounts from the Cave Creek distribution system and integrate them into the Carefree Water Company distribution system. The integration of these additional accounts into the Carefree Water

Company system will create an additional economy of scale and thus reduce customer costs for future capital investments to the system, provide for sufficient CAP surface water rights to serve these additional customers, ensure representation over all water resources for all Carefree residents and enhance fire suppressant infrastructure within the community.

Looking to the future, even if the level of core municipal services remain constant, the inflationary indexes point to the need to increase revenue streams for the Town to offset the anticipated inflationary increases. Over a ten year planning horizon, if a compounded 3% inflationary index is applied to general operations of the Town, an additional \$1.8 MM will be needed per year within 10 years to fund existing core municipal services. This does not take into account any changes to those core municipal services which may further add to this figure. Given the community desire to fund municipal operations through the generation of municipal sales tax, the Town must evaluate and implement a program to diversify and enhance the generation of municipal sales tax. Over the past year, the Town has begun the transition from producing events to attract consumers into Carefree to more strategic economic development initiatives. This change in strategy includes the hiring of the Town's first Economic Development Director. During the current pandemic, the focus was to assist existing businesses obtain funding and tools to mitigate the financial hardships caused by the pandemic. Looking towards the future, an economic development work plan was reviewed and approved by the Town Council. In addition, an Economic Development Technical Advisory Panel (EDTAP) was created to provide additional technical assistance. The EDTAP is made up of professionals immersed in the commercial real estate business and will help provide supporting data to guide how to diversify and enhance the Town's tax base. The revenue target for these Economic Development initiatives will be to generate an additional \$3.0-\$3.5 MM of revenue per year within approximately ten years.

In support of these economic goals, Carefree must make a concerted effort to work on both economic development and community development initiatives together. They are interdependent and reinforce each other's importance in the fiscal, environmental, and social sustainability of Carefree. While Economic Development creates wealth for the Town to operate and meet its fiscal challenges, community development invests in making the community a better place to live and strives to maintain its quality of life. The COVID-19 pandemic caused a major disruption in the local economy; however, Carefree saw the commencement of three key development projects: the construction of the Hampton Inn, the construction of The View Carefree, and the approval of infrastructure permits for the Carefree Quarter. Each development is an important future economic driver: 1. The Hampton Inn will supplement the Town's revenues through a transient lodging tax or "bed tax" and support local tourism; 2. The View Carefree will bring a small but critical mass of people to Town Center; and 3. The subsequent development of the Carefree Quarter will capitalize on commercial opportunities at one of the Town's prime revenue-generating intersections. And, as Carefree continues to grow, maintaining it as a "distinctive, premier upper Sonoran community" will require careful attention to its development policies and regulating documents. The Town will soon embark on updating its most important policy plan, the General Plan, as required by State law. This plan defines the vision for growth in Carefree and is considered the Town's "blueprint" for future development. This update will establish the framework for creating new zoning standards, reinvesting in Town infrastructure, protecting open space, and enforcing Town values that support Carefree's "high quality lifestyle."

Communications is a critical link to inform citizens on evolving circumstances internal and external to the Town. In today's world, there are many different platforms to communicate. This includes but is not limited to digital newsletters, Facebook, Instagram, Twitter, blogs, YouTube and websites. The Town hired a Communication Manager to implement a plan to use these platforms to engage citizens, businesses and visitors to Carefree. Because each of these audiences have specific needs, the message and communications platform need to be tailored to the respective audience. The Communication Manager will focus upon engaging these audiences by using the appropriate platforms.

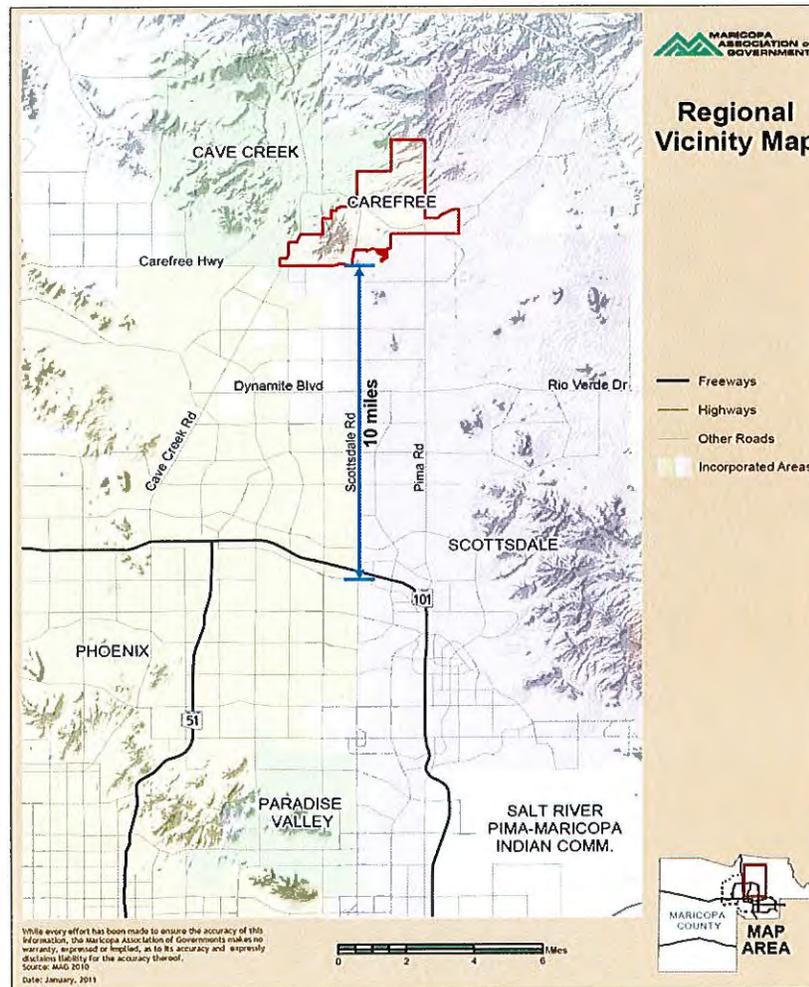
Finally, as the community's infrastructure matures, the Town must continue to explore how to best maintain and/or replace its capital assets as their useful life is exhausted. The Town's streets are one of its largest assets as well as liabilities. With over a 110 lane miles of streets, the Town has and continues to invest in minimizing the deterioration of the aging asphalt. Over the next couple of years, the Town must revisit its 10 year pavement management plan to reassess pavement distress attributed to natural oxidation of the pavement. Additionally, external governmental compliance issues such as MS4 permitting requirements, dust control compliance requirements, OSHA requirements and safety training of Public Works personnel necessitate the hiring of a full time Town Engineer to more effectively manage these tasks. Prior to the great recession the Town had a full time Town Engineer to help manage these capital projects and governmental compliance requirements. Due to growing demands and need to create and manage a comprehensive Capital Improvement Plan to better manage its aging assets, the Town will be hiring a full time Town Engineer to oversee and manage the Public Works Department and provide a comprehensive program to repair and/or replace its assets over time.

In summary, the Town has an eye towards the future. The Town is positioning itself to maintain its high quality of life while providing for a sustainable tax base to offset the forecasted escalating costs of providing core municipal services while effectively and strategically managing its assets. The Town continues to seek and improve communication channels to engage its citizens, businesses and property owners to participate and help guide the future direction of the Town. This budget is a stepping stone to help achieve these objectives and maintain the Town's financial solvency. The budget outlines the Town's financial policies and objectives, details the Town revenue streams, and delineates the Town's organizational structure, responsibilities and work products of each department and the associated costs. As this is the first year preparing the Town's program based budget, additional information will be added each year to further refine and clarify how the public's money is invested within the community.

COMMUNITY PROFILE

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

FIGURE 1: REGIONAL VICINITY MAP:



COMMUNITY PROFILE

Historical Context

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

ranching and mining faded as

sustainable economic drivers. However, in the 1930's as the dams along the Verde River were built, the construction workers began to settle in the general area and supporting businesses and restaurants were introduced.

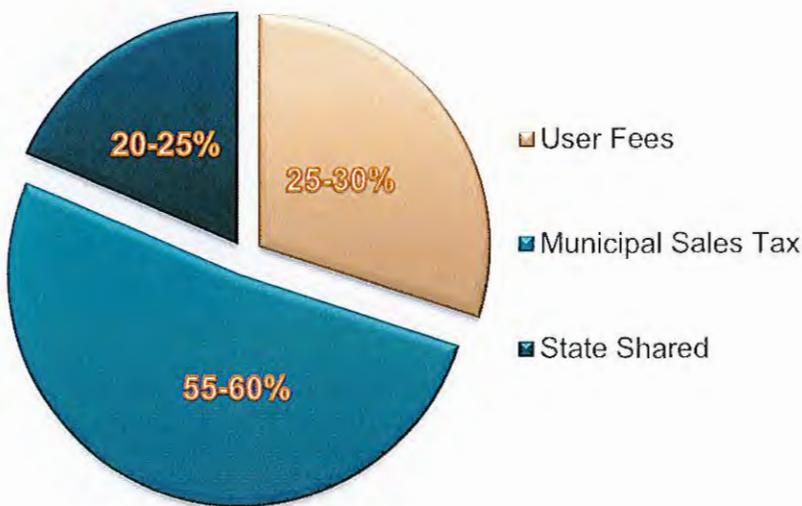
By the mid 1950's two investors, Tom Darlington and K.T. Palmer purchased an aging goat ranch near an area now known as the Carefree central business district, the Town Center. These two partners envisioned the creation of a unique high desert community with a private airport, golf course, resorts and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



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

The 2015 mid Census estimate places Carefree's population at approximately 3,800 residents. In addition to these permanent residents, it is estimated by the Census that there are approximately 1,600 seasonal residents that reside within the community typically between November and April. Between 2000-2015, the seasonal resident compounded growth rate outpaced the permanent resident compounded growth rate by a 3 to 1 ratio (Census 2015). From a cost recovery perspective, even though these seasonal residents are only within the community a portion of the year, the infrastructure required to continue to service their residences are fixed costs. In addition, approximately one quarter of the Town's annual revenue stream, Stated Shared Revenue is based upon permanent residency (excludes seasonal residents). Therefore, from a municipal financial perspective, the seasonal residents provide the same costs to serve the infrastructure but bring fewer dollars into the community to support such services.

Chart 1: Sources of Town Revenue



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

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

COMMUNITY PROFILE

Seeking Financial Sustainability

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

In addition, as Carefree reaches build out during this same time period, the funds collected from new homes through construction sales tax will decline. In the past, construction sales tax from new home construction generally varied between \$400,000 to \$1,000,000. Furthermore, the Town's proportional share of state shared revenues will be declining in the future. State shared revenue makes up approximately 25% of the Town's annual revenue stream. This decline can be attributed to a fixed amount of revenue which proportionally is shared per capita. As nearby community's population increase, the Town's proportional share of this revenue will decrease. Therefore, between the decreasing construction sales tax and declining state shared revenue there could be an annual decrease between these revenue streams of approximately \$500,000 annually. Adding these declining revenue streams in combination with the compounded inflationary index on annual operation costs results in a forecasted need to generate up to an additional \$2,300,000 to fund annual operations within approximately a ten year period.

Furthermore, the Town needs to continue to support capital reserves to pay for future street maintenance projects, drainage improvement projects, traffic circulation improvements as well as continuing to replace aging assets approaching their useful life such as vehicle/heavy equipment replacement. Based upon the continued need to reinvest into aging infrastructure and assets the Town should benchmark an additional \$750,000 to \$1,000,000 annually to allocate to its Capital Reserve Fund. It is important to note that, this reference to maintain existing capital assets does not take into account any future changes in level of services that may affect the need to generate additional funding.

In summary, the compounded inflationary increases to operational expenses can increase the Town's operational costs over a ten year period by an additional \$1,800,000. As Carefree, approaches build out, it will lose approximately \$400,000 a year in construction related sales tax from the construction of new homes. Furthermore, the Town's proportional share of state shared revenues could decline by \$50,000 to \$100,000 over the next ten years. In addition, as the Town's assets depreciate over time, an additional \$750,000 to \$1,000,000 annually will be needed to address replacement costs. Collectively, this implies that the Town will need an additional \$3 MM to \$3.5 MM annually in revenues within approximately 10 year period to support future Town operations and capital projects.

TOWN COUNCIL STRATEGIC WORKPLAN

Throughout the fall 2020, the Town Council conducted a series of workshops to publicly discuss and develop a Work Plan for the next Council term (2 years). These public meetings were held after the conclusion of the recent Council election in August 2020. The timing of these meetings allowed for both incoming and outgoing Councilmembers to collectively discuss and consider a Work Plan for the upcoming Council term 2020-2022. As a result of this collaboration, the Council defined a guiding principle, value statement and core tasks (see below). One component of the core tasks was to create a program based budget as outlined under the Economic Development and Financial Stability pillar. This new budget format will help to better illustrate the initiatives of the Town rather than solely focusing on numbers. This new approach helps to clarify and give definition to the numbers which help define the Town's budget.

TOWN COUNCIL WORK PLAN 2020-2022

GUIDING PRINCIPLES:

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

VALUE STATEMENT:

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

CORE TASKS:



CAREFREE
ARIZONA

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





BUDGET INTRODUCTION

This is the first year the Town has re-engineered its budget into a program based budget. In the past, the Town has reviewed the organizational and department's needs based upon a line-item budget process. The benefits of program based budgeting are that specific performance/service levels are defined and the estimated associated costs to produce those outcomes are outlined in the budget. Being the first year of program based budgeting, it will evolve and provide expanded detail as the budget document is further developed over future fiscal years. This new approach will provide citizens a better understanding of how the public money is spent/invested.

The next section of the budget will evolve from a high level discussion and explanation of Town specific financial policies to fund base accounting and a more detailed outline of each of the Town's Departments, associated services, accomplishments, and expenses. This outline provides a holistic background to the organizational and financial structure of the organization to the contributions of each of the organizational parts. This will permit a better understanding of how the public's money is invested and how it serves the interest of the Carefree community.

This next section is broken down into a discussion of the following subsets:

- 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.

BUDGET INTRODUCTION

FUND BASED ACCOUNTING:

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

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

General Fund:

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

Fire Fund:

The Town's municipal sales tax for retail products in Carefree is 3%. Of that 3%, one third of the revenue is placed in the Fire Fund to cover the costs associated with the master contract for Rural Metro. The remaining two thirds of this revenue is deposited in the Town's General Fund. There remains a structural deficit in this Fire Fund as the 1% does not cover the entire costs of the current master contract with Rural Metro. Therefore, the remaining liability is debited against the revenue within the Town's General Fund. As the annual compounded inflationary index on the master contract increases, this structural deficit will continue to grow. However, if the Town can enhance and diversify its tax base through economic development initiatives, the structural deficit could decrease or perhaps even be offset. It is also important to note that this does not take into account any increases to a future master contract with Rural Metro as the current contract expires in July 2022. Additionally, if the level of service such as the addition of Automatic Aid is including in a future contract for emergency services, there will be a significant increase in annual expenses which will create an even larger imbalance or structural deficit to the current funding mechanism.

Highway User Revenue Fund:

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

BUDGET INTRODUCTION

Municipal Court Funds:

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

Capital Improvement Funds:

The infrastructure within the Town is mostly built out but over time there maybe considerations by future decision makers to add a level of service or build some additional infrastructure such as for example, bridging a wash crossing or developing a dog park. These improvements are considered Capital Improvements. A Capital Improvement Plan is typically prepared to evaluate, prioritize, budget for and fund these Improvements. Since Carefree's infrastructure is mostly built out this has not been accomplished in the recent past. However, as the useful life of Capital Improvements is exhausted the community needs to begin to consider and plan for the replacement of these Improvements such as street surfaces. It is important to note that the useful life of Capital Improvements can sometimes be extended through incorporation of best maintenance practices. However, eventually, all Capital Improvements must be replaced. This Fund has been used to fund maintenance of existing improvements and plan for and add to existing amenities, facilities and infrastructure.

Water Company Fund:

The Town has assisted the Carefree Water Company improve and expand its infrastructure to serve Carefree residents. This assistance has taken form in a Water Infrastructure Finance Authority (WIFA) loan and a capital aid and advance loan. Both of these loans and the associated payments from the water company fall under this Fund.

Other Funds:

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

BUDGET INTRODUCTION

GUIDING FINANCIAL POLICIES:

Historically, the Town has been managed in a fiscally conservative manner to ensure that the Town maintains a secure financial foundation. In order to consistently ensure that this foundation is maintained, the Town has implemented financial policies. Over time, these policies need to be adapted to ensure the Town remains solvent. There are four attributes to the Town's financial solvency: *cash solvency* – the ability to pay bills, *budget solvency* – the ability to balance the budget, *long range solvency* – the ability to pay future costs, and *service solvency* - the ability to provide needed and desired level of services. These four attributes of the Town's solvency need to be reviewed and reconciled annually to ensure the Town can balance sometimes competing needs.

Expenditure Control Policy:

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

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

Revenues and Collections Policy:

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

BUDGET INTRODUCTION

User Fees Policy:

Typical of most communities, the Town has established fee schedules for specific services provided to customers/residents/businesses that receive a specific benefit. User Fees are typically established to help offset as much as possible both the direct and indirect costs of the program or service.

Periodically, the Town will update these fee schedules to address escalation of cost of services and inflationary indices. An example of some of these fees are permits, licenses and special event fees.

Capital Reserves Policy:

The Town has expanded its Capital Reserve Funds over time by minimizing its annual operation costs to help fund a “pay-as-you-go” approach for Capital Improvements. However, as these annual operation costs increase and additional federal and state governmental regulations create additional organizational expenses, the previous levels of operational savings and transfers to Capital Reserves will be reduced. Additionally, the Town has benefited in the past from construction sales tax generated from the development of new homes. As the community nears build-out the sales taxes generated from these new homes will also significantly decrease and thus also contribute to a reduction of funding transferred into the Capital Reserves. Therefore, if the Town cannot diversify its tax base through economic development initiatives to fund its future Capital Reserves the Town will have to look at new policies to fund Capital Improvements with a useful lifecycle of 8 or more years.

Rainy Day Fund Policy:

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

Financing Alternatives Policy:

The Town has used pay-as-you-go philosophy to fund Capital Improvements. However, short term financing was used to secure the purchase of buildings within the Town Center for Town Offices and Council Chambers. These loans have been paid off. Given the Town's Permanent Base Adjusted Expenditure Limit of approximately \$11.4MM, the increase in annual operational costs will limit future annual expenditures for Capital Improvement Projects. Therefore, large Capital Projects that have a life-cycle beyond 8 years may need to be financed to comply with the statutory expenditures limits. For example, if the community desires to place new asphalt on all public streets, such investment could be in the range of \$35MM to \$40MM. If financed, the Town would spread this costs over perhaps a twenty (20) year time period. There is a benefit to spreading these costs out as this multigenerational approach

BUDGET INTRODUCTION

spreads the financial liability of these infrastructure investments over time. As a result, the current generation enjoys the benefit of the new/replaced infrastructure investment while future generations share in the financial liability of this investment which they also benefit from. These projects could be financed through different methods such as revenue bonds, general obligation bonds, improvement districts or community facility districts. It is important to note that any type of bond that assesses one's real estate will be required to be approved by the electorate. The community's leadership has been adverse to this approach as the pay-as-you-go model has served the community well; however, based upon the looming limitations on the Town's expenditures limits it may not be possible to continue this practice if, in the future, the community desires to address larger more costly capital improvements.

Budgetary Basis of Accounting:

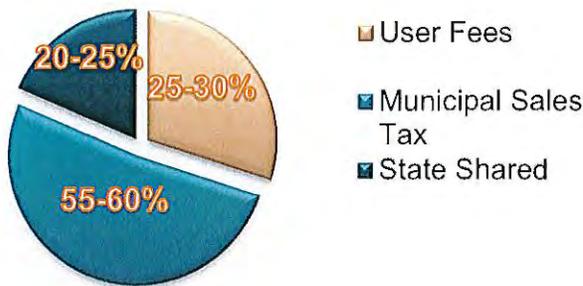
The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements.

1. In accordance with Arizona Revised Statutes, the Town Administrator submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming fiscal year.
2. Public hearings are conducted to obtain citizens comments.
3. The Town budget is legally enacted through passage of a resolution. It has been the Town's practice that this resolution is typically adopted prior to the beginning of the fiscal year on July 1st; however, state statute permits up to the 3rd Monday of August.
4. To ensure compliance with the expenditure limitation, a uniform expenditure report is filed with the State each year. The Town follows a voter-approved permanent base adjustment to the expenditure limit approved on November 3, 1998.
5. The Town Administrator, subject to the Town Council approval, may at any time transfer any unencumbered appropriation balance between department or activity.

TOWN OPERATIONAL REVENUES

OVERALL OPERATIONAL REVENUES:

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



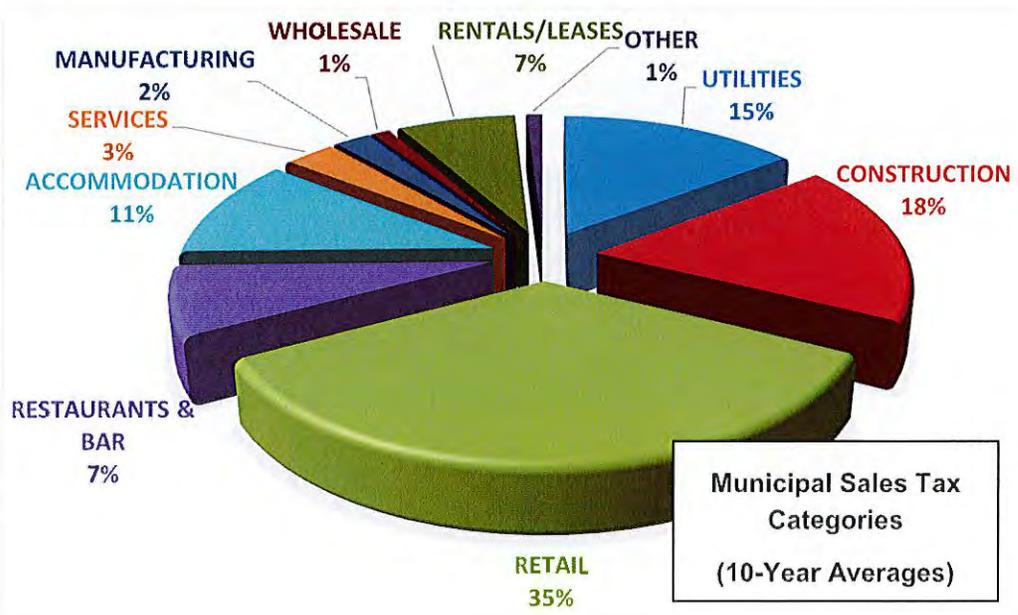
Based upon the financial framework outlined in the previous pages, now let's take a more granular focus on the Town's sources of revenue and then outline the programs and services these monies are invested in.

Municipal revenues typically originate from three primary sources, local fees, state shared revenue and municipal property tax. Carefree does not assess a municipal property tax; therefore, the two primary sources of revenue that support the core

community services are local fees and state shared revenue. Local fees can be broken down further to fees users pay for services, (for example building permits and license fees) and a local municipal sales tax. As illustrated in the above graph, up to 60% of the Town's annual revenue source is derived from its local municipal sales tax of 3%. Both the user fees and state shared revenue make up the remaining balance and each can annually vary between 20% and 30%.

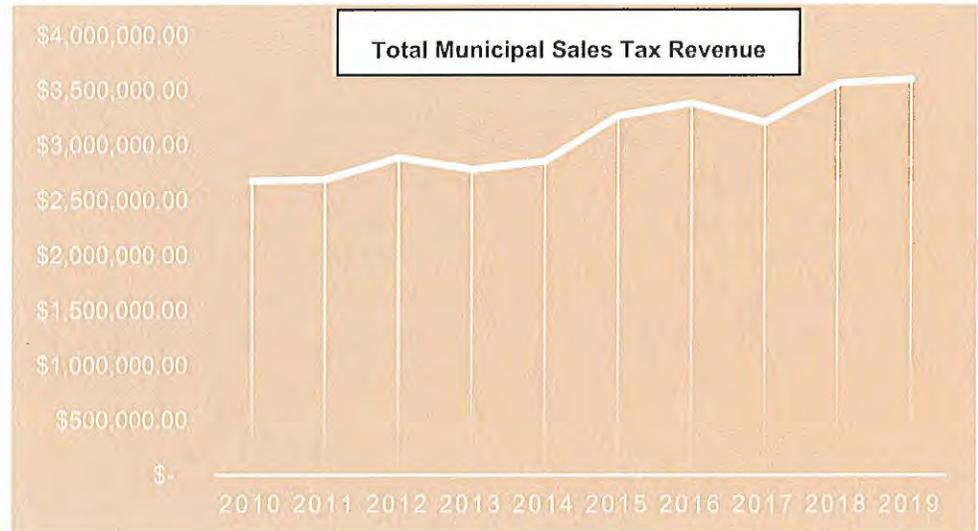
Municipal Sales Tax Forecast:

Due to the fact that the Town's financial model is highly reliant on an elastic revenue stream in Municipal Sales Tax, it is important to understand the local contributors and their trends to help cultivate an informed forecast. Over the last ten years, a time period nestled between the Great recession and the COVID pandemic, the local economy expanded. This is reflected in generated sales taxes from a low of \$2.6 million, post-



TOWN'S OPERATIONAL REVENUES

recession years to a more recent high pre COVID of approximately \$3.6 million. Over this ten year time period, on average, approximately 1/3 of the Town's Municipal Sales tax were generated by retail businesses. The balance of this retail business can be attributed to the larger big box retailers that anchor the local economy and attract a broader consumer base. Construction also continues to be a large contributor; however, as the Town reaches build out there will be a shift from the construction revenue generated from new homes to more significant rebuild/home renovation projects. With the addition of the Hampton Inn within the Town Center, the continued growth in CIVANA's business and possibility of additional complementing resort(s) the accommodations category provides the greatest opportunity to enhance the



Town's economic base. Furthermore, accommodations in economic development terms are considered economic generators. In other words, the synergy created by these hotels will help to improve and expand the business for the restaurants and bars and create additional beneficial exposure to nearby retail. Therefore, with this expansion in accommodations category over time there should be a correlated expansion within both the restaurant as well as retail categories which hopefully will help to mitigate future declines within the construction category. The other categories that contribute to the municipal tax base will not vacillate much.

Given these trends in addition to the economic development strategic initiatives undertaken with the adoption of an Economic Development Strategic Plan, the Town is forecasted to see increased revenue from its base industries of retail, restaurants & bars and accommodations. The recent progress being made in COVID vaccinations and the pent up desire to travel will also provide for significant opportunities for these base industries to capitalize.

The confluence of these trends has led us to continue to project positive sales tax growth. With the addition of the a new hotel, continued growth in the restaurant and retail sectors the sales taxes collected during the current fiscal year of approximately \$3.6 million are forecasted to moderately increase to approximately \$3.7 million.

TOWN'S OPERATIONAL REVENUES

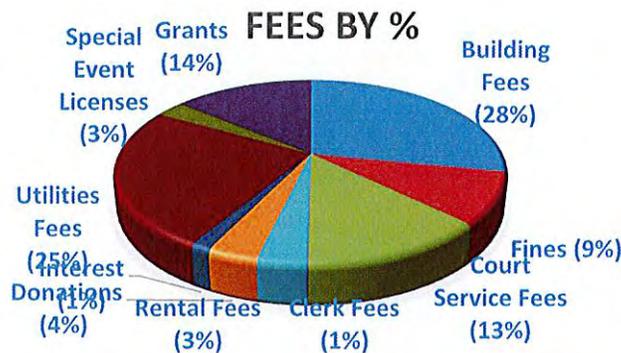
User Fees:

As described earlier, User Fees are essentially fees the Town charges to recover costs for providing services, these include but are not limited to license fees, building fees, planning and zoning fees, court fees, facilities fees and rental fees. The largest of the user fees is associated with the building permit and inspection process and is due to the healthy construction environment we continue to see throughout Town. Currently, there are 23 custom homes under construction and 5 additional new residences under permit review. Due to low interest rates and the hyperactivity in the housing market, we will continue to see consistent revenues in the form of building fees. The next highest category is associated with utility fees paid by respective utilities to use and perform work within the Town's rights-of-way. The Court service fee is paid to the Town of Carefree by the Tow of Cave Creek to manage and assume operational costs of the court. This contract between communities provides for a shared economy of scale to efficiently and effectively provide quality judicial services to both Towns at the lowest possible costs.

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

Source of Fee	Amount
Building Fees	\$400,000.00
Fines	\$130,000.00
Court Service Fees	\$178,100.00
Clerk Fees	\$1,200.00
Rental Income	\$49,000.00
Donations	\$51,000.00
Interest	\$20,000.00
Utilities Fees	\$350,000.00
Special Event Licenses	\$40,000.00
Grants	\$200,000.00
TOTAL	\$1,419,300.00

Chart ##: User Fees by Percentage of Total for FY22.



TOWN'S OPERATIONAL REVENUES

State Shared Revenue:

The State shares four revenues streams with the Town:

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

State Sales Tax:

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

State income Tax:

In 1972, a citizen's initiative provided that cities and towns received a 15% share of the state income tax annually. This source of money is called urban revenue sharing. This money is distributed to a municipality based on its population in relation to the total population of all incorporated cities and towns according the decennial census. The annual amount of urban revenue sharing money is based upon income tax collections from two years prior to the fiscal year in which the city or town receives these funds. There is no restriction on the expenditure of urban revenue sharing funds, except that they must be expended for a municipal public purpose.

Highway User Revenues:

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

Vehicle License Tax:

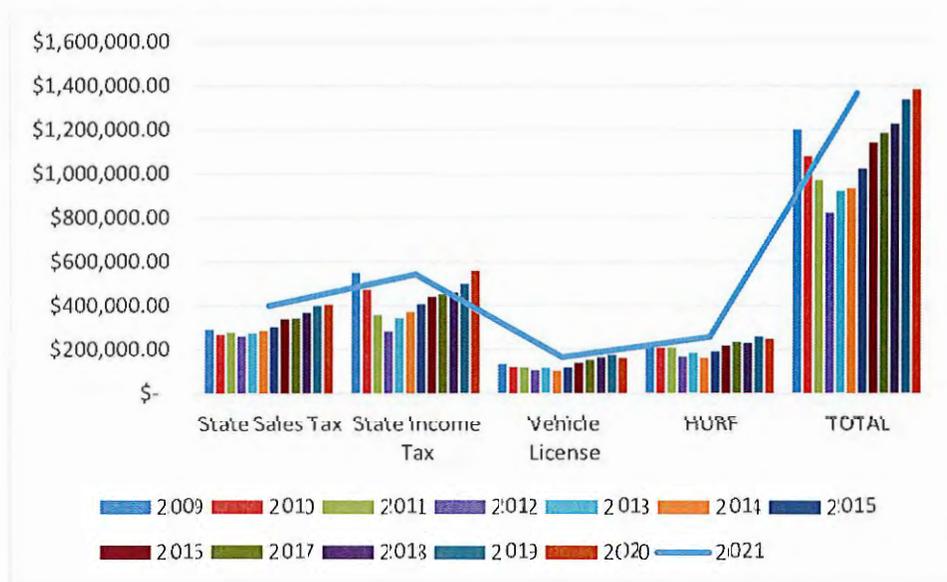
Approximately 20% of the revenues collected for the licensing of motor vehicles are distributed to incorporated municipalities. These funds are distributed on the population of the municipality based upon the total population of the county the municipality is located within.

The below chart outlines the trends of these four state revenue sources over the past 12 years. The line on the chart is the anticipated state shared revenue per each revenue source and total shared revenue. This depicts that the Town will receive approximately \$1.416MM in state share revenue over the next fiscal year.

Table ##: Amounts of State Shared Revenue per Category.

SOURCE	ACTUAL FY20	ANTICIPATED FY21	FORECASTED FY22
State Sales Tax	400,795	407,000	461,000
State Income Tax	501,223	561,223	512,000
Vehicle License Tax	164,941	164,500	182,000
HURF	451,158	250,000	261,000
TOTAL	1,518,117	1,382,723	1,416,000

Chart ##: The Town's proportion of State shared revenues.



TOWN'S OPERATIONAL REVENUES

SUMMARY:

Chart ##: Percentage of Town Revenue Sources

In summary, the Town is forecasting to receive a total of \$6,534,000 in revenue over the next fiscal year. It is important to note that this figure does not include an anticipated \$468,500 of revenue from the recently approved federal stimulus package. These additional stimulus funds will be used to help offset capital projects anticipated for this fiscal year.

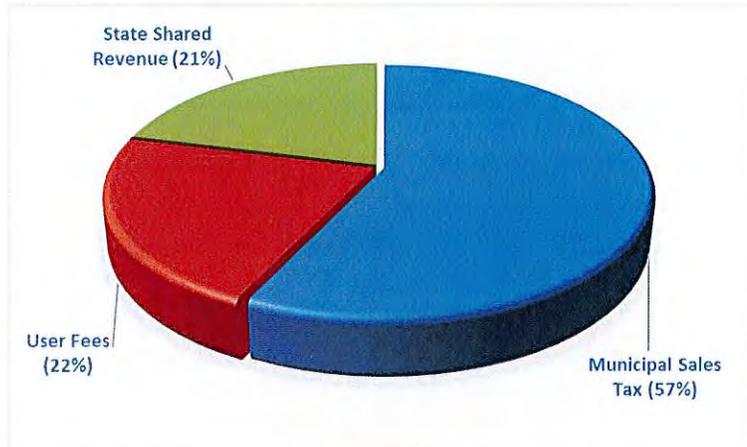


Table ##: Total Forecasted Amount Per Town Revenue Sources.

Municipal Sales Tax	\$3,700,000
User Fees	\$1,419,000
State Shared Revenue	\$1,364,000
TOTAL	\$6,483,000

REVENUE SOURCE	FORECASTED AMOUNT
Municipal Sales Tax	\$3,700,000
User Fees	\$1,419,000
State Shared Revenue	\$1,416,000
TOTAL	\$6,535,000

TOWN'S OPERATIONAL EXPENSES

OVERALL OPERATIONAL EXPENSES:

The forecasted annual revenues are typically invested into three categories: Human Resources, Public Safety Contracts, and Operations. Of the approximate \$6.5 million in annual revenues, approximately \$5.9 million are forecasted to be invested within these aforementioned categories. More specifically, in rounded numbers this breaks down to \$1.9 million (32%) in Human Resources, \$2.2 million (38%) in public safety, and \$1.8 million (30%) in general operation costs. The remaining funds are to be invested within anticipated Capital Improvement Projects including but not limited to streets, drainage, town center improvements and crosswalk improvements.

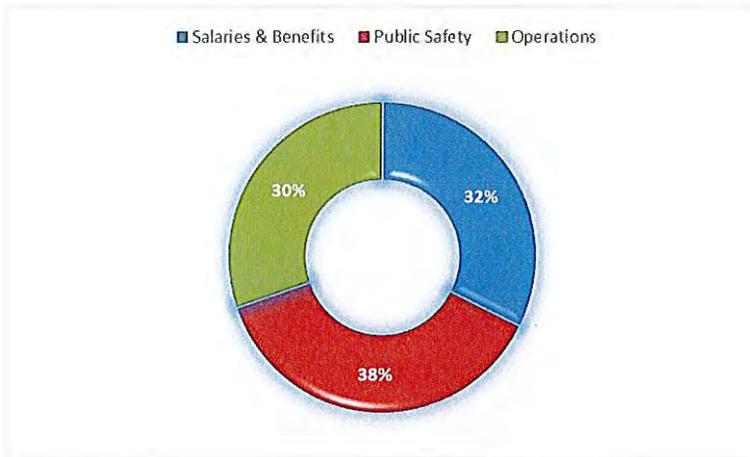


Chart ##: Proportional share of operating budget per category.

Human Resources/Salaries & Benefits:

Carefree has a very nimble municipal organization with a total of seventeen (17) full time employment positions (FTEs). By way of comparison, the Town contracts health benefits through the Rural Arizona Group Health Trust (RAGHT). This Trust represents dozens of small rural communities throughout the state of Arizona. From a staffing

perspective, Carefree was and remains the smallest staffed municipality within this “rural” community Health Trust. Furthermore, from a local market perspective, when compared to neighboring Cave Creek, Carefree has less than 50% of the Cave Creek administrative staffing levels. The biggest contributors to the increase in the organization salaries and benefits is mainly attributed to the hiring of a Communications Manager, Economic Development Director and Town Engineer. In addition, health benefits are increasing by approximately 9% and a COLA of 1.5% and merit increases of 2.5% are being proposed.

Public Safety remains a significant invest at 38% of the Town’s operating budget which includes both the Rural Metro master contract as well as a separate contract with Maricopa County Sherriff Office for patrol services.

The final category is operations which includes but is not limited to materials, supplies, facilities management, equipment leasing, vehicle purchases, utilities, professional consulting contracts, organizational fees/permits/subscriptions as well as office supplies.

A more detailed breakdown of these expenses per Department as well as Division will be outlined in the next section.

TOWN ORGANIZATIONAL STRUCTURE

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

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

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

The following graphic depicts the Town’s organizational structure:



TOWN OPERATIONAL EXPENSES

Summary of Expenses per Category:

In the next section of the budget the specific operation costs of each department and respective division is detailed further. However, at a high level, the operations budget can be divided into three components. Human resources/Salaries and Benefits, Operational Expenses and Public Safety Contracts. Based upon these three broad categories, approximately \$1.92 MM (32%) is being invested in human resources; approximately \$2.2 MM (37%) in public safety contracts; and \$1.75 (30%) MM in operational expenses.

Chart ##: Allocation of FY 2021-2022 Operational Funds (\$5.87MM).

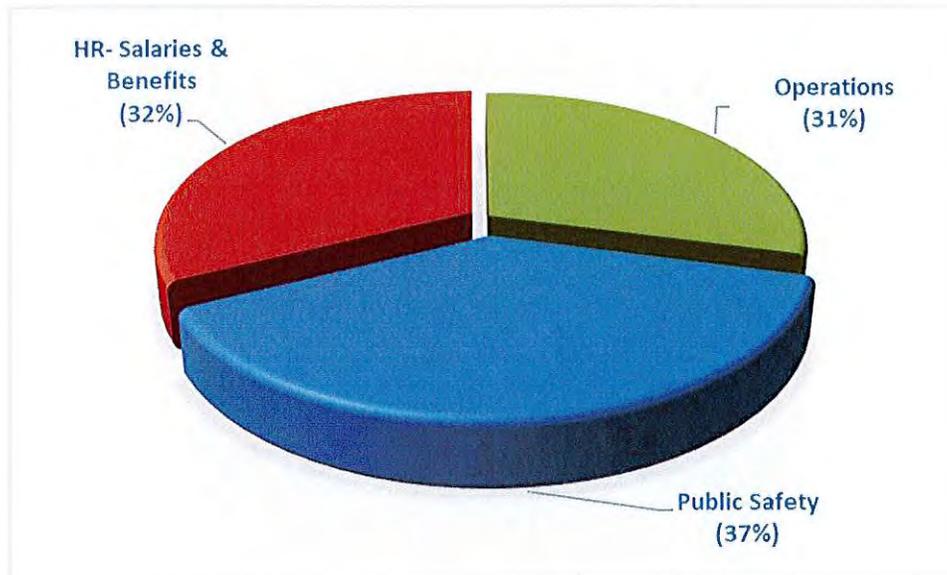


Table ##: Allocation of FY 2021-2022 Operation Funds

CATEGORY	EXPENSE
Public Safety	\$2,200,000.00
HR- Salaries & Benefits	\$1,920,000.00
Operations	\$1,750,000.00
TOTAL	\$5,870,000.00

DEPARTMENTAL BUDGETS

Town Council:

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

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

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

Goals for Fiscal Year 2021-2022:

As expressed earlier in this budget document, the Town Council met this past fall with incoming and outgoing Councilmembers to collectively discuss a work plan for the next two years. Improved communications, diversification of the tax base through strategic economic development initiatives, quality development and reinvestment in the Town's infrastructure were the identified common themes. At a high level these initiatives will include but will not be limited to:

Communications:

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

Economic Development:

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

DEPARTMENTAL BUDGETS

- Develop and maintain a more balanced and sustainable financial structure to support core municipal services at desired levels.
- Develop an Economic Development Technical Advisory Panel (EDTAP) to examine and recommend strategies to the Town Council to ensure best practices are implemented as well as ensure the long-term financial sustainability of the Town.
- Promote business retention, expansion and attraction of quality businesses.

Quality Community Development:

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

Infrastructure:

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

Council Budget:

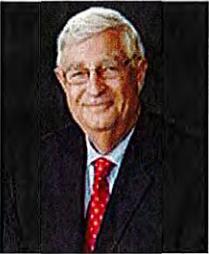
As expressed earlier in this budget document, the Mayor and Council are unpaid/volunteer positions. The expenses that fall within the Mayor and Council are to cover the costs of the office supplies, technology and educational opportunities.

	FY 17/18	FY 18/19	FY 19/20	EST FY 20/21	BUDGET FY 21/22
Council	\$7,923	\$9,389	\$15,497	\$5,499	\$14,375

DEPARTMENTAL BUDGETS

MEET THE MAYOR AND COUNCIL:

Mayor Les Peterson



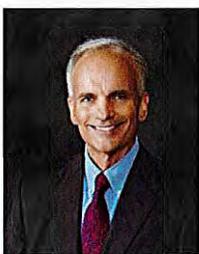
Les Peterson is a valley native, and earned BA and MA degrees from ASU in 1965 and 1967. His early business career was in promotion and marketing with Procter and Gamble and Pillsbury, followed by 30+ years in management consulting focused upon marketing and long-range business planning. He has worked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

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

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

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

Vice Mayor John Crane



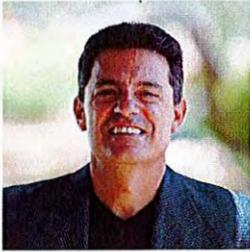
John Crane is a 29 year resident of Carefree and has enjoyed actively serving the community in various roles. He was appointed to the Carefree Town Council in 2012 and elected to the Town Council in 2013. John currently serves as Vice Mayor. Previously, John served on the Carefree Subdivision Committee and as the Vice Chairman of the Carefree Planning and Zoning Commission. John is serving his 11th year as president and board member of the Carefree Foothills Homeowners' Association, is a Desert Foothills Land Trust board member and is an Arizona Site Steward monitoring Indian archeological sites in the Cave Creek / Carefree area.

John earned a BS degree in Mathematics from Villanova University in 1978 and a MS degree in Systems Management from the University of Southern California in 1985. After serving seven years as a nuclear submarine officer, he entered the electronics field. For the past 24 years, as a business owner, he has served as a sales representative for Asian, European, and US semiconductor material and equipment suppliers to customers in North America.

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

DEPARTMENTAL BUDGETS

Councilmember Vince D'Aliesio



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

Vincenzo "Vince" D'Aliesio: born in Waterbury, CT, moved to Phoenix, AZ, July 1972, at 7 months of age. Grew up in Phoenix, was an altar boy, boy scout, high school and college athlete (football), started mowing lawns in the neighborhood at age 10 and has had a job since. Proud AZ native: Graduated from Camelback High, attended SCC and PVCC, graduated from

ASU, a Master's in Education from NAU. Vince and his family moved to Carefree in 2016, vowing to never move again after finding paradise in the Desert Foothills.

Over a 24-year span, worked as a high school and college football coach, credits his late Coaches: Pete Kellen (Camelback High) and Bruce Snyder (ASU), who both preached on the importance of always doing what's right. Greatest influences are his parents: Pasquale and Anna D'Aliesio: "work hard, take care of your family, help others, and know that you did your best today."

Lives in the first house built in Carefree (by Gerry Jones), has worked as an insurance broker, educator, coach, and student, most importantly a husband of 24 years to Cheryl and father of three: Noah, a 17-year-old son and two 14-year-olds, Sophie & Matthew, all three educated in CCUSD schools from kindergarten, and now in high school. The D'Aliesio's also have a rescue Chi-Pin named Snoopy and two desert tortoises: Stanley & Sammy Hagar, in addition to the many beautiful coyotes, javalina, bobcats, mule deer, and other God's creatures that allow Vince and his family to reside on their land.

Hobbies include restoring pottery, announcing and broadcasting high school and college sports for ASU, Ottawa, MCC, Camelback & Campo Verde High Schools, and the Arizona Interscholastic Association, as well as sports radio & tv: co-host of the JV Sports Show. Member of the Arizona American Italian Club and Phoenix Union High School District Sports Hall of Fame Selection Committee, honoring past athletes and coaches, and raising money for scholarships.

Vince currently serves as President of the Board of Directors of the Cave Creek Museum, and is working to expand the museum's footprint throughout all of the Desert Foothills through outreach and appreciation for historical and contemporary artistry and architecture. Vince also serves as a member of the League of Arizona Cities and Towns Budget & Finance Committee and the Kiwanis Club of Carefree.

DEPARTMENTAL BUDGETS

Councilmember Tony Geiger



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

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

Councilmember Stephen Hatcher



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

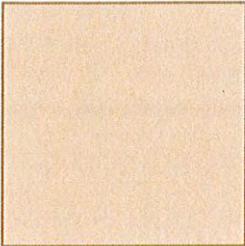
Stephen taught graduate finance for fourteen years for University of Phoenix and investment theory for the School of Financial Planning. Stephen's graduate thesis was statistical modeling for the City of Scottsdale to facilitate the forecasting efforts on construction activity, city tax base and annual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

Stephen is actively working against domestic violence through the Theresa's Fund and supporting the Marine Corps families through Operation Hero Project.

Stephen's focus has been on the water systems for the town and developing effective drivers for economic development.

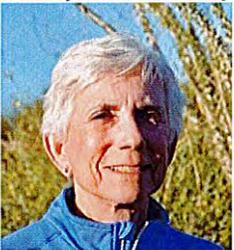
DEPARTMENTAL BUDGETS

Councilmember Position Vacated.



Councilmember Cheryl Kroyer

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



Cheryl fell in love with Carefree in 1988 and has been a full time resident since 1998. As a resident she is dedicated to keeping the community a great place to live and to play.

Before retiring, Cheryl spent 30+ years in the advertising business on a wide range of national consumer goods. She was on the team that introduced American Honda's Acura brand and worked on businesses as varied as Hunt Wesson Foods, Polaroid, Gallo Wines, Porsche Cars and the 'Got Milk' campaign among others.

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

In her free time she enjoys golf, yoga, bridge, movies and can be seen walking her golden retriever, Biff, through Town most mornings.

Cheryl graduated from the University of Texas at Austin with a Bachelor of Journalism degree.

DEPARTMENTAL BUDGETS



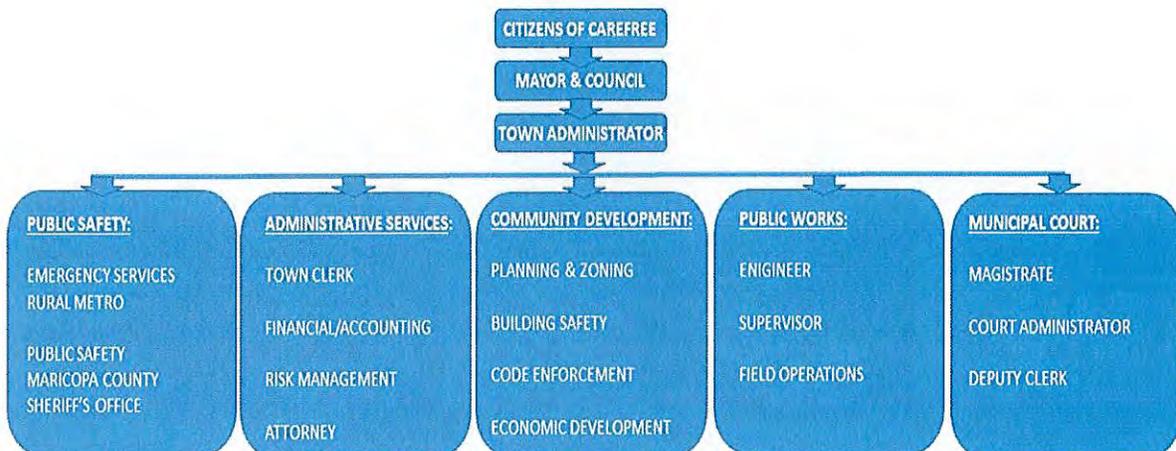
SUMMARY OF TOWN ADMINISTRATIVE SERVICES:

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

The personnel that supports the Administration

Department is composed of five (5) full time positions: Town Administrator, Town Clerk, Town Accountant, Communications Manager, and Executive Assistant/Receptionist. Through these positions, the Department coordinates the following organizational activities: Human Resources, Risk Management, Legal Services, Financial Services, Information Technology, Public Records, Election Coordination, Intergovernmental Affairs, Communications and general operations & management of all Town Departments. The following organizational chart illustrates the Town's structure. Within each Department are interrelated Divisions. The services provided by each Department and the associated Divisions will be outline in this section of the budget beginning with the Administrative Services.

Figure ##: Town Organizational Structure.



DEPARTMENTAL BUDGETS

The following tables outline the dedicated staffing levels as well as a high level summary of total operational costs associated with each Division of the Town's Administrative Services as well as a description of the specific services provided by the respective Division.

Table ##: Summary of all Town Administrative Services Department Full Time Employment Positions.

FTE Position	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Town Administrator	1.0	1.0	1.0	1.0	1.0
Town Clerk/Treasurer	1.0	1.0	1.0	1.0	1.0
Deputy Clerk/Accountant	1.0	1.0	1.0	1.0	1.0
Communications Manager				.5	1.0
Receptionist/Executive Assistant	1.0	1.0	1.0	.5	1.0
Total FTE Positions	4.0	4.0	4.0	4.0	5.0

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

The table on the following page summarizes, at a high level, the Divisional expenses within recent fiscal years as well as the forecasted expenses for the upcoming fiscal year. The figures include the salaries and benefits in addition to the Division's General operational costs. These operations costs include office supplies, equipment, supporting technology, utilities, contracted services such as waste removal and janitor services, continuing education requirements, professional and agency membership dues and other miscellaneous fees. These agency dues captured under the Management Division include but are not limited to annual fees assessed by the Arizona Department of Revenue, League of Cities and Towns, County Agency Permits, Emergency Management Fees and Maricopa Association of Government and Maricopa County. In addition, maintenance of emergency generators, monthly utility

DEPARTMENTAL BUDGETS

payments for town facilities and organizational bank fees are also captured within the Management Division outlined in the below table.

Table ##: Summary of total expenses for Town Administrative Services per Division.

Division	ACTUAL FY18/19	ACTUAL FY19/20	BUDGETED FY20/21	FORECASTED FY21/22
Town Management	\$401,000	\$435,000	\$437,000	\$491,000
Town Clerk	\$275,000	\$294,000	\$301,000	\$330,000
General Legal Services	\$90,000	\$300,000	\$260,000	\$160,000
Risk Management	\$100,000	\$101,000	\$120,000	\$120,000
Communications (previously Town marketing)	\$431,000	\$765,000	\$54,000	\$151,000
Total Expenses	\$1,297,000	\$1,895,000	\$1,172,00	\$1,252,000

DEPARTMENTAL BUDGETS

Town Administrator:

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

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

Accomplishments for Fiscal Year 2020-2021:

- Facilitated Strategic Planning session with the Town Council resulting in new Town work plan for the next two years.
- Developed new program based budget.
- Navigated impacts of economic contraction resulting from COVID-19 pandemic while maintaining a safe environment for employees, residents and decision makers by using digital platforms and best health practices to conduct daily business meetings.
- Coordinated with critical development interests which will be important components to the community's tax base.
- Facilitated a strategic organizational shift from event marketing to economic development initiatives and hired an Economic Development Director.
- Coordinated with legal representatives to address the community's best interests and mitigate risk.
- Assisted in strategic planning for future improvements to Town's water infrastructure and street maintenance.
- Managed organizational compliance related issues/permits.
- Managed Town service contracts to ensure efficient and effective levels of service.
- Hired Communications Manager to strengthen communications and engage residents, businesses and community interest in Town related issues, services and programs.
- Hired Town Engineer to manage, maintain and/or replace the Town's aging infrastructure and assets as well as review projects and development to ensure regulatory compliance.

Goals & Objectives for Fiscal Year 2021-2022:

DEPARTMENTAL BUDGETS

- Work with Communications Manager to further improve communications by enhancing visibility to websites, social media platforms and other communication channels.
- Work with Economic Development Director to implement recommendations of EDTAP and Council to diversify the Town's sales tax base to provide for sustainable revenues to support the Town's existing core municipal services.
- Work with Council appointed Public Safety Committee to evaluate any refinements to level of services for police and fire contracts and potential for photo radar to supplement traffic enforcement.
- Enhance the management of capital assets, capital improvements, Public Works resources and government compliance requirements by developing planning tools to manage, maintain and or replace capital assets/improvements over time.
- Coordinate with staff and contracted consultant teams working on future initiatives such as General Plan, special projects and/or financial evaluations.
- Continue to work with external agencies to represent the best interests of the Town.
- Continue to coordinate the execution of work plans of each Town Department.

There are two full time positions within the Town Management budget, Town Administrator and Executive Assistant. Within the operations budget the expenses are paid for organizational permits/dues/fees, all utilities, costs associated with both Town Council chambers and Town Administrative Offices, organizational technology licenses and updates, and equipment outlays for emergency generators. Additionally, some special projects are capture within the Town Management division budget. This year, the purchase and installation of security cameras are proposed for the gardens to reduce vandalism.

Table ##: Town Management Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FOR-CASTED FY 21/22
Salaries (2 Full Time Employees)	\$211,100.00	\$223,400.00	\$215,900.00	\$224,200.00
FICA	\$11,682.00	\$13,388.00	\$13,388.00	\$11,700.00
Medicare	\$3,055.00	\$3,247.00	\$1,331.00	\$1,500.00
ASRS	\$24,911.00	\$26,738.00	\$26,387.00	\$26,123.00
Insurance	\$10,000.00	\$10,100.00	\$10,300.00	\$13,700.00
Workmans Compensation	\$417.00	\$540.00	\$560.00	\$560.00
Unemployment Insurance	\$205.00	\$475.00	\$670.00	\$750.00
Salaries & Benefits	\$261,370.00	\$277,888.00	\$268,536.00	\$278,533.00
Office supplies/technology/maintenance	\$41,164.00	\$49,452.00	\$57,450.00	\$55,000.00
Building maintenance/services	\$50,500.00	\$55,600.00	\$58,000.00	\$69,000.00
Vehicle/Fuel	\$2,065.00	\$2,100.00	\$2,450.00	\$2,450.00
Special Projects/Contractual Services	\$14,000.00	\$18,000.00	\$18,000.00	\$53,000.00
Dues Subscriptions/organizational fees	\$28,000.00	\$28,000.00	\$28,500.00	\$29,000.00
Education/Conferences	\$3,800.00	\$4,000.00	\$4,000.00	\$4,000.00
Operations/Supplies/Contracts	\$139,529.00	\$157,152.00	\$168,400.00	\$212,450.00
DIVISION TOTALS	\$400,899.00	\$435,040.00	\$436,936.00	\$490,983.00

DEPARTMENTAL BUDGETS

Town Clerk:

The Town Clerk is the custodian of the Town's public records and is tasked to maintain documents that are necessary for the effective administration and operation of the Town government. The Town Clerk also serves as the Town's elections official which in return coordinates with County Elections Department to ensure efficient and effective elections. Through these roles, the Town Clerk strives to promote public trust in Town government by providing courteous and prompt responses to citizen/public requests to public information or processes. The Town Clerk also oversees the treasury of the Town and works with the Deputy Clerk/Accountant to ensure necessary funding is available to be disbursed to pay weekly invoices.

The Town Clerk directly supervises the Deputy Clerk/Accountant who provides support to the Town Clerk. The Deputy Clerk/Accountant oversees the payment of invoices, helps to coordinate annual budget documentation and annual audit to ensure Governmental Accounting Standards and Principals are complied with.

Accomplishments for Fiscal Year 2020-2021:

- Posted Town Council agenda items for Council's consideration and citizen information on the Town's website.
- Coordinated changes to employee health insurance.
- Processed requests and posted Arizona Department of Liquor license applications.
- Coordinated primary and general election with Maricopa County Elections Department.
- Continued to manage and address organization's information technology requirements.
- Continued to oversee the management of the Town's treasury.
- Assisted Town Attorney in settlement of disputed estates and filing of various legal testimony.
- Provided financial oversight to town funds.
- Coordinated annual audit with new auditor.

Goals for Fiscal Year 2021-2022:

- Work with Communications Liaison to share public information regarding town events, issues and general information.
- Continue to upgrade the Town's information technology to permit staff access to hardware and software which assist them to efficiently and effectively perform their tasks.
- Implement new accounting software to assist in new budget format.

There are two full time employees within the Clerks office, the Town Clerk and Deputy Clerk. Similar to other Divisions in the Town both the Clerk and Deputy Clerk wear many hats including but not limited to the Town financial oversight, cemetery management, technology oversight, notary services and legal documentation coordination. Over the next fiscal year, new software will be purchased to better assist

DEPARTMENTAL BUDGETS

in the creation of financial documentation that supports the new budget format. This data will be used in future budget preparation.

Tabel ##: Town Clerk Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (2 Full Time Employees)	\$182,781.00	\$195,861.00	\$196,000.00	\$206,300.00
FICA	\$11,058.00	\$11,704.00	\$12,200.00	\$12,800.00
Medicare	\$2,586.00	\$2,737.00	\$2,836.00	\$2,990.00
ASRS	\$21,568.00	\$23,719.00	\$23,550.00	\$25,600.00
Insurance	\$19,500.00	\$18,900.00	\$25,300.00	\$27,200.00
Workmans Compensation	\$361.00	\$384.00	\$380.00	\$410.00
Unemployment Insurance	\$205.00	\$207.00	\$500.00	\$550.00
Salaries & Benefits	\$238,059.00	\$253,512.00	\$260,766.00	\$275,850.00
Office supplies/technology/maintenance	\$4,300.00	\$9,750.00	\$4,850.00	\$6,500.00
Legal Advertisement/Elections	\$3,500.00	\$3,500.00	\$3,600.00	\$3,600.00
Special Projects/Contractual Services	\$21,550.00	\$23,000.00	\$27,000.00	\$39,000.00
Dues Subscriptions/organizational fees	\$550.00	\$570.00	\$580.00	\$650.00
Education/Conferences	\$7,300.00	\$3,800.00	\$3,900.00	\$4,000.00
Operations/Supplies/Contracts	\$37,200.00	\$40,620.00	\$39,930.00	\$53,750.00
DIVISION TOTALS	\$275,259.00	\$294,132.00	\$300,696.00	\$329,600.00

DEPARTMENTAL BUDGETS

Communications:

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

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

Accomplishments for Fiscal Year 2020-2021:

- Hired Communications Manager
- Created Communication plan to identify and/or improve existing communication vehicles to share Town events and issues with various audiences.
- Began process to upgrade Town's websites.
- Assisted in working with communication and advertising strategies with business associations.
- Coordinated the use of event space in the Town Center.
- Assisted in the planning and execution of community events/activities.
- Assisted in the development of communications regarding town issues.

Goals for Fiscal Year 2021-2022:

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

DEPARTMENTAL BUDGETS

There is only one full time position within the Communications Division. This individual not only coordinates the dissemination of communications with staff, elected and appointed officials with outside entities. In addition, they will help to manage the inaugural Ambassador program after the current limitations associated with health pandemic subsided. The Communication Manager will be located in the Town's visitor center next to the amphitheater. This will also house the Ambassador program and create better oversight and use of the Town's facilities. Associated with the communication program will be updates to the Town's websites and added graphics to provide for a more sophisticated appearance.

Table ##: Communications Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (1 Full Time Employee)	\$78,900.00	\$93,671.00	\$20,000.00	\$55,900.00
FICA	\$4,853.00	\$5,808.00	\$2,100.00	\$5,200.00
Medicare	\$1,135.00	\$1,358.00	\$800.00	\$2,911.00
ASRS	\$8,082.00	\$10,772.00	\$3,900.00	\$7,000.00
Insurance	\$5,700.00	\$7,600.00	\$3,200.00	\$6,000.00
Workmans Compensation	\$62.00	\$150.00	\$100.00	\$409.00
Unemployment Insurance	\$143.00	\$278.00	\$150.00	\$200.00
Salaries & Benefits	\$98,875.00	\$119,637.00	\$30,250.00	\$77,620.00
Office supplies/technology/maintenance	\$3,650.00	\$4,400.00	\$3,000.00	\$3,500.00
Special Projects/Contractual Services	\$321,500.00	\$632,000.00	\$15,000.00	\$65,000.00
Dues Subscriptions/organizational fees	\$550.00	\$570.00	\$275.00	\$580.00
Education/Conferences	\$7,040.00	\$8,220.00	\$5,500.00	\$4,000.00
Operations/Supplies/Contracts	\$332,740.00	\$645,190.00	\$23,775.00	\$73,080.00
DIVISION TOTALS	\$431,615.00	\$764,827.00	\$54,025.00	\$150,700.00

DEPARTMENTAL BUDGETS

Risk Management:

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

Legal Services:

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

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

The Town Attorney serves at the pleasure of the Town Council and acts as the general legal counselor to the Town Council, appointed officials and Town staff. As such, the Town Attorney shall provide their opinion orally or in writing when requested by the majority of Council, Commission or 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 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 2020-2021:

- The Town Attorney coordinated legal issues on Town's behalf including but not limited to water acquisition filings.
- 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 2021-2022:

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

DEPARTMENTAL BUDGETS

Insurance:

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

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

DEPARTMENTAL BUDGETS

SUMMARY OF COMMUNITY DEVELOPMENT DEPARTMENT:

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

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

Table ##: Summary of all Full Time Employment (FTE) Positions.

FTE Position	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Building Official	1.0	1.0	1.0	1.0	1.0
Planning & Zoning Administrator	1.0	1.0	1.0	1.0	1.0
Planning Clerk	1.0	1.0	1.0	1.0	1.0
Code Enforcement Officer	1.0	1.0	1.0	1.0	1.0
Economic Development Director				.5	1.0
Total FTE Positions	4.0	4.0	4.0	4.5	5.0

Table ##: Summary of expenses per Division.

Town Division	FY18/19	FY19/20	FY20/21	FY21/22
Building Safety	\$182,000	\$216,000	\$222,000	\$275,000
Planning & Zoning	\$175,000	\$240,000	\$255,000	\$298,000
Code Enforcement	\$51,000	\$56,000	\$58,000	\$82,000
Economic Development*			\$244,000	\$265,000
Summary of Expenses	\$408,000	\$512,000	\$779,000	\$920,000

* Economic Development is a new Division as of FY 19/20.

DEPARTMENTAL BUDGETS

Building Safety:

The Building Safety Division is responsible for administering and enforcing the Town's adopted building codes to ensure a safe built environment. The Building Department is charged with receiving, reviewing, approving and issuing of all building permits as well conducting inspections to ensure compliance to adopted building codes. The Building Official also coordinates with the Town Engineer, Planning and Zoning Director and Town's Fire Marshal (Rural Metro) to manage the review, approval and issuance of building permits.

The Building Department contracts out with a certified third party firm specializing in building inspections and plan review. This assists in the timely processing of permits during periods of significant development activity and allows the Town to flexibly adjust the level of service to match its needs at the respective time. The costs associated with the administration of the building code are offset through the administration of a fee structure associated with the issuance of a Building Permit.

Accomplishments Fiscal Year 2020-2021:

- The Building Division conducted 2,834 inspections over the course of the fiscal year.
- The permitted construction projects added over 55,000 square feet, remodeled 83,000 square feet and was valued at a total of over \$8MM.
- The Building Division also performed 917 site visits, 217 plan reviews, approved 23 new single-family residences, approved 47 home remodels and continues to inspect Town Center Developments – the Hampton Inn and the View Townhomes.

Goals for Fiscal Year 2021-2022:

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

DEPARTMENTAL BUDGETS

Table ##: Building Safety Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (1 Full Time Employee)	\$99,661.00	\$113,543.00	\$113,543.00	\$129,923.00
FICA	\$5,905.00	\$7,040.00	\$7,040.00	\$8,055.00
Medicare	\$1,381.00	\$1,646.00	\$1,646.00	\$1,884.00
ASRS	\$11,760.00	\$13,750.00	\$14,090.00	\$16,123.00
Insurance	\$11,300.00	\$11,600.00	\$12,400.00	\$13,700.00
Workmans Compensation	\$1,438.00	\$1,520.00	\$1,650.00	\$1,720.00
Unemployment Insurance	\$205.00	\$600.00	\$550.00	\$750.00
Salaries & Benefits	\$131,650.00	\$149,699.00	\$150,919.00	\$172,155.00
Office supplies/technology	\$4,000.00	\$4,000.00	\$4,600.00	\$5,500.00
Vehicle/Fuel	\$6,000.00	\$3,000.00	\$5,800.00	\$37,000.00
Special Projects/Contractual Services	\$40,000.00	\$58,500.00	\$60,000.00	\$60,000.00
Dues Subscriptions	\$135.00	\$350.00	\$350.00	\$350.00
Operations/Supplies/Contracts	\$50,135.00	\$65,850.00	\$70,750.00	\$102,850.00
DIVISION TOTALS	\$181,785.00	\$215,549.00	\$221,669.00	\$275,005.00

DEPARTMENTAL BUDGETS

Planning and Zoning:

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

In summary, the Planning and Zoning Department:

1. Provides professional and thorough guidance and coordination of all land planning and development activities;
2. Facilitates public participation and awareness of projects and/or zoning cases through citizen participation requirements;
3. Implements the Town's regulations and policies fairly and consistently;
4. Treats all residents and customers in a respectful and helpful manner.

Accomplishments Fiscal Year 2020-2021:

- Processed 20 Zoning Applications:
 - 11 public meetings/public hearings including 2 Text Amendments.
 - 4 Administrative Land Division Cases.
 - 5 Preapplications including 3 Variances and 2 Mountainside.
- Conducted 125 Site Inspections over the course of the Fiscal Year:
 - 30 ROW Preconferences.
 - 25 Building Permit Pregrades.
 - 30 Building Permit Finals.
 - 10 Zoning Cases.
 - 30 Misc (Construction Concerns, Complaints).
- Reviewed 162 Building Permits for compliance with the Town's Zoning Ordinance.
- Issued Zoning Verification Letters/Ordinance Violation Letters/Complaint Replies.
- Prepared 2 Design Alternatives for Cave Creek Road Expansion.
- Created a new archival system for the Planning and Zoning Division.
- Shifted from paper to electronic format of key documentation systems.
- Supported the facilitation and issuance of building permits, right-of-way permits, and other development-related activities.

DEPARTMENTAL BUDGETS

- Presented at the Desert Foothills Leadership Academy.
- Maintained Arborist and Landscape Architecture Licenses.
- Obtained Certified Municipal Clerks and General Planning Technician Certifications.
- Addressed walk-ins/Phone calls/Development questions.

Goals for Fiscal Year 2021-2022:

- Oversee the hiring of planning consultant in the *General Plan* update process.
- Oversee the hiring of zoning consultant in the *Zoning Ordinance* update process.
- Support efforts related to a *Redevelopment Plan for Town Center* under the Economic Development Division.
- Reformat/update Community Design Guidelines.

Table ##: Planning and Zoning Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (2 Full Time Employees)	\$120,461.00	\$138,750.00	\$147,568.00	\$155,293.00
FICA	\$6,339.00	\$8,639.00	\$9,149.00	\$9,628.00
Medicare	\$1,482.00	\$2,012.00	\$2,140.00	\$2,252.00
ASRS	\$13,638.00	\$16,873.00	\$18,313.00	\$19,272.00
Insurance	\$20,680.00	\$22,303.00	\$24,183.00	\$26,675.00
Workmans Compensation	\$1,240.00	\$1,420.00	\$1,450.00	\$1,450.00
Unemployment Insurance	\$205.00	\$600.00	\$650.00	\$800.00
Salaries & Benefits	\$164,045.00	\$190,597.00	\$203,453.00	\$215,370.00
Office supplies/technology	\$6,700.00	\$6,900.00	\$8,100.00	\$5,400.00
Vehicle Maintenance/Fuel	\$1,460.00	\$1,700.00	\$1,700.00	\$1,800.00
Special Projects/Contractual Services	\$2,000.00	\$40,000.00	\$40,000.00	\$74,000.00
Dues Subscriptions	\$340.00	\$500.00	\$1,000.00	\$1,100.00
Education/Conferences	\$500.00	\$750.00	\$800.00	\$800.00
Operations/Supplies/Contracts	\$11,000.00	\$49,850.00	\$51,600.00	\$83,100.00
DIVISION TOTALS	\$175,045.00	\$240,447.00	\$255,053.00	\$298,470.00

DEPARTMENTAL BUDGETS

Code Enforcement:

The Code Enforcement Officer works with Town staff and the community to address Town Code compliance issues in a fair and equitable manner. Additionally, this Division manages the issuance of business licenses and vendor certificates during special events. From time to time, the Division will also work in association with the Town’s first responders to address emergency preparedness and responses. In addition to these responsibilities, the Division also provides additional administrative front office support and provides bailiff services to the municipal court.

Accomplishments Fiscal Year 2020-2021:

- Processed over 350 business licenses.
- Processed over 475 vendor certificates.
- Conducted over 200 investigations.
- Assisted in the hiring of new Code Enforcement Officer.

Goals for Fiscal Year 2021-2022:

- Continue court safety training.
- Work with Fire Chief on updates to Emergency Operation Plan and coordination efforts.
- Continue to manage and process business licenses, vendor certifications and investigate complaints.

Table ##: Code Enforcement Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (1 Full Time Employee)	\$30,502.00	\$32,436.00	\$32,550.00	\$29,000.00
FICA	\$1,668.00	\$2,011.00	\$1,785.00	\$1,792.00
Medicare	\$390.00	\$470.00	\$417.00	\$419.00
ASRS	\$3,373.00	\$3,873.00	\$3,518.00	\$3,587.00
Insurance	\$11,000.00	\$11,500.00	\$12,200.00	\$4,750.00
Workmans Compensation	\$550.00	\$560.00	\$650.00	\$750.00
Unemployment Insurance	\$102.00	\$317.00	\$375.00	\$525.00
Salaries & Benefits	\$47,585.00	\$51,167.00	\$51,495.00	\$40,823.00
Office supplies/technology	\$510.00	\$1,500.00	\$2,350.00	\$2,200.00
Vehicle/Fuel	\$2,150.00	\$3,000.00	\$2,800.00	\$38,500.00
Education/Conferences			\$500.00	\$200.00
Operations/Supplies/Contracts	\$2,660.00	\$4,500.00	\$5,650.00	\$40,900.00
DIVISION TOTALS	\$50,245.00	\$55,667.00	\$57,145.00	\$81,723.00

DEPARTMENTAL BUDGETS

Economic Development:

Due to the fact that the Town's financial model is dependent on the generation of sales tax, the Town must focus on economic development initiatives to diversify the tax productivity of its businesses. This diversification will permit the Town to reduce financial risk by balancing the elastic revenue streams of complementing tax generating businesses with the costs of providing existing core municipal services. Furthermore, given the small number of residents, it necessitates the attraction of nearby residents and visitors from a broader trade area to create a destination experience and enhance the sales tax revenues. Recently, the Town reached an inflection point with its town driven events and has refined its strategy to focus on optimizing its business retention and attraction activities. As a result, an Economic Development Director was hired, an Economic Development work plan was developed and an Economic Development Technical Advisory Panel was created to assist in the implementation of this business diversification plan.

The basic definition of Economic Development is the generation of wealth. This generation can take many different forms in different communities. The vision behind the Town's Economic Development initiatives is to diversify the Town's sales tax base to ensure a sustainable revenue stream to continue to cover the escalating costs of providing core municipal services.

The Economic Development Division works on strategic initiatives to retain and attract businesses and development which generate and diversify the Town's tax base, and meet goals for economic sustainability. This requires the Division to actively work with varying business interests to improve the Carefree business and consumer environment, gain better exposure for Carefree businesses to enhance the business traffic and cultivate new commercial investment, all of which will provide more financially sustainable community and positive enhancements to the Carefree lifestyle.

Accomplishments Fiscal Year 2020-2021:

- Hired community's first Economic Development Director in March 2020
- Regularly updated businesses regarding evolving COVID-19 circumstances and financial assistance programs.
- Met with many of the business owners within the Town Center
- Began to meet and assist different associations such as an Art Gallery Association and Restaurant Association.
- Worked with Thunderbird Artist to address COVID-19 compliance issues and address layout with nearby merchants to create enhance foot traffic.
- Worked with Farmers Market and nearby merchants to enhance layout and create better flow to enhance foot traffic.
- Created COVID-19 friendly entertainment options within the amphitheater to enhance foot traffic within the Town Center.

DEPARTMENTAL BUDGETS

- Created Economic Development strategic plan to define mission, goals and strategies for Economic Development program.
- Implemented Economic Development Technical Advisory Panel.

Goals for Fiscal Year 2021-2022:

- Continue to work with businesses to address COVID-19 compliance.
- Continue to work with and form additional merchant associations to improve communications between like businesses and enhance success.
- Implementation of Economic Development strategic plan.
- Set benchmarks and targeted milestones for retail tax growth.
- Update Town Center Master Plan and enhance the revitalization planning goals as well as tools to accomplish revitalization goals such as a redevelopment area.
- Initiate key General Plan amendments/updates.

Table ##: Economic Development Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (1 Full Time Employee)			\$113,543.00	\$126,284.00
FICA			\$7,040.00	\$7,803.00
Medicare			\$1,646.00	\$1,831.00
ASRS			\$14,091.00	\$15,672.00
Insurance			\$12,450.00	\$13,800.00
Workmans Compensation			\$1,650.00	\$325.00
Unemployment Insurance			\$550.00	\$278.00
Salaries & Benefits	\$0.00	\$0.00	\$150,970.00	\$165,993.00
Office supplies/technology			\$1,000.00	\$3,500.00
Business Retention & Attraction			\$15,000.00	\$10,000.00
Special Projects/Contractual Services			\$75,000.00	\$80,000.00
Subscriptions/trades assoc.			\$1,000.00	\$4,000.00
Education/Conferences			\$1,000.00	\$2,000.00
Operations/Supplies/Contracts	\$0.00	\$0.00	\$93,000.00	\$99,500.00
DIVISION TOTALS	\$0.00	\$0.00	\$243,970.00	\$265,493.00

DEPARTMENTAL BUDGETS

SUMMARY OF PUBLIC WORKS DEPARTMENT:

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

Table ##: Summary of Full Time Employee Positions Public Works Division:

FTE Position	FY17/18	FY18/19	FY19/20	FY20/21	FY20/22
Town Engineer	.25	.25	.25	.25	1.0
Facilities Supervisor	1.0	1.0	1.0	1.0	1.0
Facilities Foreman	1.0	1.0	1.0	1.0	1.0
Equipment Operator	2.0	2.0	2.0	2.0	2.0
Total FTE Positions	4.25	4.25	4.25	4.25	5.0

Table ##: Summary of expenses for the Public Works Department per Division:

Town Division	FY18/19	FY19/20	FY20/21	FY20/22
Town Engineer	\$124,000	\$152,000	\$429,000	\$285,000
Facilities	\$658,500	\$812,000	\$758,000	\$899,000
Summary of Expenses	\$782,500	\$964,000	\$1,187,000	\$1,184,000

DEPARTMENTAL BUDGETS

Town Engineer:

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

Accomplishments for Fiscal Year 2020-2021:

- Initiated the process to fill the Town Engineer position.
- Completed MS4 compliance requirements.
- Completed and managed Dust Control permitting requirements.
- Completed numerous drainage repairs and street repairs.
- Conducted inspections for grading and drainage compliance and review plans for compliance issues.
- Oversaw over 50 rights-of-way permits.
- Managed street maintenance projects.
- Managed maintenance and repair of Town Center lights.
- Coordinated maintenance program and repairs within the gardens.

Goals for Fiscal Year 2021-2022:

- Ensure continued regulatory compliance and training.
- Update program to maintain culverts.
- Update Town's Pavement Preventative Maintenance Plan.
- Create replacement and maintenance schedules for Town's heavy equipment and vehicles.
- Continue to assist/oversee improvements to public rights-of-way and Town facilities.
- Seek grant/alternative funding for public works projects.
- Continue to conduct grading and drainage inspections and review plans for compliance issues.



DEPARTMENTAL BUDGETS

Table ##: Town Engineer Divisional Budget.

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (1 Full Time Employees)	\$24,000.00	\$27,000.00	\$37,500.00	\$107,000.00
FICA			\$1,085.00	\$6,641.00
Medicare			\$254.00	\$1,553.00
ASRS			\$2,490.00	\$13,292.00
Insurance			\$2,500.00	\$13,378.00
Workmans Compensation			\$1,000.00	\$1,450.00
Unemployment Insurance			\$800.00	\$1,300.00
Salaries & Benefits	\$24,000.00	\$27,000.00	\$45,629.00	\$144,614.00
Vehicle Maintenance/Fuel				\$3,500.00
Special Projects/Contractual Services	\$100,000.00	\$125,000.00	\$400,000.00	\$115,000.00
Office/supplies/subscriptions				\$5,500.00
Education/Conferences				\$1,500.00
Operations/Supplies/Contracts	\$100,000.00	\$125,000.00	\$400,000.00	\$125,500.00
DIVISION TOTALS	\$124,000.00	\$152,000.00	\$445,629.00	\$270,114.00

DEPARTMENTAL BUDGETS

Facilities Division:

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

Over the past year, the facilities staff has spent nearly 1,700 hours picking up trash along the arterial and collector streets within Carefree. This task is done on a weekly basis and ensures the Town major streets are free from debris. The staff also spends approximately 700 hours trimming, mowing and re-grading the shoulders of many of the public streets to mitigate encroachment of brush into drivers view sheds and around signage while also reducing fire hazards within the community. Additionally, facilities does maintenance and repairs within the Town Center gardens that is beyond the scope of the current contracts for landscape and janitorial services. The staff spent approximately 3,600 hours repairing lights, painting surfaces and walls and repairing vandalism. Storm cleanup is another essential service provided by the facilities staff. Depending upon the magnitude of the storm event this can take between several days to several weeks to conduct post storm cleanups.

Here's a highlight of additional tasks over the past year 2020-2021:

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

DEPARTMENTAL BUDGETS

Goals for Fiscal Year 2021-2022:

- Ensure continued regulatory compliance and training.
- Continue and refine program to maintain culverts.
- Continue to manage and maintain rights-of-way and Town facilities/amenities.
- Continue to coordinate infrastructure projects with street maintenance projects.
- Develop schedule for trimming along Town's rights-of-way.
- Work with Town Engineer to create replacement schedule for equipment with limited useful life.
- Coordinate with Town Engineer Capital Improvement Plans and Projects.

Table ##: Facilities Divisional Budget.

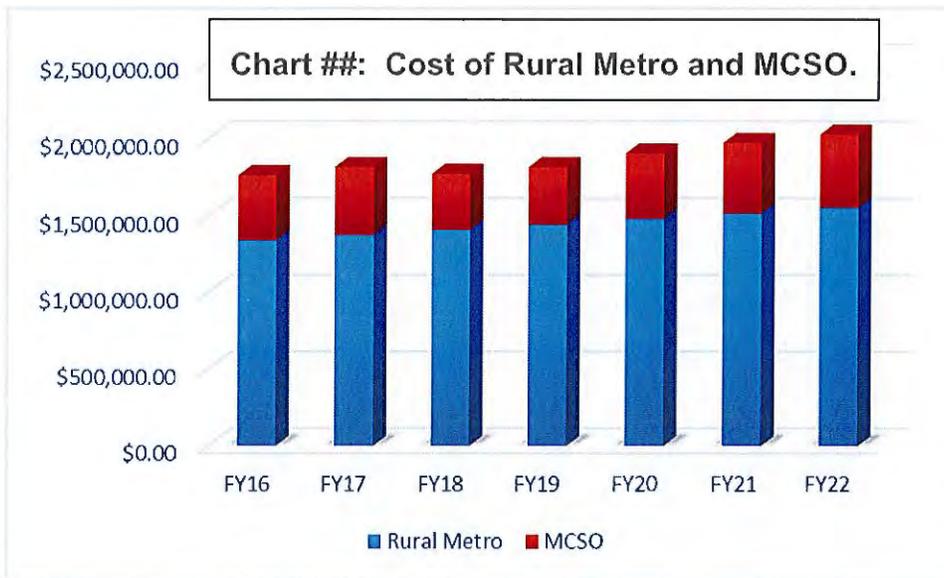
	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (4 Full Time Employees)	\$200,835.00	\$219,576.00	\$225,110.00	\$235,405.00
FICA	\$11,881.00	\$13,614.00	\$13,957.00	\$14,595.00
Medicare	\$2,779.00	\$3,184.00	\$3,264.00	\$3,413.00
ASRS	\$23,699.00	\$26,217.00	\$27,936.00	\$29,214.00
Insurance	\$38,500.00	\$38,565.00	\$41,200.00	\$45,150.00
Workmans Compensation	\$14,610.00	\$15,400.00	\$16,350.00	\$17,400.00
Unemployment Insurance	\$410.00	\$1,215.00	\$1,300.00	\$1,415.00
Salaries & Benefits	\$292,714.00	\$317,771.00	\$329,117.00	\$346,592.00
Uniforms	\$2,800.00	\$2,800.00	\$3,000.00	\$3,200.00
Utilities	\$29,235.00	\$31,300.00	\$32,300.00	\$34,500.00
Leased space/Yard Maintenance	\$15,900.00	\$7,250.00	\$8,700.00	\$9,000.00
Operating Supplies/Signage	\$30,380.00	\$40,420.00	\$74,000.00	\$140,000.00
Equipment Rental/Maintenance	\$44,750.00	\$21,000.00	\$13,000.00	\$14,000.00
Vehicle Maintenance/Fuel	\$24,170.00	\$18,500.00	\$22,000.00	\$25,000.00
Special Projects/Contractual Services	\$131,000.00	\$133,500.00	\$136,500.00	\$180,000.00
Gardens supplies/utilities	\$85,871.00	\$87,810.00	\$97,000.00	\$100,000.00
Equipment purchase		\$150,000.00	\$41,000.00	\$45,000.00
Dues Subscriptions	\$500.00	\$500.00	\$500.00	\$500.00
Education/Conferences	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Operations/Supplies/Contracts	\$365,806.00	\$494,280.00	\$429,200.00	\$552,400.00
DIVISION TOTALS	\$658,520.00	\$812,051.00	\$758,317.00	\$898,992.00

DEPARTMENTAL BUDGETS

Public Safety:

There are two main components within the Public Safety Department: Law Enforcement and Fire and Emergency Services. These first responder services are provided to the Town through contracts with Maricopa County 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 and retain these first responders.



On average, the costs to provide comprehensive public safety services makes up on average approximately 35%-40% of the Town's operational expenses. The table below illustrates the escalating costs of these public safety contracts. In FY18 there was a recalibration of the MCSO service level to reduce traffic enforcement in the summer months. This recalibration resulted in a slight reduction in costs for service that year however, the trend illustrates a consistent annual increase in costs of these public safety contracts. With next year, together, the two contracts with MCSO and Rural Metro will be approximately \$2 MM. These figures do not include any service level modifications to these public safety contracts or prosecution services fees, incarceration fees or animal control fees.

DEPARTMENTAL BUDGETS

Law Enforcement:

MCSO is a fully integrated law enforcement agency that is charged with enforcing the State and local laws and deterring criminal activity. MCSO will protect lives and property, investigate criminal activity and work in partnership with the Town Council, staff and community interests to resolve issues and concerns. MCSO is dedicated to providing the town a courteous and professional law enforcement agency that is supportive of community based policing principals. All sworn personnel are required to meet and stay in compliance with established State training as defined by the Arizona Police Officer Standards and Training (AZ POST).

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

At any time, the services can be amended to facilitate an increase level of service; however, any increase in service must be reconciled with a revenue stream to offset the increase in costs. Recently, some residents have inquired about the use of photo radar to more effectively modify the behavior of the bad actors driving through the community. The human element of patrolling traffic speeds is only as good as the Deputy being at a specific location to document and issue a citation. However, the use of technology such as photo radar is more consistent and effective in reducing traffic speed. If this technology is used within the community it can help redeploy the Deputies focused on traffic calming to more neighborhood patrols and stronger presence throughout the community. This can also help to fund additional increases in the contract to more evenly cover the community throughout the year. The newly appointed public safety committee will also be evaluating these options and will possibly make a recommendation about any future changes in services.

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

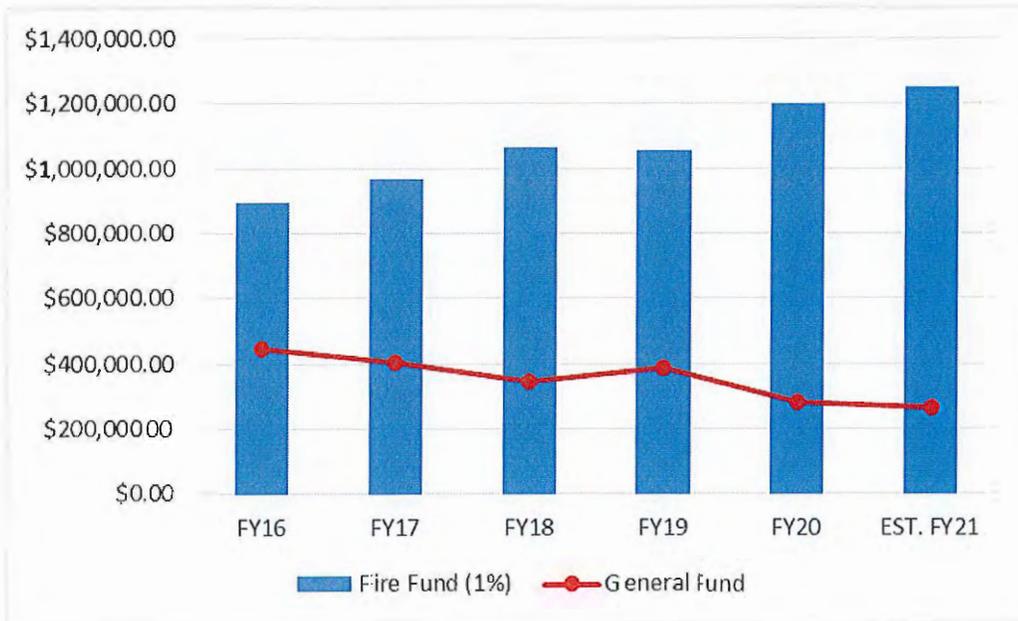
DEPARTMENTAL BUDGETS

Table ##: Budget of Law Enforcement.

	FY 18/19	FY 19/20	FY20/21	FY21/22
MCSO Contract	\$374,900.00	\$429,900.00	\$459,600.00	\$476,600.00
Posse	\$9,262.00	\$5,000.00	\$0.00	\$0.00
Jail Service	\$11,500.00	\$15,000.00	\$15,000.00	\$15,000.00
Prosecutor	\$45,000.00	\$48,000.00	\$50,000.00	\$55,000.00
Animal Control	\$2,000.00	\$3,383.00	\$3,400.00	\$3,400.00
Total	\$442,662.00	\$501,283.00	\$528,000.00	\$550,000.00

Fire Department and Emergency Services:

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



The master contract is in part funded through a dedicated 1% municipal sales tax and placed in a dedicated fund called the Fire Fund. As illustrated in the table below, the revenue generated by this dedicated sales tax does not cover the annual costs of the master fire contract. As a result of this

structural deficit which has averaged approximately \$355,000 over the last six fiscal years, supplemental funding is required from the Town’s General Fund. As the costs of the master fire contract increases as well as any future modification to existing levels of services, the Town will need to explore how best to address an escalation in this structural deficit within the Fire Fund.

DEPARTMENTAL BUDGETS

As typical of any Fire Department its core service is to prevent and suppress structural and wild land fires within the Town limits. The Fire Department also provides emergency medical services and transports, hazardous material mitigation and coordination with regional, state and federal agencies planning for and in response to natural or man-made disasters. In addition, the Fire Department provides for a wide range of community services such as CPR training, car-seat installation, holiday toy drives and emergency management. In addition Rural Metro provides Fire Marshal service by reviewing new development proposals and ensuring compliance to the Town's fire code. In this capacity the designated Fire Marshal provides for both plan review and building safety inspections.

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

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

With the upcoming expiration of the current master contract with Rural Metro in addition to Cave Creek's desire to join a qualifying agency for automatic aid, the Town must consider its options to ensure the current resources are not isolated and the Town is provided regional backup. The recent wildfires in Cave Creek disclosed the importance of a regional approach to providing emergency services. Indeed, this regional approach comes with additional costs; however, this regional response to emergencies can save properties and possibly lives. If the Town chooses to apply for the automatic aid cooperative, it must meet specific requirements of staffing, training and supporting equipment to qualify. These upfront costs along with additional annual operating costs will add to the current structural deficit in the Fire Fund. Therefore, any conversation associated with automatic aid must also include additional funding sources to create a financially sustainable solution to fund the emergency services. This spring a citizen committee appointed by the Council will review the level of emergency services and desired approach as well as options to fund any proposed refinements to the current level of services.

DEPARTMENTAL BUDGETS

Table ##: Budget for Fire and Emergency Services.

	FY 18/19	FY 19/20	FY20/21	FY21/22
Master Fire Contract	\$1,442,505.00	\$1,478,568.00	\$1,515,532.00	\$1,553,420.00
Fire Equipment Replacement	\$12,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Fuel/Apparatus Maintenance	\$21,320.00	\$21,500.00	\$28,000.00	\$30,000.00
Building Maintenance	\$6,400.00	\$6,500.00	\$6,600.00	\$6,700.00
Water/Sewer	\$10,600.00	\$11,000.00	\$11,500.00	\$12,000.00
Office Equipment Maintenance	\$5,000.00	\$6,700.00	\$10,000.00	\$10,000.00
Total	\$1,497,825.00	\$1,539,268.00	\$1,586,632.00	\$1,627,120.00

DEPARTMENTAL BUDGETS

Municipal Court:

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

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

The most significant fixed costs associated with the operation of the court is labor. This labor includes the contracts for Presiding Judge, associate judges, public defender, interpreter, court administrator, deputy clerks and bailiff. Indeed, the Town Prosecutor is an additional labor expense that is not captured within the specific court budget but can be found within legal services under the Town Administration Department. These labor costs can contribute to approximately 75% of the annual operational costs of the court. Several years ago, the Towns of both Carefree and Cave Creek agreed that a significant annual savings could be yielded to both communities if they shared the annual fixed costs of operating a municipal court. As a result, with the approval of the Supreme Court, an Intergovernmental Agreement was executed between the two communities to share the expenses and operate one municipal court instead of two independent courts located just a few miles from each other. In return, this sharing of fixed labor costs results in savings of approximately 50% to both communities rather than each town operating and staffing their own municipal court. Furthermore, a single court location is less confusing for customers who must appear at the courthouse.

The provisions of the IGA require that the court operate within municipal facilities located within the Town of Cave Creek; however, the Presiding Judge is appointed by the Carefree Town Council and the judge selects the court administrator and deputy clerk(s). The Town of Carefree manages and pays all expenses associated with the operation of the court and in return Cave Creek pays Carefree a set monthly service fee to offset the court's operational expense. Furthermore, a large portion of the fines and assessments collected by the court are paid to state and county as required by law. Any remaining monies collected are applied against the operational costs of the municipal court. In addition, the court is proactive in seeking out and applying for grant funding whenever possible and has been successful at obtaining multiple grants.

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

The Presiding Judge and court staff ensure that they are providing the best service possible by attending continuing education programs as required by the Arizona Supreme Court. Attendance at educational conferences and training sessions assists the judge and staff in staying knowledgeable about the ever-changing laws as well as improving customer service to all customers. In addition, continual active membership in professional associations is helpful in keeping up with policy changes at the county level as they occur. As technology changes, the court strives to continually improve the services it offers to customers by offering customers more options and for resolving court matters.

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

Table ##: Summary of all Municipal Court Positions.

FTE Position	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22
Presiding Judge*	1.0	1.0	1.0	1.0	1.0
Pro Tem Judge*	3.0	3.0	3.0	4.0	4.0
Public Defender*	2.0	2.0	2.0	2.0	2.0
Interpreter*	1.0	1.0	1.0	1.0	1.0
Court Administrator	1.0	1.0	1.0	1.0	1.0
Deputy Clerk	2.0	1.0	1.0	1.0	1.0

**Services provided through contracts.*

DEPARTMENTAL BUDGETS

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

Charges Filed	FY17/18	FY18/19	FY19/20	FY20/21*
Criminal (non-traffic)	23	30	32	21
Criminal Traffic				
Failure to Appear (traffic & non-traffic)	1	3	1	0
DUI	31	25	16	11
Serious Criminal Traffic	10	3	2	1
Other Criminal Traffic	58	15	25	10
Civil Traffic	1,254	929	921	699
Town Code	7	6	9	3
Total	1,384	1,011	974	745

**FY 20/21 Figures include only the first half of the year (July 2020 – December 2020).*

Accomplishments for Fiscal Year 2020-2021:

- Implemented PayNearMe, which provides more convenient payment options by allowing customers to make cash payments at thousands of retailers (such as CVS Pharmacy) throughout the country.
- Received grant funding to improve safety for customers and court staff in response to the COVID-19 pandemic.

Goals for Fiscal Year 2021-2022:

- Implement Online Alternative Dispute Resolution

DEPARTMENTAL BUDGETS

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

Table ##: Consolidate Court Divisional Expenses*

	FY 18/19	FY 19/20	BUDGETED FY 20/21	FORECASTED FY 21/22
Salaries (2 Full Time Employees)	\$125,979.00	\$151,486.00	\$152,902.00	\$143,311.00
FICA	\$8,150.00	\$9,392.00	\$9,480.00	\$8,885.00
Medicare	\$1,906.00	\$2,197.00	\$2,217.00	\$2,078.00
ASRS	\$16,270.00	\$18,087.00	\$18,975.00	\$17,785.00
Insurance	\$20,085.00	\$19,965.00	\$17,430.00	\$26,140.00
Workmans Compensation	\$254.00	\$264.00	\$270.00	\$270.00
Unemployment Insurance	\$205.00	\$306.00	\$320.00	\$325.00
Salaries & Benefits	\$172,849.00	\$201,697.00	\$201,594.00	\$198,794.00
Office supplies/technology/maintenance	\$12,000.00	\$17,100.00	\$17,350.00	\$18,350.00
Contracted services	\$68,865.00	\$69,757.00	\$72,048.00	\$81,595.00
Dues Subscriptions/organizational fees	\$1,100.00	\$1,300.00	\$1,300.00	\$1,400.00
Education/Conferences	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Operations/Supplies/Contracts	\$83,465.00	\$89,657.00	\$92,198.00	\$102,845.00
DIVISION TOTALS	\$256,314.00	\$291,354.00	\$293,792.00	\$301,639.00

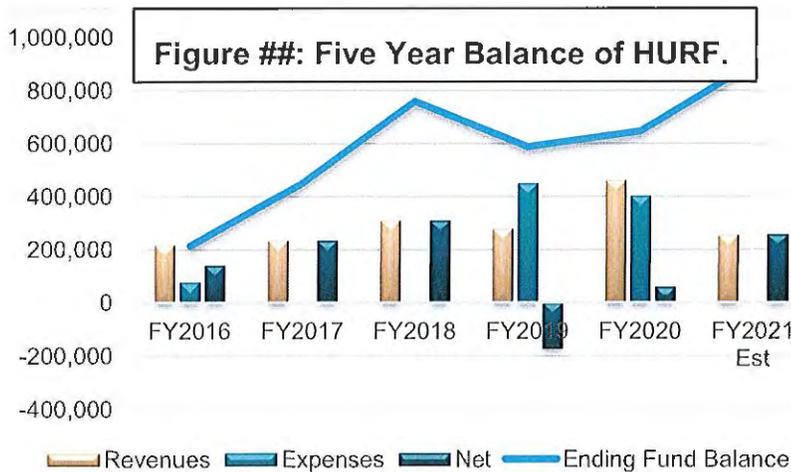
***Divisional Expenses do not include prosecution fees, incarceration fees and indirect administrative expenses.**

ALTERNATIVE FUNDS

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

Highway User Revenue Fund:

The State of Arizona assesses a flat tax of eighteen cents per gallon of gasoline. The revenue generated from the tax goes to in part fund the Arizona Department of Public Safety, Arizona Department of Transportation, County Departments of Transportation and municipal street improvements. On a municipal level, this funding can only be used for constructing, reconstructing and maintaining of roadways as well as traffic control devices and signage.



The Town has a ten year street preventative maintenance plan. This plan was last updated in 2012 and will need to be revisited in the next few years. This plan evaluates the level of asphalt distress and defines treatments to reduce the oxidation and helps to mitigate the deterioration of the street surfaces throughout the community.

The funds within the Highway User Revenue Fund (HURF) are used to help offset the costs for the street maintenance projects. However, these funds do not typically cover the balance of costs associated with the projects. As the Figure indicates below, HURF monies are saved over time and then invested in the street projects. At the present time, the balance of HURF is approximately \$900,000. It is important to note, as the asphalt continues to age, its useful life decreases and options should be considered to fund an asphalt replacement project throughout the community.

Approximately 2 years ago, the Town began the current cycle of Street Maintenance Projects. To date nearly 55% of the streets were treated with a crack seal and fiber micro surface treatment. The remaining streets were delayed in anticipation of the future water infrastructure improvement projects nearing construction and other conflicting utility improvements within the streets and/or nearby construction. Over the next few years, as this utility work is completed, these roadways will also receive a similar application. There is one section of Cave Creek Road between Carefree Drive and Mule Train which is experiencing some structural issues, an appropriate solution may be milling and

ALTERNATIVE FUNDS

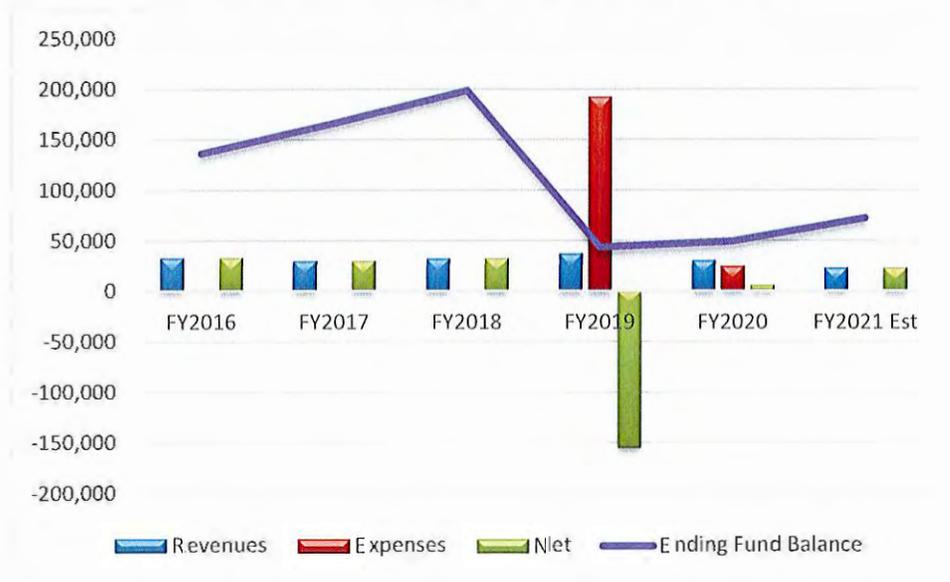
new asphalt overlay which should be planned over the next fiscal year. In addition, a section of Carefree Drive near the Basha's center and the southern part of the Easy Street loop between the Hampton Inn Project and the View Townhomes will need to be treated. These sections of streets were delayed as a result of the construction and utility work into both of these sites. The Town will be working with the developers of these properties to essentially split the cost for this street surface maintenance project. The HURF funds will be allocated towards these anticipated construction projects. Additionally, the new Town Engineer will oversee these future projects and begin planning for the next street assessment using recent technology to evaluate the streets' conditions and develop the next 10 year street maintenance plan.

Utility Capital Expenditure Fund:

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

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

Figure ##: Five Year Balance of Utility Capital Expenditure Fund



ALTERNATIVE FUNDS

Utility Community Facility District Fund:

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

Capital Advance – Water Infrastructure that were originally paid for out of the Town's General Fund are incrementally being paid back to the Town through a Capital Advance with zero percent interest. The lease agreement qualifies as a capital advance for accounting purposes and therefore, has been recorded at the present value of its future minimum payments as of the inception date. Charges for service from the Water Fund are used to repay the capital advance. Amortization of assets within the Water Fund acquired under the capital advance is included with depreciation expense. The future minimum capital advance obligations and the net present value of these minimum capital advance payments at year end are as follows:

Table ##: Balance of the Town's Capital Advance Loan to Water Company.

DATE	BALANCE
Jun-21	\$1,974,333.00
Jun-22	\$1,559,993.00
Jun-23	\$1,145,653.00
Jun-24	\$731,313.00
Jun-25	\$316,973.00
Jun-26	\$0.00

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

ALTERNATIVE FUNDS

Table ##: Balance of Capital Lease Loan to Water Company.

YEAR	BALANCE
Jun-21	\$1,694,855.00
Jun-22	\$1,450,090.00
Jun-23	\$1,205,326.00
Jun-24	\$960,562.00
Jun-25	\$715,798.00
Jun-26	\$471,034.00

In order to service the balance of these two loans provided through/by the Town to the Water Company, the Water Company provides annual debt payments of approximately \$660,000 to satisfy the loans.

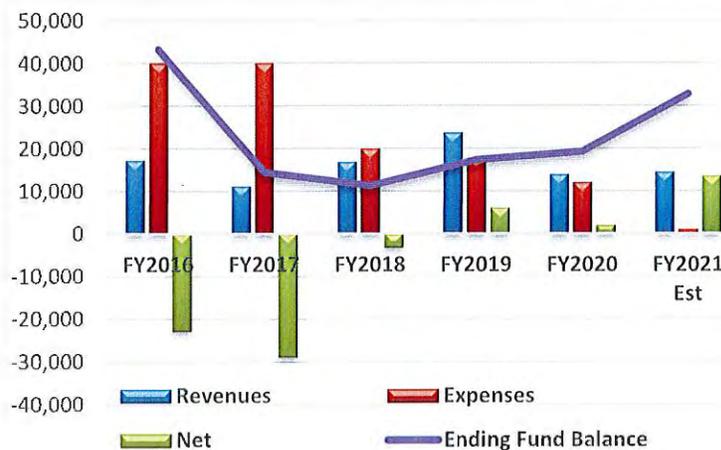
Municipal Court Funds:

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

Court Enhancement Funds:

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

Figure ##: Five Year Balance of Court Enhancement Funds.

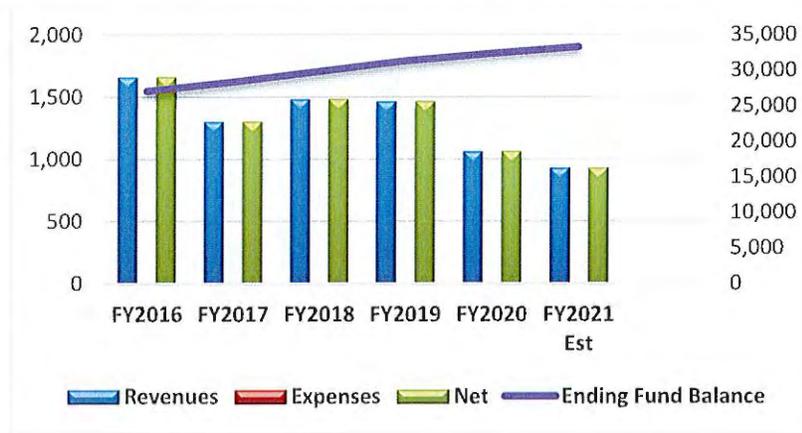


ALTERNATIVE FUNDS

MJCEF:

The chart below outlines the revenues, expenses annual net change in position 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 has not been any expenditures from this Fund and thus the balance is nearing approximately \$35,000. This Fund can be used for future capital expenditures to support the court's needs.

Figure #: Five Year Balance of Court Restricted MJCEF Funds.

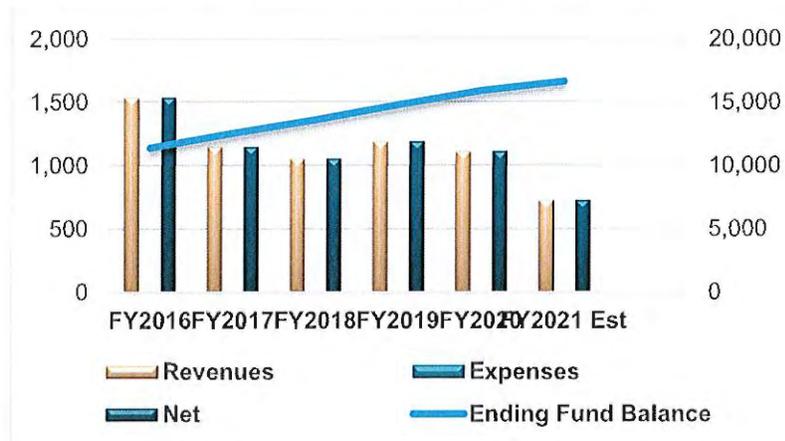


ALTERNATIVE FUNDS

GAP:

The chart below outlines the revenues, expenses annual net change in position and annual fund balance of GAP. This Fund are allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Similar to MJCEF, over the last five years, there has not been any expenditures from this Fund and thus the balance is approximately \$16,000. This Fund can be used for future capital expenditures to support the court's needs.

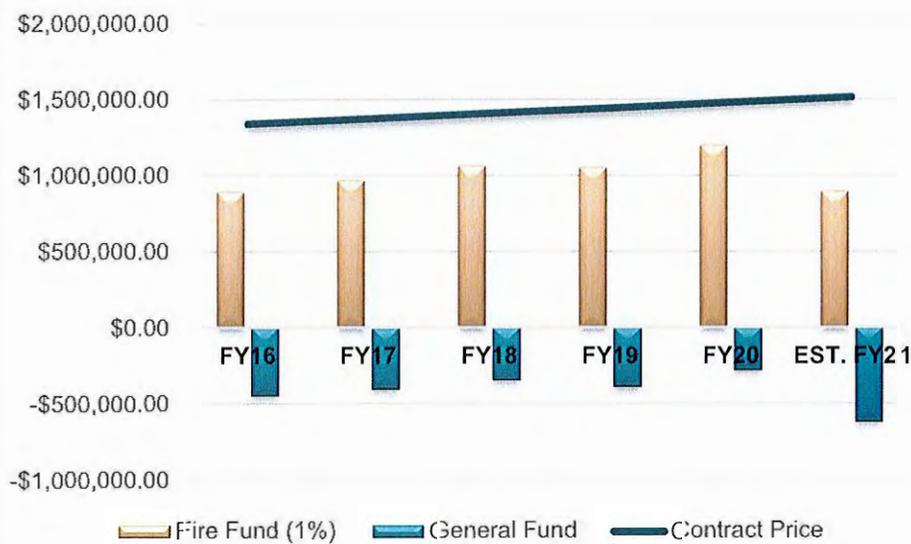
Figure ##: Five Year Balance of Court Restricted GAP Funds



ALTERNATIVE FUNDS

Fire Fund:

The Town assesses a total of 3% sales tax on retail products purchased with the Town. One-third of this assessment on retail products is earmarked to the Fire Fund. The Fire Fund is used to pay for the master contract with Rural Metro. This Fund does not pay for the entire balance of the master fire contract with Rural Metro. Therefore, the remaining balance must be paid out of the Town's operations Fund the General Fund. This structural deficit will continue to grow as the costs to the master contract out pace the revenue generated by the dedicated sales tax within the Fire Fund. In the table below, the line indicates the escalating price of the master contract with Rural Metro. This contract has an inflationary index for labor based upon the local labor index CPI-U/W for Mesa-Phoenix. This index also has an annual cap on 2.5%. The bars are the chart indicated where the funds come from. The gap between the line and the fire fund bars illustrate the current structural deficit of the Fire Fund. The blue bars indicate the amount per year of this structural deficit. This structural deficit does not take into account any changes to level of service of the expiring master contract with Rural Metro. Indeed, any increase in this structural deficit will illuminate operational funding to take care of other infrastructure needs. Therefore, this structural deficit needs to be evaluated to eliminate the financial stress it is creating to properly fund other community needs.



CPR Fund:

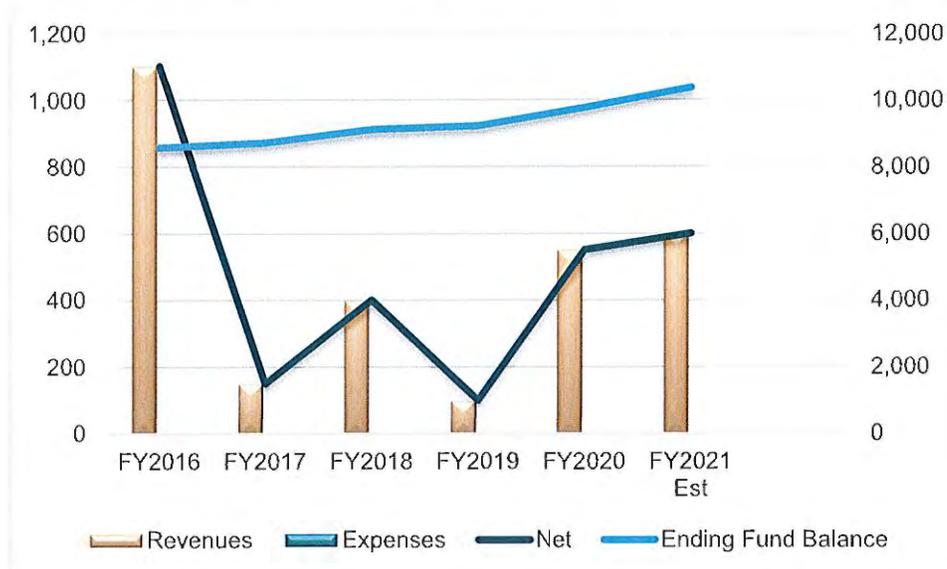
As part of the master contract, the fire department produces a CPR program. The revenues and expenses associated with this program are captured within this specific Fund and simply reimburse the costs of the program for supplies.

ALTERNATIVE FUNDS

Cemetery Fund:

The Town operates a small cemetery located south of Cave Creek Road on the east side of Pima Road. Although over recent years there have been resources used to grade, clean up and repair portions of this cemetery, the expenses associated with these improvements came from the Public Works Department. In the future, these funds will be used to further comply with dust control requirements and some aesthetical improvements. Currently, the balance to this Fund is just over \$10,000.

Figure ##: Five Year Balance of Cemetery Fund.

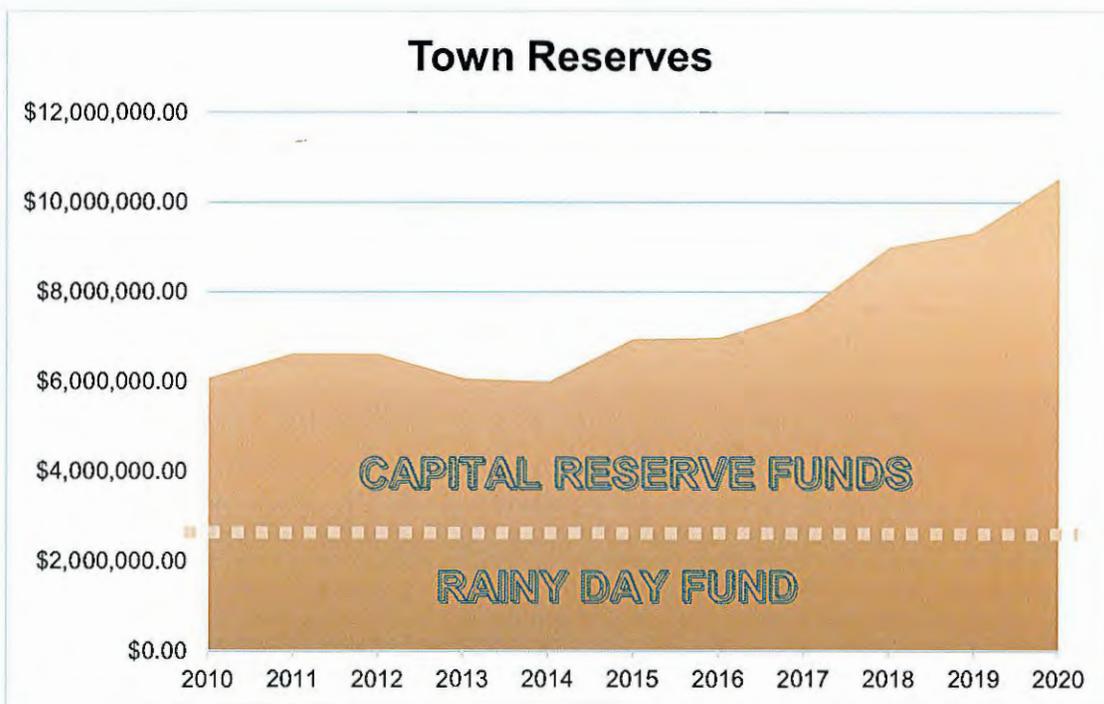


CAPITAL IMPROVEMENT PROGRAM

CAPITAL RESERVE FUNDS:

Over the past ten years, the Town has increased its Capital Reserve Fund by over \$4MM by minimizing operational expenses. This reserve account has been used to fund Capital Projects such as street maintenance, Town Center improvements, Public Works equipment, and the purchase of buildings for both the Town Hall, Town Council Chambers, a Fire Station and all associated equipment and apparatus. As the Town's infrastructure ages, the Town will need to prioritize competing investments with these finite resources.

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



CAPITAL IMPROVEMENT PROGRAM

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

Streets:

One of the Town's largest capital assets and liabilities are the public streets serving the community. These streets are subject to the extreme heat and rays of the harsh desert sun. As a result, there is significant oxidation which leads to the drying and cracking of the asphalt and the degradation of the street surface. To reduce the impacts of these natural environmental conditions on the streets the Town regularly performs cycles of street preventative maintenance. This is done through observing the various forms of asphalt distress and rating the pavement condition index (PCI). This helps to identify the various forms of maintenance including but not limited to: crack seal, fog seal, slurry seal, chip seal, mill and overlay. The Town last conducted a pavement evaluation in 2012. The Town is in the middle of its current street maintenance cycle with approximately 45% of the streets treated with a polyflex crack seal and a fiber micro-surface. The Town will complete the current street maintenance cycle over the several years as well as complete an update of its pavement evaluation. This update to the pavement condition will outline the future requirements and financial needs to address street maintenance over the next 10 years.

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

Drainage Facilities:

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

CAPITAL IMPROVEMENT PROGRAM

Public Buildings:

The Town owns numerous building which house various administrative functions. Over time, as any capital asset ages, funds will need to be reinvested back in to reposition and repair the asset.

Currently, here's a description of the five town owned buildings/facilities.

- Town Council Chambers – This building is the most recent addition and was remodeled to facilitate public meetings. The ongoing maintenance costs are captured in the Town Administration budget. Some additional improvements in this next fiscal year may include some cameras to broadcast public meeting through the internet.
- Town Hall/Administrative Offices – The majority of Town staff work out of this building. The property is located in a highly desirable and visible area near the new hotel, across from the Sundial and adjacent to Cave Creek Road. As a result, from an economic development perspective, it may be more appropriate to reposition the building/property for restaurant/retail uses rather than Town offices. However, the staff will need a suitable space to relocate to. Currently, the ongoing maintenance costs are captured within the Town Administration budget.
- Amphitheater multiple-purpose room – Over the last several months the flex space has been remodeled to house the new communication manager, visitor center, storage and changing areas for future performances. This provides a better functioning and more professional space for the various users groups. The ongoing costs to maintain this space are captured in the Town Center facilities budget.
- Fire Station – The fire station was built in 2006 and is part of the Towns fire safety program. Currently, Rural Metro pays utilities with the exception of water and 50% of the waste water. The Town pays to repair all equipment and overtime has replaced furniture or other equipment. Over the last several years, the most significant repairs have focused around the roof and the garage doors.
- Public Works/Water Company – the Town owns the buildings which house both the Public Works Department and the Water Company. The Town has converted the lighting system to LED which provides for a higher quality of lighting at a lower monthly cost. In addition the roofs to both Public Works and the water Company buildings have been redone. The ongoing maintenance to these spaces are captured in the Public Works Department budget.
- Lease Space – the Town leases a privately owned lot adjacent to the Public Works facility to provide capacity to store material and equipment to support the Facilities team.

Town Center:

Within the Town Center is a significant amount of public infrastructure/assets within and around the Town Gardens. From the street lamps to directional signage and landscape to the amenities within the gardens such as the amphitheater, splash pad, playground and fountains. Due to the heavy use of these items, over time, they will need to be refreshed. Additionally,

CAPITAL IMPROVEMENT PROGRAM

new ways of managing the space need to be introduced to mitigate damage that is occurring from vandalism and from the frequency of pets relieving themselves. This will include but is not limited to landscape replacement, security cameras, replacement of metal poles, ceramic painting of surfaces and retreatment of other paved surfaces. Additionally, pet relief stations should be explored to focus appropriate areas and help preserve the integrity of the facilities.

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

Table ##: Fiscal Year Capital Projects

DEPARTMENT	TOTAL
Administrative Services	\$620,000.00
Community Development	\$340,000.00
Public Works	\$685,000.00
Consolidated Municipal Court	\$105,000.00
TOTAL	\$1,750,000.00

EXPENSES	AMOUNT
Pedestrian Crosswalks Improvements	\$650,000.00
Town Center Signage Improvements	\$450,000.00
Town Center Redevelopment Initiatives	\$400,000.00
Street Maintenance	\$1,500,000.00
Water Infrastructure	\$2,000,000.00
TOTAL	\$5,000,000.00

REVENUES	AMOUNT
HURF	\$300,000.00
Utility CAP	\$25,000.00
Bond Reimbursement	\$2,000,000.00
Federal Grant/Stimulus	\$485,000.00
General Fund Transfer	\$400,000.00
Capital Reserves Transfer	\$1,790,000.00
TOTAL	\$5,000,000.00

CONTINGENCY FUNDS

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

EXPENDITURE LIMIT ANALYSIS

Each year the Arizona Economic Estimates Commission develops expenditure limits for local governments. These expenditure limitations are based on a formula using 1979-80 expenses adjusted for inflation and population growth. However, many communities have used statutory mechanism to adjust the base due to growing needs of the respective communities. On November 3, 1998 the citizens of Carefree approved a permanent base adjustment of \$1,047,314. Therefore, based upon Carefree's permanent base adjustment, the expenditure limit for FY2021/22 is \$11,340,358

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

Table ##: Expenditure Limitation Analysis.

Total Expenditures:	\$11,902,355
Exclusions from Revenues:	
Bond Proceeds	\$ 0
Debt Service Payments	\$ 244,227
Dividends, Interest, Gains	\$ 21,419
Grants	\$ 200,000
ALF	\$ 9,800
Contributions from private organizations	\$ 0
HURF	\$ 261,500
UTCAP	\$ 22,530
Refunds, Reimbursements	\$ 2,000,000
Voter approved exemptions	\$ 0
Total Exclusions:	\$ 2,759,476
Total Expenditures Subject to Limitation:	\$ 9,142,879
Expenditure Limitation:	\$11,340,358
Under Limitation by:	\$ 2,197,479

APPENDIX

AUDITOR GENERAL SCHEDULES A-G TO BE ADDED