

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

WHEN: TUESDAY, JUNE 6, 2023

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

LIVESTREAM: CAREFREE YOUTUBE CHANNEL
<https://www.youtube.com/@CarefreeAZgov>

TIME: 5:00 P.M.

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

The agenda for the meeting is as follows:

CALL TO ORDER

ROLL CALL

A members of the Council may participate by technological means or methods pursuant to A.R.S. §38-431(4).

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

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

- ITEM #1** Approval of the May 2, 2023 Town Council Meeting minutes.
- ITEM #2** Approval of the May 18, 2023 Town Council Budget Workshop minutes.
- ITEM #3** Approval of the May 23, 2023 Town Council Special Meeting minutes.
- ITEM #4** Approval of the May 25, 2023 Town Council Budget Workshop minutes.

- ITEM #5** Acceptance into the public record of the March, 2023 paid bills.
- ITEM #6** Acceptance into the public record of the May, 2023 paid bills.
- ITEM #7** Acceptance of the cash receipts and disbursements report for April, 2023.

CALL TO THE PUBLIC

- ITEM #8** Call to the Public: Consideration of comments from the public. Pursuant to Section 2-4-7(G) of the Town Code and A.R.S. 38-431.01(H), those wishing to address the Council need not request permission in advance. The public may address the Council on matters not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter, direct staff to study the matter, reschedule the matter for further consideration and decision at a later date, or may ask that a matter be put on a future agenda. However, the Council may not discuss or take legal action at this time. Please limit your comments to not more than 3 minutes.

REGULAR AGENDA:

- ITEM #9** Current Events.
- ITEM #10** Review, discussion and possible action to approve Resolution 2023-05 adopting the tentative budget and bottom line for the fiscal year beginning July 1, 2023 and ending June 30, 2024.
- ITEM #11** Review, discussion, and possible action to approve Technical Memorandum D (“Tech Memo D”) of the *Comprehensive Sign and Circulation Plan*, which includes final sign designs, messaging, and implementation including costs and phasing.
- ITEM #12** Presentation and discussion with Rebeca Field of Kimley-Horn, consultant for the *Comprehensive Sign and Circulation Plan*, to include updating the Town Council and Planning and Zoning Commission on the *Plan’s* circulation strategies (*Project Assessment or “PA”*) and to include soliciting feedback for incorporation into the final draft of the *PA*. This is for informational purposes only. No action will be taken. Comments from the public will be taken.
- ITEM #13** Review, discussion and possible action to approve Resolution 2023-03 extending the contract for services with the Maricopa County Sheriff’s Office.

DATED this 31st day of May, 2023.

TOWN OF CAREFREE

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

Items may be taken out of sequence.

Council meeting are now broadcast live via the Town of Carefree YouTube channel:
[@CarefreeAZgov](https://www.youtube.com/@CarefreeAZgov)

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FOR SPECIAL ACCOMMODATIONS

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

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



WHEN: TUESDAY, MAY 2, 2023

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

TIME: 5:00 P.M.

Town Council Attending:

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

Town Council Absent:

Staff Present:

Gary Neiss, Town Administrator; Michael Wright, Town Attorney; Stacey Bridge Denzak, Director of Planning and Zoning; Kandace French Contreras, Town Clerk, Treasurer.

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

Patricia Petox – Martelly led the Council in the Pledge of Allegiance.

CONSENT AGENDA

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

ITEM #1 Approval of the April 4, 2023 Town Council meeting minutes.

ITEM #2 Acceptance into the public record of the March, 2023 paid bills.

ITEM #3 Acceptance into the public record of the April, 2023 paid bills.

ITEM #4 Acceptance of the cash receipts and disbursements report for March, 2023.

ITEM #5 **Review, discussion and possible action to approve the expenditure of \$38,661 for the replacement of one 7.5 ton A/C Unit and two 5 ton A/C Units for the Carefree Fire Station.**

MOTION: Council Member Geiger made a motion to defer Agenda Item #2 to the next regular meeting due to an error in the report and approve Agenda Items #1, #3, #4, and #5.

SECOND: Council Member D’Aliesio.

VOTE: Approved 7-0.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D’Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye

CALL TO THE PUBLIC

ITEM #6 **Call to the Public**

The following individuals appeared and spoke at Call to the Public:

Janet Veves, Carefree, AZ (**See statement attached that was missed by audio recording.*)

Diane Roth, Carefree, AZ – Opposition statement to Automatic Aid and property tax.

Ron Thackery, Carefree, AZ - Opposition statement to Automatic Aid and property tax.

Barbara Hess, Carefree, AZ - Opposition statement to Automatic Aid and property tax.

Stephanie Barbour, Carefree, AZ – Question on water transition.

Mike Davitt, Carefree, AZ - Opposition statement to Automatic Aid and property tax.

Lisa Rinde, Carefree, AZ – Support of Automatic Aid and property tax.

Mark Jameson, Carefree, AZ - Support of Automatic Aid and property tax.

Greg Warner, Carefree, AZ –Spoke in opposition of the property tax.

Wendy Mattes, Carefree, AZ - Comments regarding the General Plan survey and requests to preserve open space.

John Mattes, Carefree, AZ – Statements regarding full time staff, a work study and opinion that reducing staff would result in funds to pay for fire service. Additional statements regarding the water transition being within budget.

Dave Wilson, Assistant Chief, Daisy Mountain Fire Department – Statements and clarifications regarding Automatic Aid and response times.

Jim Ford, Fire & Emergency Services Consultant, Cave Creek, AZ – Clarified misstatements and character attacks by the “No Vote” and addressing the positive results in Cave Creek from the transition to Automatic Aid.

Duke Vukotic, Carefree, AZ – Statements regarding the property tax and suggestions that taxes collected would be used for matters other than Automatic Aid. Allegations that costs are not as referenced.

Jan Neal, Carefree, AZ – Referenced the General Plan survey and the request for open space and request that open space not be developed. Made allegations of trust issues.

Ariane, Buser, Carefree, AZ – Statement of opposition of Automatic Aid and allegations that response times were ignored by Daisy Mountain Fire Department.

Kathlina Lai, Carefree, AZ – Allegation that the local fire chief was not invited to meetings and presentations, that Chief Soule is a bureaucrat and questioned the response availability when there was a fire at the Chip Plant.

John Traynor, Carefree, AZ – Allegations that the recommendation for Automatic Aid was slanted and quoting a British clerk. Complained about response times and the length of the Fire Service Recommendation Report and lack of content and reference to response times.

REGULAR AGENDA:

ITEM #7 **Current Events.**

Reminder of the date and time of the next Town of Carefree Budget Workshops, May 18 and May 25 at 3:00 pm

Mayor Crane announced the Memorial Day Ceremony, May 29 from 8:00 – 9:00 a.m. Cave Creek Cemetery.

ITEM #8 **Review, discussion and possible action to approve an Application to Conduct Series A Bingo submitted by Patricia Petox – Martelly and Happy Fitness with Patricia, LLC.**

The application was presented by Town Clerk, Kandace French Contreras.

Applicant Patricia Petox – Martelly appeared and answered questions.

MOTION: Council Member D’Aliesio made a motion to approve the Bingo Application as presented.

SECOND: Vice Mayor Kroyer.

VOTE: Approved 7-0.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D’Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye

ITEM #9 **Review, discussion and possible action to approve Resolution 2023- 02 appointing Town Clerk/Treasurer, Kandace French Contreras as Chief Financial Officer for purposes of submitting required audit documentation to the Office of the Arizona Auditor General.**

Presentation by Town Clerk, Kandace French Contreras.

MOTION: Vice Mayor Kroyer made a motion to approve Agenda Item #9 as presented.

SECOND: Council Member D’Aliesio.

VOTE: Approved 7-0.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D’Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye

Mike Johnson	Aye
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ITEM #10 **Review and discussion related to the General Plan Update process as lead by Matt Klyszeiko, Michael Baker International, to include soliciting feedback on the preferred structure of the Plan’s organizational framework, review of community feedback, and general status update on the process.**

Presentation and discussion only. No action taken.

ITEM #11 **Adjournment.**
Approved.

ADJOURNED AT 7:14 P.M.

DATED this 2nd of June, 2023.

TOWN OF CAREFREE

BY:

Kandace French Contreras, Town Clerk/Treasurer

TOWN OF CAREFREE

John Crane, Mayor

Attest:

Kandace French Contreras, Town Clerk/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Regular Meeting of the Town of Carefree held May 2, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French Contreras, Town Clerk

From Agenda Item #6

***Janet Veves 7021 E. Languid Lane, Carefree**

At several Town meetings people have asked questions regarding the development of the large corner parcel at Darlington and Carefree Hwy. As an abutter I've gained some information from multiple discussions with the Town Economic Developer over the last three years, and during a December zoom with the potential builders. But, no updates since.

Initially, learning Carefree preferred a resort rather than 10-residences on the 20 acres, zoning was changed from very low density to special planning area, immediately I worried about exacerbation of this already extremely, busy, noisy, polluting intersection. Obviously, the lot's native desert vegetation offsets carbon pollution. Additionally, many businesses have previously failed surrounding this corner. You can build on it, but will tourists come?

At the outset, the Town Economic Developer told abutters the planned hotel was to be a boutique resort, modeled upon the 40-room Hermosa Inn. Although our preference remained homes on 2 acre lots under the original very low density zoning. Surprisingly, we later learned, during a zoom Town meeting, that the development had mushroomed into 190-room, ostentatious hotel with "modern desert architecture," whatever that means, of two-story units and a possible "2-3 star" restaurant.

This exceptionally large resort will be jammed into the area and forever change the landscape increasing more light and air pollution, further stressing water demands, and destroying a major wildlife corridor. Such a huge project would also be environmentally irresponsible with a commercial pool, toilets and showers flowing nonstop during our ongoing, unprecedented drought. Contemplation of the assumed revenue, may be hopeful, but not realized. By then it will be too late. I would ask the council and planning committees to carefully consider any forthcoming approvals of the proposed plans.

Just a short distance from the Carefree Highway/Darlington intersection, very heavy traffic occurs at the Boulders Darlington entrance/exit. In turn, access, directly to and from our home on E. Languid Lane, is very dangerous across from Boulders. While the Boulders side of the Darlington is in Scottsdale, our side is in Carefree. We've encountered several roadblocks (pun intended) getting Scottsdale and Carefree together to remedy this vitally dangerous problem. Furthermore, drivers who miss their turn to the Boulders or Carefree Highway utilize our street and our driveway to reverse direction. We anticipate the worst, as the intersection in front of the Boulders has already been the site of multiple, constant accidents. These dangers will intensify unless the roads are redesigned to slow traffic and accommodate turnarounds for the traffic generated by 190-room hotel. In fact, our neighbor was in a serious accident at this spot resulting in the loss of a leg.

I'm not opposed to progress, and I understand the Town needs revenue. However, to generate revenue, the Town should first consider motivating owners of the multiple

buildings and businesses, e.g., the abandoned Los Portales, the Bank Building, etc., lying empty in Carefree Center, to make improvements and open up to commerce. Carefree Center would be a great place to begin as the town would want quality businesses to draw guests from hotels like The Hampton Inn into Carefree and not Scottsdale.

My major question is, once a final development plan has been submitted, will approval of such an immense project be brought before the town for a vote, or are the committees the final arbiters presenting the development as a fait accompli?

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



WHEN: THURSDAY, MAY 18, 2023

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

TIME: 3:00 P.M.

Town Council Attending:

Mayor John Crane
Vice Mayor Cheryl Kroyer
Sheila Amoroso
Vince D'Aliesio
Stephen Hatcher
Mike Johnson

Town Council Absent:

Staff Present:

Gary Neiss, Town Administrator; Jim Keen, Town Accountant; Stacey Bridge Denzak, Director of Planning and Zoning; Samantha Gesell, Planning Clerk; Mark Milestone, Town Engineer; The Honorable Tara Parascandola, Carefree – Cave Creek Municipal Court; Danielle Stutz, Court Administrator, Carefree – Cave Creek Municipal Court; Greg Crossman, Carefree Water Company Manager; Kandace French Contreras, Town Clerk, Treasurer.

Mayor Crane called the meeting to order at 3:00 p.m.

A TEM #1 Workshop to discuss Fiscal Year 2023-2024 budget.

Presentation by Gary Neiss including information on the budget as it pertains to the Communications Department and the Building Inspection Department.

Individual presentations by department staff or Carefree Water Company as follows:

Kandace French Contreras, Town Clerk's Office
Jim Keen, Accounting
Stacey Bridge Denzak – Planning and Zoning
Steve Prokopek, Economic Development
Dennis Randolph, Code Enforcement
Mark Milstone, Public Works Department and Engineering
Danielle Stutz, Carefree – Cave Creek Municipal Court
Greg Crossman – Carefree Water Company

Discussion by Town Council and staff. No action taken.

The following individual appeared and spoke:

John Mattes, Carefree, AZ opined about budget savings and alleging that four part time positions were increased to full time staff without a work study. He suggested reducing positions.

ITEM #2 **Adjournment.**

MOTION: Vice Mayor Kroyer made a motion to adjourn.

SECOND: Council Member D'Aliesio.

VOTE: Approved 6-0.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D'Aliesio	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye

ADJOURNED AT 5:16 P.M.

DATED this 2nd day of June, 2023.

TOWN OF CAREFREE

BY:

Kandace French Contreras, Town Clerk/Treasurer

TOWN OF CAREFREE

John Crane, Mayor

Attest:

Kandace French Contreras, Town Clerk/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Budget Workshop held on May 18, 2023. I further certify that the meeting was duly called and held and that a quorum was present for a vote of the council.

Kandace French Contreras, Town Clerk

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



WHEN: TUESDAY, MAY 23, 2023

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

TIME: 3:00 P.M.

Town Council Attending:

Mayor John Crane
Vice Mayor Cheryl Kroyer
Sheila Amoroso
Mike Johnson (*Telephonic*)

Town Council Absent:

Vince D'Aliesio
Stephen Hatcher

Staff Present:

Gary Neiss, Town Administrator; Michael Wright, Town Attorney; Kandace French Contreras, Town Clerk, Treasurer.

Mayor Crane called the meeting to order at 3:00 p.m.

AGENDA

ITEM #1 Review, discussion and possible action to approve Resolution 2023-04, the Canvass of the Vote from the May 16, 2023 Special Election.

Presented by Town Clerk, Kandace French Contreras.

MOTION: Vice Mayor Kroyer made a motion to accept the Maricopa County Election Department report and approve Resolution 2023-04 as presented.

SECOND: Council Member Amoroso.

VOTE: Approved 4-0 with two absent.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D'Aliesio	Absent

Stephen Hatcher	Absent
Mike Johnson	Aye

(Council Member Mike Johnson left the meeting thereafter at 3:03 pm)

John Traynor, Carefree, AZ spoke and gave his opinion on the election and open space.

ITEM #2 Adjournment.

Due to lack of quorum, the meeting was concluded.

CONCLUDED AT 3:04 P.M.

DATED this 2nd day of June, 2023.

TOWN OF CAREFREE

BY:

Kandace French Contreras, Town Clerk/Treasurer

TOWN OF CAREFREE

John Crane, Mayor

Attest:

Kandace French Contreras, Town Clerk/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Special Meeting of the Town of Carefree held May 23, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French Contreras, Town Clerk

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



WHEN: THURSDAY, MAY 25, 2023

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

TIME: 3:00 P.M.

Town Council Attending:

Mayor John Crane
Vice Mayor Cheryl Kroyer
Sheila Amoroso
Vince D'Aliesio
Stephen Hatcher
Mike Johnson

Town Council Absent:

Staff Present:

Gary Neiss, Town Administrator; Jim Keen, Town Accountant; Stacey Bridge Denzak, Director of Planning and Zoning; Samantha Gesell, Planning Clerk; Mark Milestone, Town Engineer; The Honorable Tara Parascandola, Carefree – Cave Creek Municipal Court; Danielle Stutz, Court Administrator, Carefree – Cave Creek Municipal Court; Greg Crossman, Carefree Water Company Manager; Kandace French Contreras, Town Clerk, Treasurer.

Mayor Crane called the meeting to order at 3:00 p.m.

AGENDA

ITEM #1 Workshop to discuss Fiscal Year 2023-2024 budget.

Presentation by Gary Neiss. Discussion by Town Council, including the tentative budget to date and responding to questions and clarification regarding staff positions, numbers and costs.

The following individual appeared and spoke:

Bill Dougherty, Carefree, AZ spoke and referenced his thoughts on ways to reduce the budget. He questioned if staff could be reduced and asked if the Town utilized a bid process to cut costs. He also questioned if the Town should just go back to subscription fire service.

John Mattes, Carefree, AZ spoke and said the budget was confusing. He gave his opinion on public works and Gary's Neiss' Power Point content.

Stephanie Barbour, Carefree, AZ spoke and questioned if the water transition was over budget and the cost of the booster pump and other construction costs.

Greg Crossman, Carefree Water Company Manager, appeared and responded to questions posed by the public as it related to the budget and construction costs.

Discussion only. No action was taken.

ITEM #2 **Adjournment.**

MOTION: Vice Mayor Kroyer made a motion to adjourn.

SECOND: Council Member D’Aliesio.

VOTE: Approved 6-0.

Voting Member	Aye/Nay
Mayor John Crane	Aye
Vice Mayor Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Vince D’Aliesio	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye

ADJOURNED AT 4:21 P.M.

DATED this 2nd day of June, 2023.

TOWN OF CAREFREE

BY:

Kandace French Contreras, Town Clerk/Treasurer

TOWN OF CAREFREE

John Crane, Mayor

Attest:

Kandace French Contreras, Town Clerk/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Budget Workshop held on May 25, 2023. I further certify that the meeting was duly called and held and that a quorum was present for a vote of the council.

Kandace French Contreras, Town Clerk



Check Register Report

ALL CHECKS MARCH 2023

Date: 03/31/2023
 Time: 11:53 am
 Page: 1

Town Of Carefree

BANK: NATIONAL BANK OF ARIZONA

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
NATIONAL BANK OF ARIZONA Checks							
49114	03/03/2023	Reconciled		3717	ALL DRY VALLEY OF THE SUN	Complete Remediation Mnt Shop	452.36
49115	03/03/2023	Reconciled		3595	AMAZON CAPITAL SERVICES	Town Office Supplies	194.75
49116	03/03/2023	Reconciled		1470	BROWN & ASSOCIATES	Feb 23 Building Insp 96.5 Hrs	9,650.00
49117	03/03/2023	Reconciled		3463	BUSTAMANTE & KUFFNER PC	Jan 23 Town Prosecutor Service	3,800.00
49118	03/03/2023	Reconciled		3699	CANON FINANCIAL SERVICES, INC	Large Format Copier Maint Agr	101.43
49119	03/03/2023	Reconciled		0389	CAREFREE WATER COMPANY, INC	Mar 23 Water All Depts	2,687.53
49120	03/03/2023	Reconciled		3299	CIRCLE K UNIVERSAL	Feb 23 Gasoline All Depts	1,013.37
49121	03/03/2023	Reconciled		1058	DAILY JOURNAL CORPORATION	Legal Ad P&Z Notice of Hearing	2.41
49122	03/03/2023	Reconciled		2059	DESERT FOOTHILLS LANDSCAPE	Mar 2023 Gardens Maintenance	2,000.00
49123	03/03/2023	Reconciled		3716	GUST ROSENFELD PLC	Jan 23 Election Consult	499.80
49124	03/03/2023	Reconciled		3520	JENNINGS STROUSS & SALMON, PLC	Legal Nov 22 Water	636.60
49125	03/03/2023	Reconciled		0010	MARICOPA COUNTY	March 2023 Sheriff's Patrol	41,606.53
49126	03/03/2023	Reconciled		3015	NOTHING BUT NET	Mar 23 Comp Maint Agreements	1,530.87
49127	03/03/2023	Reconciled		1075	SHERMAN & HOWARD LLC	General Legal to 1-31-2023	1,410.00
49128	03/03/2023	Reconciled		1794	STAPLES ADVANTAGE	Court Office Supplies	514.59
49129	03/03/2023	Reconciled		3461	TITAN COMMERCIAL CLEANING	Feb 23 Town, Gardens Cleaning	7,305.00
49130	03/03/2023	Reconciled		3115	VERIZON WIRELESS	Feb 23 Mobile Phones All	436.48
49131	03/03/2023	Reconciled		3484	VSS INTERNATIONAL, INC.	Pavemt Prev Maint Inv #2 FY23	139,299.80
49132	03/03/2023	Reconciled		2059	DESERT FOOTHILLS LANDSCAPE	Mar 2023 Medians Maintenance	4,955.00
49133	03/10/2023	Reconciled		1816	AMERICAN LEGAL PUBLISHING	Town Code Feb23 Editing	538.43
49134	03/10/2023	Reconciled		0180	ARIZ PLANNING ASSOCIATION	Chapter Dues FY24 TA	55.00
49135	03/10/2023	Reconciled		0414	AZ MUN. RISK RETENTION POOL	3rd Qtr FY2023 Town Insurance	38,902.00
49136	03/10/2023	Reconciled		0389	CAREFREE WATER COMPANY, INC	Reimb Town Insert Printing	191.90
49137	03/10/2023	Reconciled		1329	COLONIAL SUPPLEMENTAL INS	Feb 23 Supplemental Ins	74.90
49138	03/10/2023	Reconciled		1460	COX COMMUNICATIONS	Mar 23 Town Internet&Phones	1,049.45
49139	03/10/2023	Reconciled		1058	DAILY JOURNAL CORPORATION	Legal Ad Notice of Hearing	1.91
49140	03/10/2023	Reconciled		3578	LIBERTY UTILITIES	Feb 23 Sewer Gardens	703.22
49141	03/10/2023	Reconciled		1876	LOWE'S	Pub Wrk Sup Fire St BBQ pit	1,070.98
49142	03/10/2023	Reconciled		3221	NATIONAL BANK OF ARIZONA	Office Supplies	83.95
49143	03/10/2023	Reconciled		3221	NATIONAL BANK OF ARIZONA	Bld Insp Code Books,Truck Repr	4,147.41
49144	03/10/2023	Reconciled		2081	O'REILLY AUTO PARTS, INC	Feb 23 Pub Wrks Veh Maint	209.92
49145	03/10/2023	Reconciled		3719	OFF DUTY MANAGEMENT	Security Service	551.97
49146	03/10/2023	Reconciled		3403	PROSKILL PLUMBING, HEATING	33 Easy Add 6 Exit Sign Lights	1,544.00
49147	03/10/2023	Reconciled		3053	QUADIENT, INC	Town Postage Meter Lease	97.71
49148	03/10/2023	Reconciled		3010	REPUBLIC SERVICES #753	Mar 23 Trash Pickup 8 Sundial	606.51
49149	03/10/2023	Reconciled		3614	ROUNDS CONSULTING GROUP	Fire Service Rev Proj & Analys	5,000.00
49150	03/10/2023	Reconciled		3425	RURAL ARIZ GROUP HEALTH	Mar 23 MedicalDentalVis Ins	18,462.35
49151	03/10/2023	Reconciled		1691	SPARKLETTS	Feb 23 Town Bottled Water All	192.19
49152	03/10/2023	Reconciled		3720	STANLEY CONSULTANTS INC.	Flood Control Prj CF Drive 1	15,056.00
49153	03/10/2023	Reconciled		3287	TOSHIBA BUSINESS SOLUTIONS	Mar 23 Town Copier Maint&Lease	369.00
49154	03/10/2023	Reconciled		352	WESTERN STATES PETROLEUM INC.	Feb 23 Pub Wrks Diesel	272.05
49155	03/17/2023	Reconciled		3504	AAA SMART HOME	SecSys Shop Repl Ctrl Panel	350.00
49156	03/17/2023	Reconciled		3625	AETNA LIFE INSURANCE CO	Apr 23 Supplemental Ins	222.96
49157	03/17/2023	Reconciled		0300	ARIZ PUBLIC SERVICE	MAR 2023 Electric All Depts	2,494.27
49158	03/17/2023	Reconciled		0112	ARIZ SUPREME COURT	ACAP Chargeback Computers	3,518.70
49159	03/17/2023	Reconciled		3293	CITI CARDS	Gardens Radio, Office Supplies	107.70
49160	03/17/2023	Reconciled		1460	COX COMMUNICATIONS	Mar23 Shop Internet&Phones	364.81
49161	03/17/2023	Reconciled		2098	PROCOPY OFFICE SOLUTIONS,INC.	5 Lg Format Canon Toner Cartri	938.15
49162	03/17/2023	Reconciled		0668	RURAL METRO FIRE DEPT.	Mar 23 Fire Contract	152,416.66
49163	03/17/2023	Reconciled		0668	RURAL METRO FIRE DEPT.	Feb 23 Fire Truck Diesel	497.57
49164	03/17/2023	Printed		3610	SOULE, JACQUELINE	Gardens Sem Presenter 3/11/23	300.00
49165	03/17/2023	Reconciled		3598	STORQUEST - CAREFREE-CC	Apr 23 Town Perm Record Storag	297.66

Check Register Report

ALL CHECKS MARCH 2023

Date: 03/31/2023

Time: 11:53 am

Town Of Carefree

BANK: NATIONAL BANK OF ARIZONA

Page: 2

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
NATIONAL BANK OF ARIZONA Checks							
49166	03/17/2023	Reconciled		3352	UNUM LIFE INSURANCE COMPANY	April 2023 Short Term Dis Ins	443.93
49167	03/17/2023	Reconciled		3484	VSS INTERNATIONAL, INC.	Pavemt Prev Maint Inv #3 FY23	157,716.40
49168	03/24/2023	Reconciled		3721	ARIZONA AIR COMPRESSOR	Fire Stn Air Compressor Servc	382.21
49169	03/24/2023	Reconciled		1512	ARROW AWARDS	Engrave nameplates Mayor Portr	40.00
49170	03/24/2023	Reconciled		3495	ASSURITY LIFE INSURANCE CO	Mar 23 Supplemental Ins	279.34
49171	03/24/2023	Reconciled		1640	FOOTHILLS CARING CORPS	FY23 LTAF Grasn Passthrough	9,230.00
49172	03/24/2023	Reconciled		0010	MARICOPA COUNTY	Apr 23 MCSO Sheriffs Patrol	41,606.53
49173	03/24/2023	Reconciled		3403	PROSKILL PLUMBING, HEATING	Jan 23 Green Room AC Maint Chk	119.50
49174	03/24/2023	Reconciled		3010	REPUBLIC SERVICES #753	Mar 23 Shop 40 Yrd Rolloff	1,618.64
49175	03/24/2023	Reconciled		1075	SHERMAN & HOWARD LLC	Feb 23 Town General Legal	3,800.00
49176	03/24/2023	Reconciled		1920	SOUTHWEST GAS	Mar 23 Gas All Dept	385.55
49177	03/31/2023	Printed		3504	AAA SMART HOME	Town Hall SecSys Maint 1/31/22	125.92
49178	03/31/2023	Printed		0414	AZ MUN. RISK RETENTION POOL	3rd Qtr FY2023 Worker Comp Ins	6,438.00
49179	03/31/2023	Printed		3699	CANON FINANCIAL SERVICES, INC	P&Z Large Format Prt Maint.	101.43
49180	03/31/2023	Printed		1472	CENTERLINE SUPPLY, INC.	Traffic Supplies	4,472.15
49181	03/31/2023	Printed		1460	COX COMMUNICATIONS	Apr 23 Town Internet & Phones	1,036.57
49182	03/31/2023	Printed		3167	CRANE, JOHN	Mileage MAG Regional Meeting	45.85
49183	03/31/2023	Printed		1058	DAILY JOURNAL CORPORATION	Legal Ad 22-13-V	2.21
49184	03/31/2023	Printed		3210	ECOBLU POOLS MY POOL GAL, INC	JanFeb22 Gardens Fountain Serv	1,200.00
49185	03/31/2023	Printed		3015	NOTHING BUT NET	Apr 23 Comp Maint Agreements	1,530.87
49186	03/31/2023	Printed		949	TARA. PARASCANDOLA	March 2023 Town Magistrate Ser	3,862.50
49187	03/31/2023	Printed		3722	SANDERS, JOSEPH IVAN	Overpayment of Fine	100.00
49188	03/31/2023	Printed		3720	STANLEY CONSULTANTS INC.	Flood Control Prj CF Drive 2	18,928.50
49189	03/31/2023	Printed		1794	STAPLES ADVANTAGE	Town Office Supplies	129.71
49190	03/31/2023	Printed		0080	US POSTAL SERVICE		1,285.43
49191	03/31/2023	Printed		3115	VERIZON WIRELESS	March 23 Mobile Phones All	436.48
Total Checks: 78						Checks Total (excluding void checks):	724,103.57
Total Payments: 78						Bank Total (excluding void checks):	724,103.57
Total Payments: 78						Grand Total (excluding void checks):	724,103.57

Check Register Report

ALL CHECKS MAY 2023

BANK: NATIONAL BANK OF ARIZONA



Date: 05/26/2023
Time: 1:19 pm
Page: 1

Town Of Carefree

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
NATIONAL BANK OF ARIZONA Checks							
49265	05/05/2023	Printed		3595	AMAZON CAPITAL SERVICES	Town Office Supplies	342.11
49266	05/05/2023	Printed		1016	ARIZ CITY-CNTY MANAGEMENT ASSC	G Neiss Dues	423.00
49267	05/05/2023	Printed		0112	ARIZ SUPREME COURT	Civil Traffic Hearing D Stutz	150.00
49268	05/05/2023	Printed		0112	ARIZ SUPREME COURT	Judicial Conf TaraParascandola	425.00
49269	05/05/2023	Printed		351	BINGHAM EQUIPMENT CO.	Parts Skid Steer Tractor	541.02
49270	05/05/2023	Printed		1470	BROWN & ASSOCIATES	Apr 23 Build Inspec 182.5 Hrs	16,065.00
49271	05/05/2023	Printed		0389	CAREFREE WATER COMPANY, INC	MAY 23 Water All Depts	2,943.87
49272	05/05/2023	Printed		3728	CARR, JACK	Bldg Permit #22-0210 Refund	5,369.60
49273	05/05/2023	Printed		1472	CENTERLINE SUPPLY, INC.	8 Hidden Driveway Signs	338.83
49274	05/05/2023	Printed		3299	CIRCLE K UNIVERSAL	Apr 23 Gasoline All Depts	1,308.77
49275	05/05/2023	Printed		3072	CNA SURETY	Notary Bond S Gesell	50.00
49276	05/05/2023	Printed		1460	COX COMMUNICATIONS	MAY 23 Town Internet&Phones	1,011.38
49277	05/05/2023	Printed		2059	DESERT FOOTHILLS LANDSCAPE	May 23 Medians Maintenance	4,955.00
49278	05/05/2023	Printed		2059	DESERT FOOTHILLS LANDSCAPE	May 23 Garends Maintenance	2,000.00
49279	05/05/2023	Printed		3590	DH PACE COMPANY	Fire Stn Exit Bay Dr#2 Repair	1,721.35
49280	05/05/2023	Printed		1458	HORIZON	Median Chemicals	1,594.82
49281	05/05/2023	Printed		1320	KARSTEN'S ACE HARDWARE	Apr 23 Pub Works Supplies	197.41
49282	05/05/2023	Printed		0091	MARICOPA COUNTY TREASURER	Mar 23 Court Remittance	863.92
49283	05/05/2023	Printed		3221	NATIONAL BANK OF ARIZONA	Off Sup,St Swper Tires,TPT Tax	2,204.54
49284	05/05/2023	Printed		3221	NATIONAL BANK OF ARIZONA	Town Office Supplies	125.52
49285	05/05/2023	Printed		3423	NATL ASSN OF LEGAL ASSISTANTS	5 Yr Membership K French	125.00
49286	05/05/2023	Printed		3015	NOTHING BUT NET	May 23 Comp Maint Agreements	1,530.87
49287	05/05/2023	Printed		3403	PROSKILL PLUMBING, HEATING	Repl Faucet Gardns WomenRestrm	232.00
49288	05/05/2023	Printed		3010	REPUBLIC SERVICES #753	May23 Trash PU 8 Sundial Circl	716.48
49289	05/05/2023	Printed		3010	REPUBLIC SERVICES #753	Apr 23 Maint Shop 40Yd Rolloff	207.18
49290	05/05/2023	Printed		3720	STANLEY CONSULTANTS INC.	Flood Control Prj CF Drive 3	46,899.50
49291	05/05/2023	Printed		0021	STATE TREASURER	Mar 23 Court Remittance	5,703.52
49292	05/05/2023	Printed		3226	TECH 4 LIFE COMPUTERS	Replace Router 33 Easy St	364.55
49293	05/05/2023	Printed		3461	TITAN COMMERCIAL CLEANING	Apr 23 Town, Gardens Cleaning	7,305.00
49294	05/05/2023	Printed		3265	TRACTOR SUPPLY CO	LP Gas Tank Refill Shop	64.98
49295	05/11/2023	Printed		3504	AAA SMART HOME	Town Hall Fire Alarm Inspec	532.18
49296	05/11/2023	Printed		0300	ARIZ PUBLIC SERVICE	May 2023 Electric All Depts	2,753.42
49297	05/11/2023	Printed		1472	CENTERLINE SUPPLY, INC.	Remainder 20 Speed Humps	844.47
49298	05/11/2023	Printed		1329	COLONIAL SUPPLEMENTAL INS	Apr 23 Supplemental Ins	74.90
49299	05/11/2023	Printed		1876	LOWE'S	Apr23 Pub Wrks Mats & Supply'	300.53
49300	05/11/2023	Printed		3729	MECCA, BARBARA	Refund P&Z Bond 23-0008	30,000.00
49301	05/11/2023	Printed		2081	O'REILLY AUTO PARTS, INC	Apr 23 Pub Wrks Veh Maint.	59.65
49302	05/11/2023	Printed		3719	OFF DUTY MANAGEMENT	Security 5/18/23	367.98
49303	05/11/2023	Printed		3527	RICK ENGINEERING CO - ARIZONA	Pedestrian Crosswalk to4/30/23	4,275.00
49304	05/11/2023	Printed		3425	RURAL ARIZ GROUP HEALTH	May 23 MedicalDentalVision Ins	13,747.96
49305	05/11/2023	Printed		1691	SPARKLETTS	Apr 23 Bottled Water All	153.92
49306	05/11/2023	Printed		1794	STAPLES ADVANTAGE	Town Office Supplies	103.45
49307	05/11/2023	Printed		1003	TDI CO.	4th Qtr FY2023 Shop Yard Rent	931.50
49308	05/11/2023	Printed		3287	TOSHIBA BUSINESS SOLUTIONS	May 2023 Copier Maint Agree	369.00
49309	05/11/2023	Printed		3352	UNUM LIFE INSURANCE COMPANY	June 23 Short Term Dis Ins	341.47
49310	05/19/2023	Printed		3452	ACKER, KAREN	2022 Chanukah Celebr Exp	606.80
49311	05/19/2023	Printed		3625	AETNA LIFE INSURANCE CO	Mau 23 Supplemental Ins	197.17
49312	05/19/2023	Printed		3730	AMERIFORMS	Asyst Format Checks & Envelopes	806.32
49313	05/19/2023	Printed		1472	CENTERLINE SUPPLY, INC.	Addtl Hidden Drive Signs	152.04
49314	05/19/2023	Printed		3293	CITI CARDS	Job Ad Communications Dir	699.18
49315	05/19/2023	Printed		3692	COPPER STATE PAVEMENT	CC Road Improv & X-walk Inv#5	77,114.02
49316	05/19/2023	Printed		1460	COX COMMUNICATIONS	May23 Shop Phones & Internet	356.16
49317	05/19/2023	Printed		3210	ECOBLU POOLS MY POOL GAL, INC	Gardens Fountain Pump Rprs	562.01

Check Register Report

ALL CHECKS MAY 2023

Date: 05/26/2023

Time: 1:19 pm

Town Of Carefree

BANK: NATIONAL BANK OF ARIZONA

Page: 2

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
NATIONAL BANK OF ARIZONA Checks							
49318	05/19/2023	Printed		1981	ICMA MEMBERSHIP PAYMENTS	ICMA Dues G Neiss	1,136.41
49319	05/19/2023	Printed		1023	MARICOPA COUNTY ENVIRONMENTAL	Splash PAd Permit SP12024	290.00
49320	05/19/2023	Printed		3015	NOTHING BUT NET	1 Yr HP Serv Contract FileServ	1,514.60
49321	05/19/2023	Printed		0668	RURAL METRO FIRE DEPT.	Apr 23 Fire Truck Diesel	447.10
49322	05/19/2023	Printed		0668	RURAL METRO FIRE DEPT.	May 23 Fire Service Contract	152,416.66
49323	05/19/2023	Printed		3731	SHUMAKER, ERICA	Comm Mkting Support	160.00
49324	05/19/2023	Printed		3340	SPECIALTY INCENTIVES	1,000 Carefree Pens	751.46
49325	05/19/2023	Printed		3598	STORQUEST - CAREFREE-CC	June 23 Town Records Storage	297.66
49326	05/26/2023	Printed		3495	ASSURITY LIFE INSURANCE CO	May 23 Supplemental Ins	242.90
49327	05/26/2023	Printed		2075	IMAGES AZ INC.	Ads -May23 Thursday Art Night	5,200.00
49328	05/26/2023	Printed		0010	MARICOPA COUNTY	June 23 MCSO Sheriff's Patrol	41,606.53
49329	05/26/2023	Printed		0095	MARICOPA COUNTY ELECTION DEPT.	May 16th Property Tax Elaction	6,940.88
49330	05/26/2023	Printed		949	TARA. PARASCANDOLA	May 23 Town Magistrate Service	3,862.50
49331	05/26/2023	Printed		2098	PROCOPY OFFICE SOLUTIONS,INC.	Canon Lg Fmt Copier 1 Yr Maint	1,630.50
49332	05/26/2023	Printed		1920	SOUTHWEST GAS	May 23 Nat Gas All Departments	309.23
49333	05/26/2023	Printed		3115	VERIZON WIRELESS	May 23 Mobile Phones All	435.63
49334	05/26/2023	Printed		352	WESTERN STATES PETROLEUM INC.	Apr 23 Pub Wrks Diesel	483.92
49335	05/26/2023	Printed		3487	WILLIAMSON, JOHN	Memorial Day 2023 Trumpet Perf	100.00
Total Checks: 71						Checks Total (excluding void checks):	458,955.33
Total Payments: 71						Bank Total (excluding void checks):	458,955.33
Total Payments: 71						Grand Total (excluding void checks):	458,955.33

Combined Trial Balance - All Funds
April 30, 2023



Assets

Checking - National Bank of AZ	1,142,214
Local Gov't Investment Pool - AZ	16,025,257
Petty Cash	700
Advances to the Water Company	2,141,656
Total Assets	\$ 19,309,828

Liabilities

Accounts Payable	53,960
Bonds	70,018
Sales Tax Remittance	-30
Long Term Deferred Revenue	2,141,656
Total Liabilities	\$2,265,604

Fund Balance

Fund Balance-Beginning of Year	16,478,314
Year-to-date change in Fund Balance	565,910
Total Fund Balance	17,044,224
Total Liabilities and Fund Balance	\$ 19,309,828

Contingency Reserve Fund	\$2,500,000
Capital Fund	\$14,244,648
Total	\$16,744,648

Town of Carefree Reconciled Cash Receipts and Cash Disbursements as of April 30, 2023

Revenues	FY2021	FY2022	FY2023	2022 vs 2023		Budget	Apr23	% of Budget
	YTD Apr	YTD Apr	Y-T-D	% (+/-)				
Local Sales Taxes (1 month lag)	\$2,109,679	\$ 2,721,697	\$ 2,736,293	0.5%		2,840,000	361,109	96.3%
State Sales Taxes (1 month lag)	359,925	410,689	429,966	4.7%		528,000	45,820	81.4%
Building Fees	308,380	430,189	378,709	-12.0%		375,000	20,113	101.0%
State Income Tax	467,686	409,830	582,542	42.1%		712,000	58,254	81.8%
Fines	153,719	161,112	113,383	-29.6%		150,000	6,666	75.6%
Court Service Fees	158,339	148,421	154,362	4.0%		185,000	0	83.4%
Town Clerk-Misc. Sales	209	40	177	0.0%		100	0	176.5%
Town Clerk-Permits & Sol Fees	845	650	175	-73.1%		700	0	25.0%
Water Company Reimbursements	484,550	542,225	576,753	6.4%		692,105	57,675	83.3%
Miscellaneous Income & Donations	402,575	37,113	25,502	-31.3%		26,000	0	98.1%
Interest Income	16,735	(61,353)	366,360	-697.1%		6,139	54,234	5967.8%
Utility Franchise Fees (1 month lag)	252,362	248,707	249,065	0.1%		300,000	26,822	83.0%
County Lieu Tax (1 month lag)	146,421	143,696	140,445	-2.3%		175,000	17,567	80.3%
General Fund & All Funds Reserve Contribution(Below)	0	0	0	0.0%		3,397,842	0	0.0%
Special Events	38,347	50,028	46,513	-7.0%		45,000	591	103.4%
County & State Grants	98,132	0	186,230	0.0%		1,250,000	0	14.9%
Court Enhancement, GAP, MJCEF	13,735	14,956	10,780	-27.9%		11,400	0	94.6%
HURF (1 month lag)	198,262	213,311	198,674	0.0%		1,279,616	22,543	15.5%
Cemetery	500	1,850	1,165	0.0%		600	0	194.2%
CPR Ed Fund	0	0	0	0.0%		200	0	0.0%
CARES Fund Grants	450,846	655,770	655,770	0.0%		658,000	0	100.0%
Utility Capital Improvement Fund	25,170	32,953	43,674	0.0%		100,000	26,822	43.7%
Fire Reimb Income & Ins Reimb	41,678	107,511	51,736	0.0%		108,079	(278)	47.9%
Fire Fund-L Sales Tax (1 month lag)	1,054,841	1,360,849	1,368,147	0.5%		1,420,350	180,555	96.3%
Total Revenues	6,782,937	7,630,244	8,316,422	9.0%		14,259,131	878,494	58.3%
Expenses								
Mayor & Council	4,919	6,052	18,855	211.5%		12,330	63	152.9%
Town Clerk	254,942	282,918	316,119	11.7%		374,011	35,365	84.5%
Court	235,074	213,771	208,958	-2.3%		268,892	17,854	77.7%
Administration	360,127	435,226	501,531	15.2%		771,479	39,866	65.0%
Claims & Losses	12,900	0	0	0.0%		10,000	0	0.0%
Legal	203,512	146,689	54,214	-63.0%		160,000	0	33.9%
Risk Management	70,374	82,661	92,563	12.0%		120,000	0	77.1%
Planning & Development	184,288	196,914	215,852	9.6%		352,915	18,369	61.2%
Building Safety	185,291	249,108	213,634	-14.2%		262,919	24,388	81.3%
Law Enforcement	423,651	436,239	455,877	4.5%		563,194	42,073	80.9%
Code Enforcement	48,986	83,520	51,445	-38.4%		56,275	4,924	91.4%
Engineering	25,642	117,331	174,508	48.7%		261,779	10,560	66.7%
Public Works - Streets & Gardens	571,525	642,898	695,338	8.2%		946,554	66,893	73.5%
Debt Service WIFA	244,378	244,227	244,070	-0.1%		244,070	0	100.0%
33 Easy St	21,771	21,802	35,575	0.0%		28,950	2,852	122.9%
Capital Improvement Program (See Below)	0	0	0	0.0%		0	0	0.0%
Public Safety Fire General Fund	42,735	279,733	0	0.0%		664,200	0	0.0%
Economic Development	140,286	159,869	183,629	14.9%		334,179	19,198	54.9%
Contingencies	114,282	0	13,940	0.0%		0	0	0.0%
Court Enhancement, GAP, MJCEF	594	(252)	0	0.0%		11,407	0	0.0%
HURF (See Below)	0	0	0	0.0%		1,279,716	0	0.0%
Cemetery	0	0	0	0.0%		600	0	0.0%
CPR - Education Fund	0	0	0	0.0%		202	0	0.0%
AZ CARES Fund Expense to Water Infra (See Below)	450,904	0	655,812	0.0%		0	0	0.0%
Utility Capital Improvement Fund (See Below)	0	0	0	0.0%		100,000	0	0.0%
Transfers Out	100	655,812	0	100.0%		0	0	0.0%
Fire Fund	908,450	1,052,221	1,704,975	62.0%		1,529,350	199,244	111.5%
Total Expenses without Capital Expense	4,504,728	5,306,739	5,836,896	10.0%		8,353,022	481,650	69.9%
Net without Capital Expense	\$ 2,278,209	\$ 2,323,504	\$ 2,479,526			\$ 5,906,109	\$ 396,844	42.0%
All Capital Projects	847,450	991,726	1,913,616	93.0%		5,856,100	174,157	32.7%
Total Expenses with Capital Expense	5,352,178	6,298,465	7,750,512	23.1%		\$14,209,122	\$655,807	54.5%
Net with Capital Expense	1,430,759	1,331,779	565,910	-57.5%		50,009	222,687	



**TOWN OF CAREFREE, ARIZONA
RESOLUTION 2023-05**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
CAREFREE, MARICOPA COUNTY, ARIZONA,
ADOPTING THE TENTATIVE BUDGET AND BOTTOM LINE FOR THE TOWN OF
CAREFREE FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE
30, 2024 AND CALLING FOR A SPECIAL MEETING AND PUBLIC HEARING.**

WHEREAS, on May 18 2023 and May 25, 2023 the Town Council held public workshops to discuss and review forecasted revenues and anticipated expenses for Fiscal Year 2023-2024.

WHEREAS, on June 6, 2023, in accordance with the provisions of Title 42, Chapter 17. Article 3 of the Arizona Revised Statutes (A.R.S.), the Town Council established an estimate of the funding required to meet the public expenses for Fiscal Year 2023-2024 and an estimate of receipts from all revenue sources; and

WHEREAS, in accordance with A.R.S. and based upon a review of these revenues and expenses, the expenditure limit Fiscal Year 2023-2024 will be established at approximately \$14.8 million: and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Carefree, Arizona, in compliance with A.R.S. 42-17101 setting forth a full and complete statement of the financial affairs for the Town of Carefree for Fiscal Year 2023-2024, it is directed:

That Town staff shall cause to be published a public notice setting a budget hearing on July 11, 2023 for the purpose of hearing all persons for and against said estimates of revenues and expenditures as presented this day and prior to the final adoption of the budget of the Town of Carefree, Arizona, for the Fiscal Year 2023-2024.

PASSED, APPROVED AND ADOPTED by the Mayor and Common Council of the Town of Carefree, Arizona, this 6th day of June, 2023.

___ AYES ___ NOES ___ ABSTENTIONS ___ ABSENT

John Crane, Mayor

ATTEST:

APPROVED AS TO FORM

Kandace French Contreras
Town Clerk/Treasurer

Michael Wright, Town Attorney

Town of Carefree



DRAFT FISCAL YEAR BUDGET 2023-2024

Abstract

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





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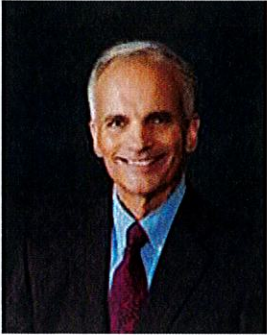
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Town Administrator's Message	3
Community Profile	7
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DRAFT



Mayor's Message



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

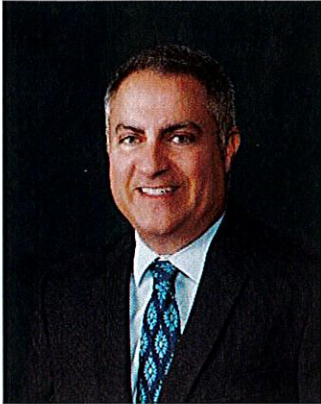
Our budget process is one of the most important annual reconciliations we undertake as a Town Council and a community. Within our annual budget, we prioritize issues, outline roles and responsibilities, define trends, and forecast the future. This provides a compass for the community to understand how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

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

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



Town Administrator's Message



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

their thoughts. However, as I have observed over the past two decades, the local elected representatives that have transitioned through the community have done their best to learn and serve their fiduciary roles of addressing the broader community interests.

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

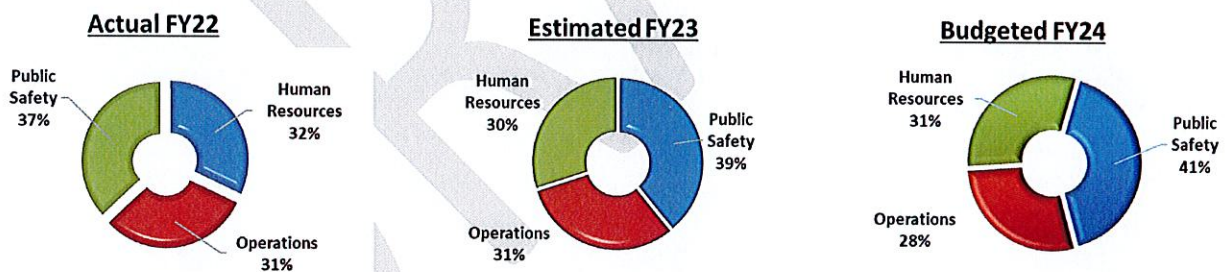
Over the upcoming fiscal year 2023-2024, approximately \$7.4 is forecasted in capital improvement expenditures. These infrastructure projects include a street maintenance project which will cover approximately 25% of the Town's 110 lane miles of public streets, the replacement of the Town's fire truck,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



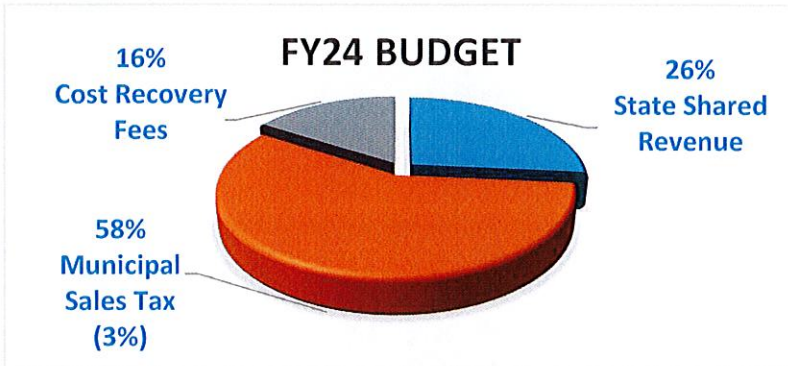
Human capital is essential to the operation of any organization. Within the Town of Carefree there are a total of 17 full-time positions. This includes the municipal courts, public works, community development and administration. This core staff is one of the smallest municipal staff within the state.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

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

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



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



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

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

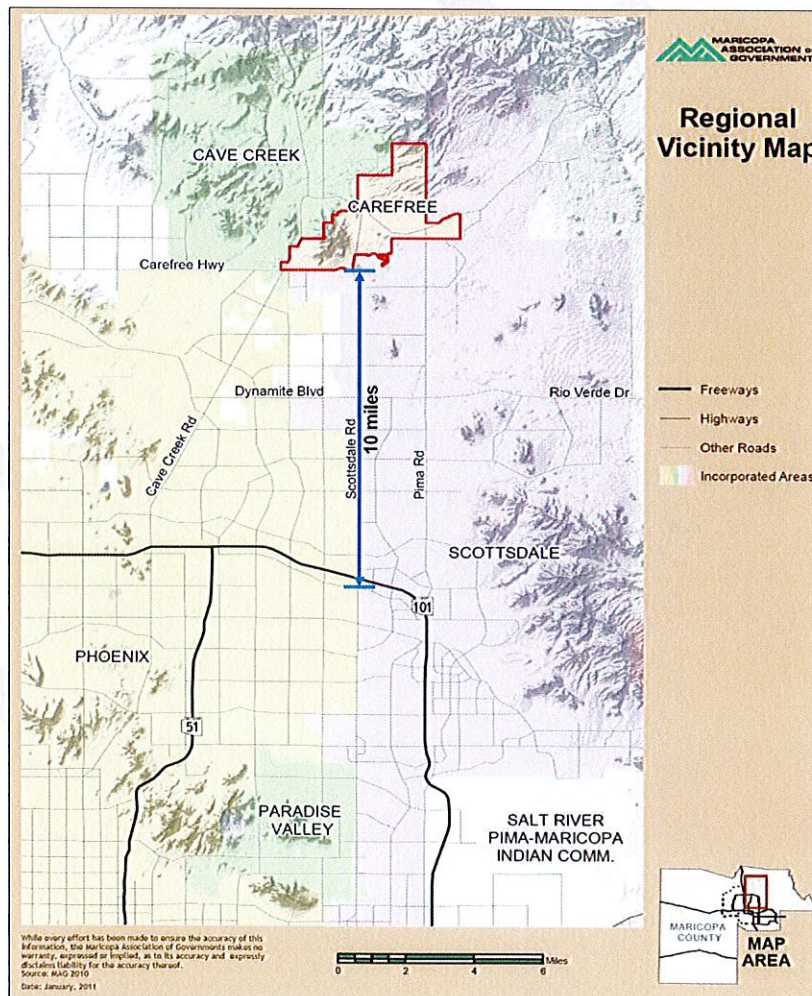
In summary, the Town continues to be managed in a fiscally conservative and responsible manner. Indeed, with an approximate \$7 million operating fund, Carefree has one of the smallest municipal budgets within the state. As the community’s infrastructure ages, it is important to continue to maintain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



Community Profile

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

FIGURE 1: REGIONAL VICINITY MAP:





Historical Context

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



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

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

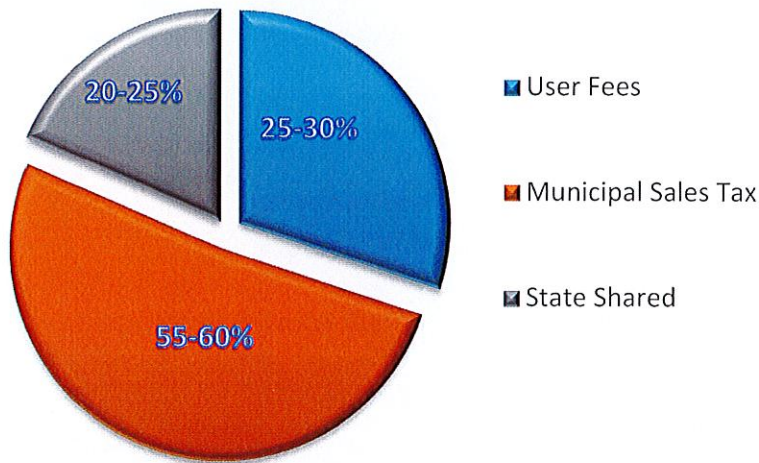
Carefree incorporated in 1984 and soon experienced its highest growth rate from 1990 to 2000 when approximately 1,300 new residents settled within the community. Over the next two decades the growth rate slowed from approximately 8% annually to today's growth rate of less than ½%. This plateauing of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

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



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

Sources of Town Revenue (10 year ranges)



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

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



Seeking Financial Sustainability

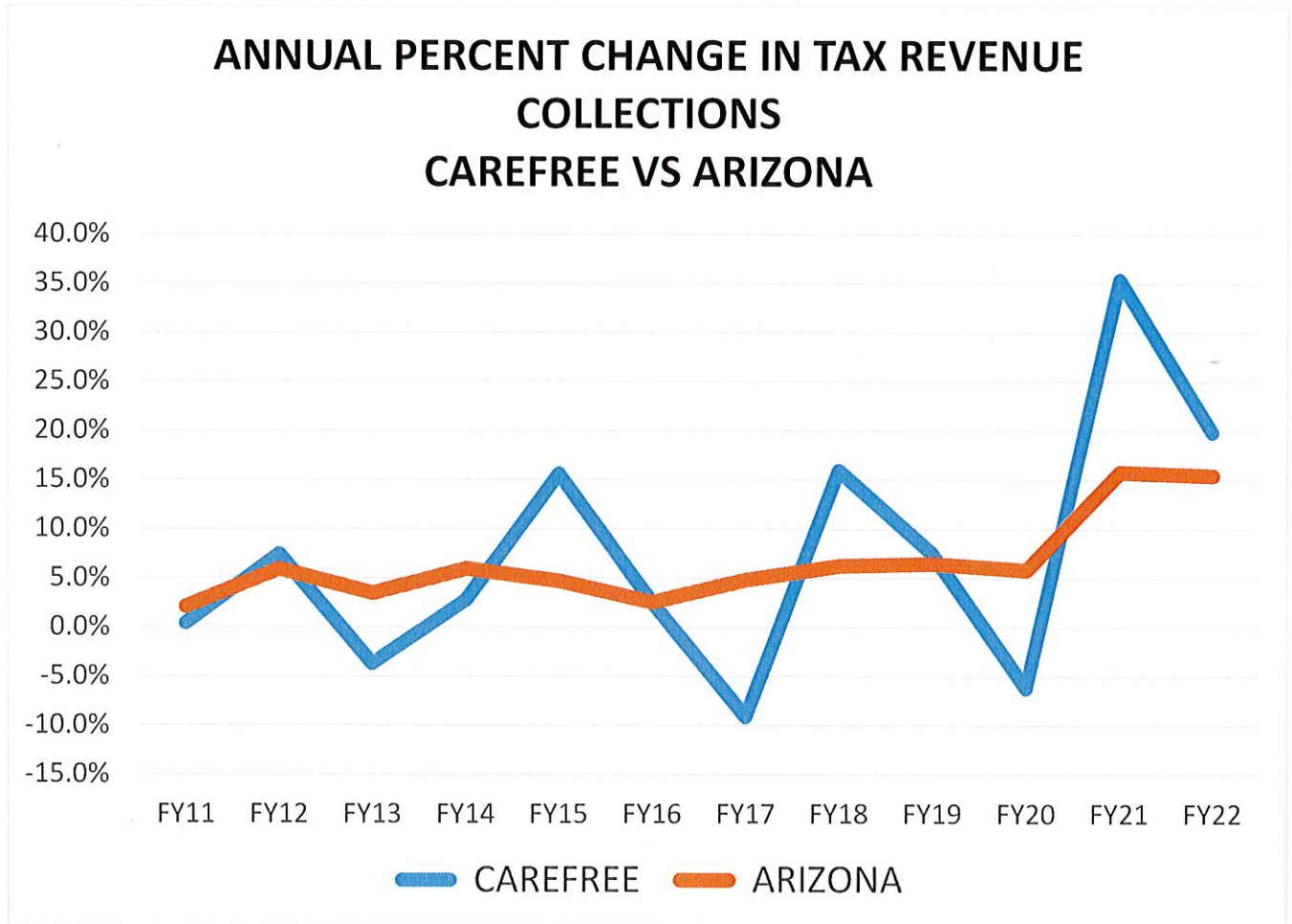
The Town of Carefree has been conservatively managed with limited, core municipal services: public safety contracts, community development, public works, and municipal court. As a result, Carefree has one of the smallest municipal staffs within the state of Arizona (17 full-time employees). With limited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

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

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



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



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



Town Council Work Plan

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

GUIDING PRINCIPLES:

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

VALUE STATEMENT:

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

CORE TASKS:



Quality Community Development:	Infrastructure Management:	Economic Development & Financial Stability:	Communications, Marketing and Community Engagement:
<ul style="list-style-type: none"> 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 third year of the Town's program-based budget. The Town has received tremendous positive feedback from residents on this narrative-based format. Many residents have expressed that they better understand the Town's finances after reviewing the document and some have stated they wished their own homeowners association had a similar document to explain how/where their money is spent.

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

The Budget Document further outlines the following topics:

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



Fund Base Accounting

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

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

General Fund:

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

Fire Fund:

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

Highway User Revenue Fund:

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



Municipal Court Funds:

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

Capital Improvement Funds:

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

Water Company Fund:

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



Other Funds:

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

DRAFT



Guiding Financial Policies

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

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

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

Expenditure Control Policy:

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

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

Revenues and Collections Policy:

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



User Fees Policy:

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

Capital Reserves Policy:

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

Rainy Day Fund Policy:

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

Financing Alternatives Policy:

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



would spread these costs over perhaps twenty (20) years' time. There is a benefit to spreading these costs out as this multigenerational approach spreads the financial liability of these infrastructure investments over time. As a result, the current generation enjoys the benefit of the new/replaced infrastructure investment while future generations share in the financial obligation of this investment which they also benefit from. These projects could be financed through different methods such as revenue bonds, general obligation bonds, improvement districts or community facility districts.

Budgetary Basis of Accounting:

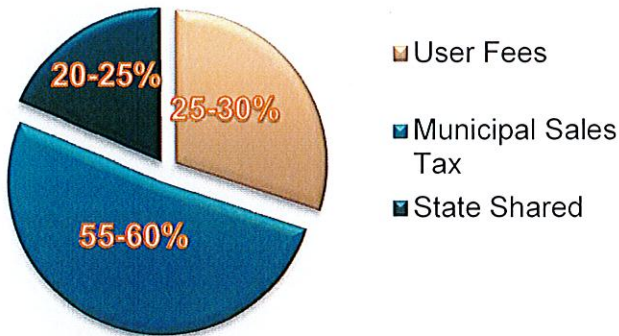
The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements.

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



Town Operational Revenues

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

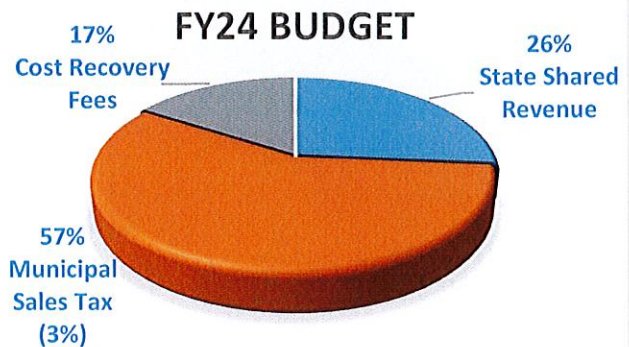


Taking a more granular look at the Town's revenue, the chart to the left illustrates the three primary sources of the Town revenues. As illustrated, over the past 10 fiscal years, most of the Town's revenue comes from one source, municipal sales tax. Sales tax revenues will track the performance of local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

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

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

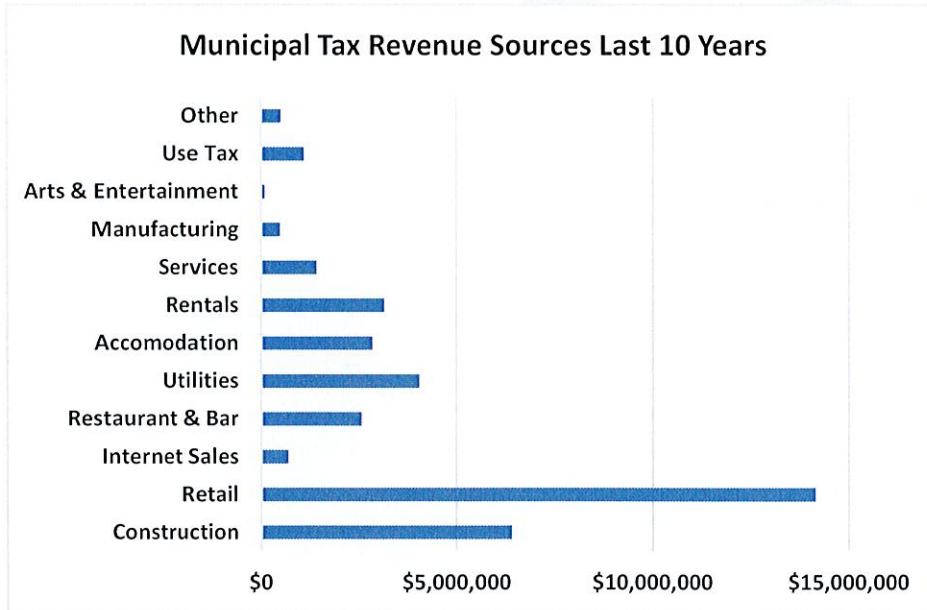
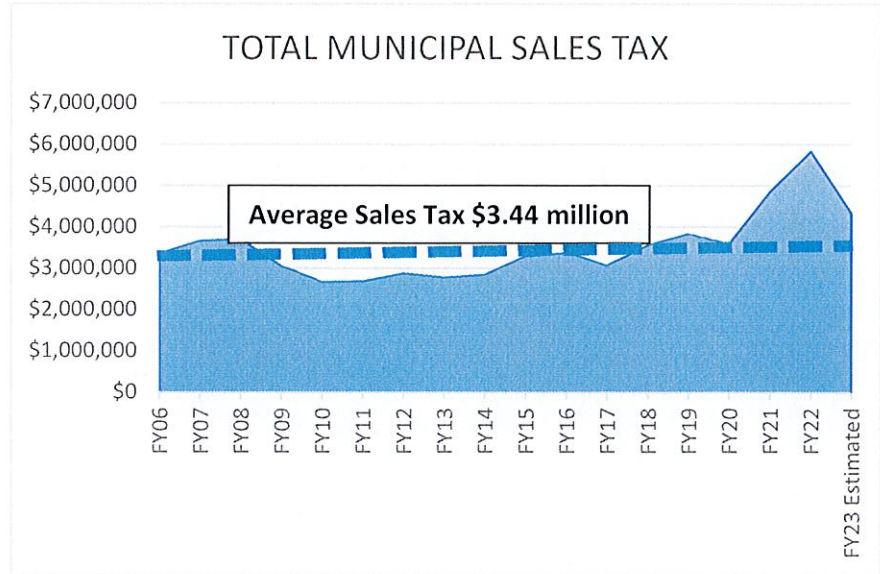
Anticipated Revenue	FY24 Budget
State Shared Revenue	\$2,017,829
Municipal Sales Tax (3%)	\$4,400,000
Cost Recovery Fees	\$1,216,640
TOTAL	\$7,634,469





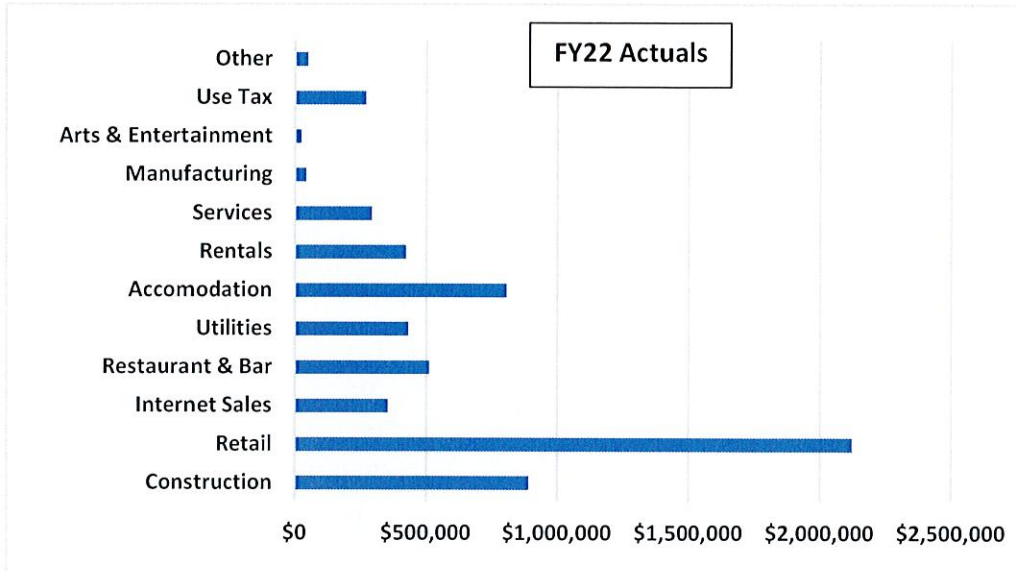
Municipal Sales Tax:

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



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

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



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

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

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



User Fees:

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

Table : Source and Amount of User Fees anticipated for FY24.

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

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



State Shared Revenue:

The State shares four revenues streams with the Town:

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

State Sales Tax:

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

State income Tax:

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

Highway User Revenues:

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

Vehicle License Tax:

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



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

Chart : State shared revenue totals by category.

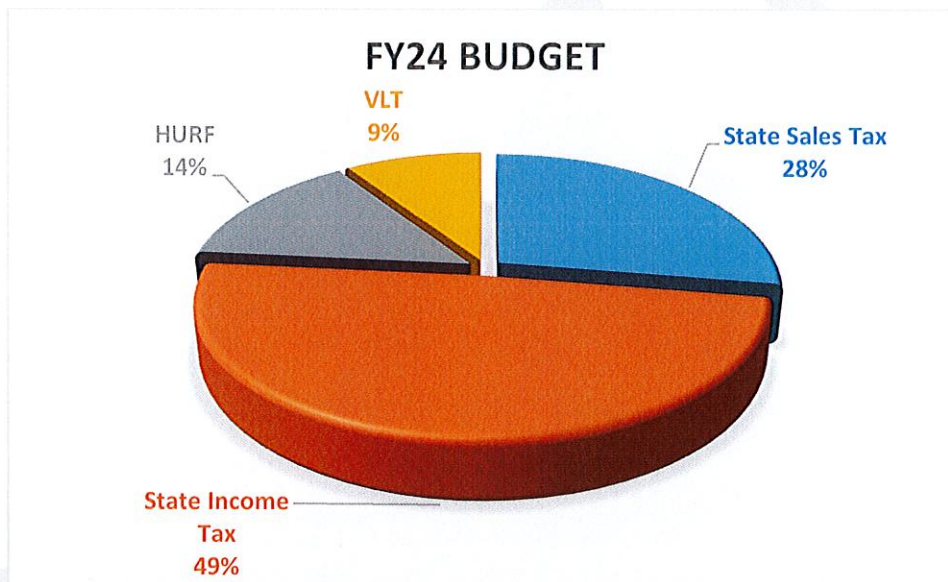


Table : Amounts of State Shared Revenue per Category.

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



SUMMARY:

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

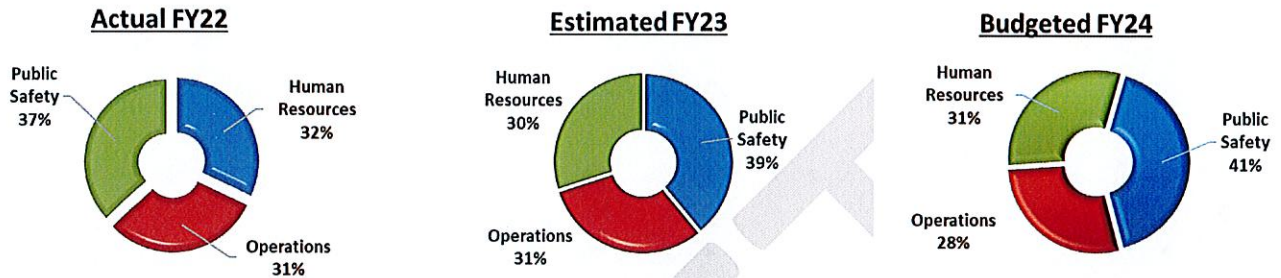
Table : Overall forecasted revenue for fiscal year 2023-2024

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



Town Operational Expenses

OVERALL OPERATIONAL EXPENSES:



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

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

Public Safety

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



Table : Summary of Public Safety Divisional Costs

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

Operations Expenses:

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

Table : Total Department Operation Expenses

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

Human Resources/Salaries & Benefits:

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



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

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

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