



Town of Carefree

FY 25-26 Budget

Approved June 3, 2025

Resolution #2025-14





Abstract

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

Mayor & Town Council



Mayor John Crane



Vice Mayor Cheryl Kroyer



Councilwoman
Sheila Amoroso



Councilmember
Lon Johnson



Councilmember
Diane Lloyd
Roth



Councilmember
Clint Miller



Councilmember
Colleen Rose-
Scurti

Town Administrator



Gary Neiss



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Mayor John Crane's Message

Dear Residents,

The Town Council's annual budget process is one of the most important responsibilities we undertake. It not only sets our priorities and allocates resources but also identifies emerging trends and anticipates the community's future needs. Throughout this process, we remain committed to being financially responsible and conservative.

At the heart of our budget is the Town Council's Strategic Plan. This plan provides a clear roadmap for aligning the organization's efforts with the Council's priorities. Last fall, both incoming and outgoing Councilmembers were independently surveyed by professional facilitators who specialize in municipal strategic planning. The feedback from these surveys was discussed in multiple workshops, helping to shape the plan and its initiatives. In January 2025, I presented the Strategic Plan 2025-2028 to the Council, which was unanimously approved. This plan outlines the key initiatives for the next three fiscal years and will serve as the foundation for each year's budget moving forward. A more detailed overview of the Strategic Planning process can be found within this budget document.

As part of our ongoing commitment to transparency and accountability, the Town Council conducts a thorough review of the Town's finances each spring. This review helps us project revenue and expenses for the upcoming year. All public meetings are recorded, and both videos and presentations are made available on the Town's website for your convenience. We believe that transparency is essential to fostering trust and community engagement. The result of this process is the program-based budget document you are now reviewing. This document comprehensively outlines the Town's financial policies, explains the transparency requirements for municipal funding, and provides forecasts for both revenue and anticipated expenditures.

For the upcoming year, the Town is projected to generate approximately \$8.5 million in revenue. This figure excludes speculative grants and interest earned on capital reserves. About 63% of this revenue is expected to come from the Town's municipal sales tax, which has experienced growth, driven in large part by the strong performance of our hotels. On the operational side, we anticipate an annual budget of approximately \$7.8 million. The largest portion of this expenditure—38%—is dedicated to public safety. Additionally, significant investments will be made in infrastructure improvements. Specifically, \$4.7 million will be allocated to drainage upgrades, the replacement of aging asphalt (some of which is over 60 years old), and



further enhancements to the Town Center. These investments are essential to maintaining and enhancing the high quality of life that our community enjoys.

I encourage you to review this document in detail to gain a deeper understanding of how the Town is managed, the goals of each department, and how your tax dollars are being spent. As your Mayor, I am deeply proud of the hard work and dedication of our Town staff, who are committed to delivering essential services and maintaining the vibrant character of Carefree.

Thank you for your continued support and engagement in making Carefree a wonderful place to live.

Sincerely,
Mayor John Crane

John Crane



Administrator Gary Neiss' Message

Dear Residents,

This past year, the Carefree community celebrated 40 years of incorporation. It has been my privilege to serve this remarkable community for more than half of that time. Over the years, Carefree has earned recognition for its excellence in hillside development standards, continued street maintenance, conservative financial management, and the high quality of life enjoyed by its residents. These accomplishments are not by chance; they are the result of dedicated efforts by our residents, elected officials, appointed leaders, and staff, who work together as a team to define our path forward and address key challenges.

I have been fortunate to work alongside such talented and committed individuals, all of whom share a common goal: to preserve the values that make Carefree a unique, small-town gem nestled in the upper Sonoran Desert.

This shared commitment was reaffirmed this past fall and winter, when the newly seated Town Council came together to update our Strategic Plan. This updated plan focuses on five key pillars: fiscal sustainability, economic opportunity, maintaining our authentic small-town charm, fostering an innovative and high-performing organization, and enhancing our infrastructure. For each of these areas, we have set specific deliverables, which have been carefully integrated into the organizational workload and our budget for the coming year.

As the Council reviews these priorities and balances them with ongoing efforts, we are also ensuring that the Town's financial health remains robust. We assess our fiscal position across multiple areas—cash solvency, budget solvency, long-range solvency, and service solvency. This careful approach ensures we can meet our financial obligations, maintain a balanced budget, cover future costs, and provide the services our community relies on.

Our financial strategy remains conservative, with an estimated minimum surplus of approximately \$700,000 for the upcoming fiscal year. We project annual revenues of at least \$8.5 million, with anticipated operational expenses of around \$7.8 million. This surplus has allowed us to build our capital reserve funds to approximately \$16 million, in addition to a \$2.5 million rainy-day fund. These reserves are strategically invested in addressing the needs of our aging infrastructure. This year, for example, we plan to replace 60-year-old asphalt in the Carefree Shadows and Rolling Hills neighborhoods—areas where past street maintenance projects have helped extend the life expectancy of the streets, but they now require significant attention.

Overall, the projected expenses for the upcoming fiscal year amount to approximately \$12.5 million, reflecting a modest decrease of about 6% from last



year's budget. Our revenue sources are primarily derived from municipal sales tax (63%), state-shared revenue (21%), and cost recovery/user fees (16%). Given that sales tax revenue plays an increasingly vital role in our finances, we are proactively pursuing economic development initiatives to diversify our revenue streams and ensure long-term financial stability. Our recent successes in the accommodations sector highlight the effectiveness of these efforts.

I encourage you to review this budget document to gain a deeper understanding of our financial framework. Your continued engagement is invaluable as we work together to preserve and enhance the vitality of Carefree.

Thank you for your support and commitment to making Carefree an exceptional place to live.

Sincerely,
Gary Neiss

Gary Neiss



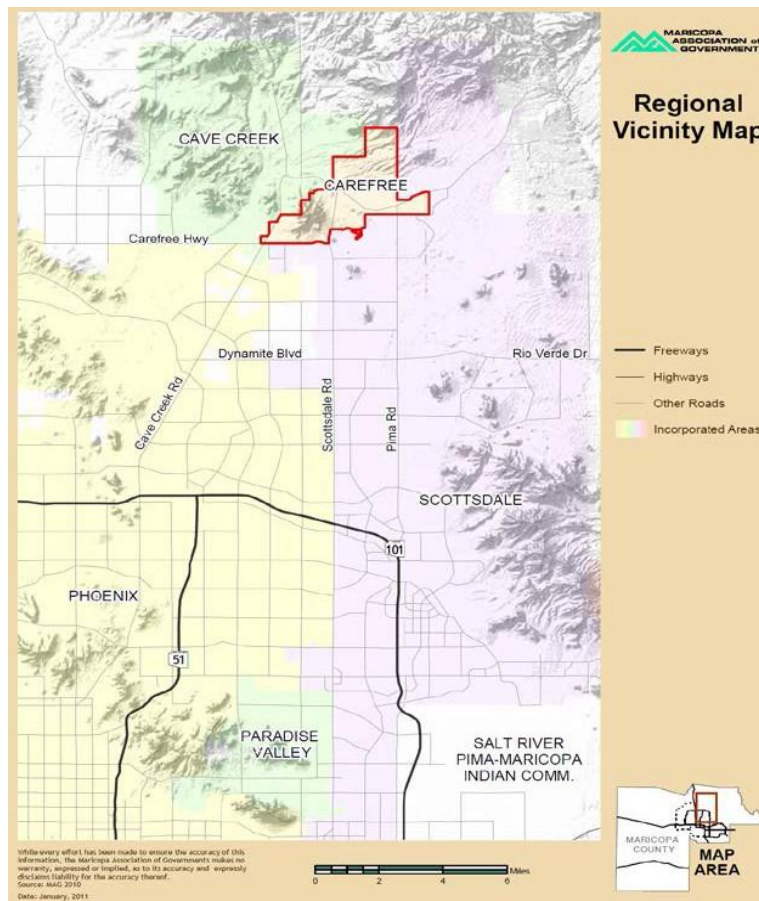
Community Profile

Town of Carefree: A Rich History and Bright Future

Nestled in the northeastern part of the Phoenix metropolitan area, Carefree offers a picturesque escape from the bustle of city life, a mere 10-mile drive north from Loop 101 and 10 miles east from Interstate-17. Carefree is framed by the majestic Black Mountain and the foothills of Continental Mountain, covering roughly 9 square miles. The community lies within the broader Desert Foothills community, which includes Cave Creek and the northern reaches of Scottsdale and Phoenix. To the north, Carefree borders the rugged, unincorporated terrain and the vast Tonto National Forest, with the stunning Bartlett and Horseshoe Lakes lying a short distance east along the Verde River.

With its stunning natural beauty and tranquil surroundings, Carefree has become a serene haven for residents and visitors alike. The town's combination of picturesque desert landscapes and proximity to the vibrant Phoenix area provides a unique balance of peaceful living and access to metropolitan amenities.

REGIONAL VICINITY MAP:





Historical Context

The history of Carefree dates back to the late 19th century, when the area was shaped by the ongoing Apache Wars. In the 1870s, the federal government established a military outpost to help secure the region, making it safe for miners and ranchers looking to capitalize on the area's resources. Gold claims were made, but the local mining industry eventually faltered due to the scarcity of precious metals and environmental damage caused by overgrazing. This decline gave rise to new economic opportunities for the area's settlers, but Carefree would not fully realize its modern potential until the 20th century.



In the 1930s, the construction of dams along the Verde River brought a wave of workers to the region, some of whom decided to settle permanently. As the economy began to shift, businesses and eateries began to emerge, creating a foundation for the future community. Despite this early growth, it wasn't until the 1950s that Carefree truly began to take shape as a distinctive desert community.

The pivotal moment came in the mid-1950s when two forward-thinking investors, Tom Darlington and K.T. Palmer, purchased an old goat ranch located near what is now Carefree's bustling central business district. Together, they envisioned a distinctive desert retreat—complete with a private airport, golf courses, resorts, and a mixed-use business district. Their vision was to create a place that was both exclusive and open to those seeking a respite from city life.

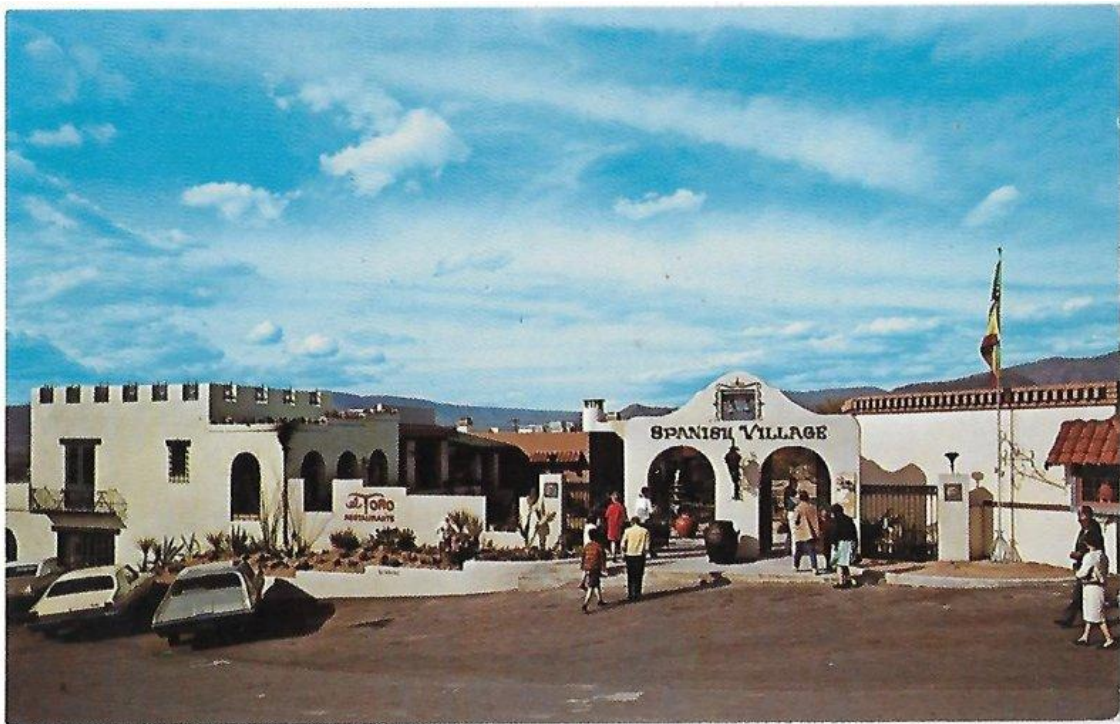


The name "Carefree" was adopted from the "Carefree Development Corporation" that was established to spearhead the project. The development featured whimsically named streets such as Tranquil Trail and Easy Street, further reinforcing the community's focus on serenity and relaxation. The first home in Carefree was built in 1959, and the community quickly attracted retirees, including former executives and celebrities who sought a quiet but vibrant place to live.



Carefree's growth continued steadily throughout the 1960s and 1970s, with the establishment of additional residential areas and amenities. However, it wasn't until 1984 that Carefree officially incorporated as a town. The community's expansion reached a peak between 1990 and 2000, when approximately 1,300 new residents moved to Carefree. This period of rapid growth led to the construction of new homes, infrastructure, and services, transforming Carefree into a thriving town while maintaining its peaceful, desert charm.

In more recent years, growth has slowed as the town nears the completion of its available undeveloped lots. Instead of expansion, the focus has shifted to renovations and rebuilding efforts, as many existing homes are being updated to accommodate the needs and preferences of a new generation. According to the 2020 Census, Carefree has a population of about 3,800 permanent residents, though the number of seasonal residents typically swells to around 700 during the winter months (November to April).





Celebrating Carefree's Heritage



In the past fiscal year, Carefree commemorated a major milestone—its 40th anniversary of incorporation. This celebration included a variety of events designed to honor the town's rich history and foster a sense of community pride. Citizens, old and new came together to reflect on the town's achievements and its promising future.

Additionally, the town completed a comprehensive update to its long-range planning document, the General Plan. This Plan serves as a blueprint for future development, ensuring that Carefree remains a sustainable and vibrant community while preserving its small-town charm. Building on this update, the town will now undertake a comprehensive review and update of its Zoning Ordinance. This revision will focus on updating zoning standards, enhancing citizen participation in the planning process, and aligning zoning districts with current state requirements. By keeping the zoning regulations up to date, Carefree ensures that it can continue to grow responsibly and in line with its unique desert environment.

As Carefree moves into the future, its legacy of blending natural beauty, tranquility, and thoughtful development will continue to guide its growth. With the careful stewardship of its land and commitment to preserving its distinctive character, Carefree remains an oasis of peace and an ideal destination for those seeking to live in harmony with the upper Sonoran Desert.





Conservative Financial Management

Carefree has adopted a conservative approach to financial management, focusing on maintaining fiscal responsibility while delivering essential core municipal services. The town emphasizes a lean operation, prioritizing public safety contracts, community development, public works, and municipal court services. With only 16 full-time employees, Carefree operates with one of the smallest municipal staffs in Arizona. Each employee takes on expanded roles to ensure compliance with both state and local regulations. Like many small organizations, Carefree occasionally engages consultants for specialized tasks or unique projects.

The town's operational costs are relatively modest, totaling approximately \$7.8 million. These costs are primarily driven by inflation and other external factors such as unfunded state mandates and contract service adjustments. While the town has been able to keep costs manageable, maintaining its aging infrastructure presents a growing challenge. Much like the rising costs associated with aging personal health, the expenses related to maintaining infrastructure tend to increase over time. Carefree's infrastructure—such as drainage systems, streets, parking lots, town gardens, emergency facilities, fire equipment, and office/meeting spaces—requires ongoing attention. As these assets age, repair and replacement costs naturally rise, placing further pressure on the town's budget.

From a revenue standpoint, Carefree's conservative financial strategy seeks to protect the town's income from potential risks. Several external factors can have a significant impact on the town's primary source of revenue: municipal sales tax. These risks include:

Legislative Changes: Changes to state tax policy, such as modifications to construction sales tax, exclusion of residential rental taxes, or the potential of the elimination of the grocery tax, significantly affect local funding. Legislative decisions at the state level can have immediate and lasting consequences for Carefree's revenue.

Economic Cycles: Carefree's sales tax revenue is closely tied to economic cycles, with the town's income heavily reliant on a small number of businesses that are subject to market fluctuations. A downturn in the economy or the departure of a key business could result in significant gaps in revenue, highlighting the vulnerability of Carefree's financial structure.

Inflationary Pressures: The rising costs of services, especially public safety contracts, are becoming a notable concern. With annual inflation rates outpacing historical averages, the town must anticipate annual increases between a range of 3 to 5% to both annual operational expenses and service contracts. This level of inflation has become an important consideration for long-term budgeting and planning.



Limited Business Diversification: Carefree's business sector is not as diversified as the broader state economy, which makes the town more susceptible to revenue volatility. While the state benefits from a diverse economic base, Carefree's reliance on a few businesses for sales tax revenue leaves it vulnerable to economic shifts. This limited diversification can exacerbate revenue fluctuations.

In light of these financial challenges, Carefree must be strategic in its planning to ensure long-term financial stability. Diversifying revenue sources and managing risks from external factors will be essential to maintaining the town's operations and quality of life for residents. Carefree's economic strategies are rooted in the vision of its founders, who originally planned for hospitality-driven developments, such as a resort across from Desert Forest Golf Course and a hotel in the Town Center (Source: The Carefree Story, K.T. Palmer, 1967). Over the past decade, the contribution of hospitality businesses to the town's sales tax revenue has increased significantly, growing from an annual contribution rate 9% to approximately 20%. This growth in the hospitality sector has not only strengthened the town's revenue streams but also benefited local restaurants and retailers, attracting more customers. The expansion of the hospitality industry has played a key role in helping offset Carefree's largest operational cost: public safety.



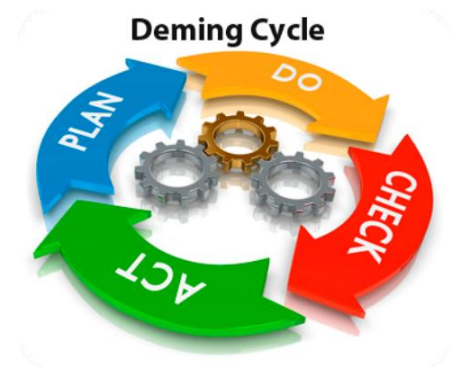
Town Council Strategic Plan

Municipal Strategic Planning Explained

The strategic plan serves as the foundation for the town's annual budget. With clear priorities in place, the plan provides a roadmap for how resources will be allocated in alignment with the town's long-term goals. This ensures that the town's investments are focused on areas that will provide the greatest impact for the community, whether through the improvement of infrastructure, the enhancement of public safety services, or the promotion of environmental sustainability. By aligning the budget with the strategic plan, the Town Council ensures that resources are being used efficiently and effectively to meet the needs of the residents.

The development of the Town Council's strategic plan is a collaborative, forward-thinking process designed to position the Town for long-term success. This approach is aimed at addressing both current and emerging challenges, managing resources effectively, and maintaining a sharp focus on the most critical aspects of the town's operations, including infrastructure, public safety, and community character. By engaging in this strategic planning process, the town is not only preparing to tackle present issues but also ensuring that it is well-equipped to adapt to future needs and opportunities. This proactive mindset is essential for effective governance and community growth.

The process of creating the strategic plan began with a series of workshops and surveys facilitated by an expert in municipal strategic planning. These sessions were designed to gather input from both incoming and outgoing members of the Town Council, ensuring that the plan reflected a broad spectrum of perspectives and experiences. This inclusive process helped to foster collaboration and ensure that all voices within the Council were heard, resulting in a plan that truly represents the collective aspirations of the Council.



Through these efforts, the Town Council was able to craft a Vision Statement that articulates the long-term aspirations of the town, providing a clear and inspirational goal for the future. The Vision Statement was paired with a Mission Statement, which outlines elements to achieve that vision. This structure not only sets the direction for the town's future but also aligns the Council's efforts with the needs and desires of the community. In addition, the process included the identification of a set of core values that will guide the behavior and decision-making of the organization's members. These values serve as the ethical foundation for all municipal actions, ensuring that



the town's leadership operates with integrity, transparency, and a commitment to the common good.

The strategic planning process also identified key areas of focus and set specific deliverables for the next three fiscal years. These areas of focus are intended to drive the town's development, with measurable outcomes and milestones that allow progress to be tracked and adjustments to be made as necessary. This dynamic approach ensures that the town remains flexible and responsive to changing circumstances while staying committed to its broader goals.

Upon completion, the plan was presented to the community by the Mayor during the January 2025 Town Council meeting. The presentation was met with unanimous approval from the Town Council, signaling a strong commitment from the leadership team to move forward with the outlined initiatives. This endorsement from the Council, along with the transparent and collaborative nature of the planning process, helps to build trust and strengthen the relationship between the town's leadership and its residents. The community now has a clear understanding of the priorities and objectives that will guide the town's actions in the coming years.

Furthermore, the strategic plan emphasizes the importance of collaboration with regional partners. As Carefree continues to grow, the town recognizes that many of the challenges and opportunities it faces can be best addressed through cooperative efforts with neighboring municipalities and regional organizations. The strategic plan sets the stage for these partnerships, encouraging shared objectives and mutual support that will contribute to the overall prosperity and well-being of the region.

In summary, the Town Council's strategic plan serves as a comprehensive guide for navigating Carefree's growth while maintaining the high quality of life that residents expect. By focusing on key priorities, fostering collaboration, and aligning resources with long-term goals, the town is positioning itself for sustainable success in the years to come.

On the next few pages is a detailed synopsis of the Council's Strategic Plan, outlining the key initiatives and objectives for the next three fiscal years.



Vision Statement

The Town of Carefree is dedicated to preserving its small-town charm and rural character, while ensuring transparency and fiscal sustainability. Our vibrant town fosters a welcoming destination, blending natural beauty with a friendly atmosphere and strong community values.

Mission Statement

The Town of Carefree is dedicated to preserving its unique small-town charm which combines natural beauty with thoughtful design and growth. We prioritize transparency, community engagement, and collaboration. Our commitment to fiscal sustainability and public safety enhances the quality of life for all residents, businesses and visitors.

Core Values

Respect:

We foster a culture of inclusiveness, treating all residents, visitors, staff, and stakeholders with fairness and dignity.

Transparency:

We prioritize openness in our governance, ensuring that all actions, decisions, and communications are clear, accessible *and shared with* the public.

Accountability:

We take responsibility for our actions and decisions, providing fiscal discipline and ensuring that we prioritize the core services for the community.

Service Excellence:

As stewards, we are committed to providing exceptional public services that enhance the quality of life in our community within our financial capacity.

Collaboration:

We believe in working closely with residents, businesses, and other stakeholders to shape a future that reflects collective input and shared goals.

Resilience:

We build a resilient community capable of adapting to challenges, ensuring long-term sustainability and well-being for all.



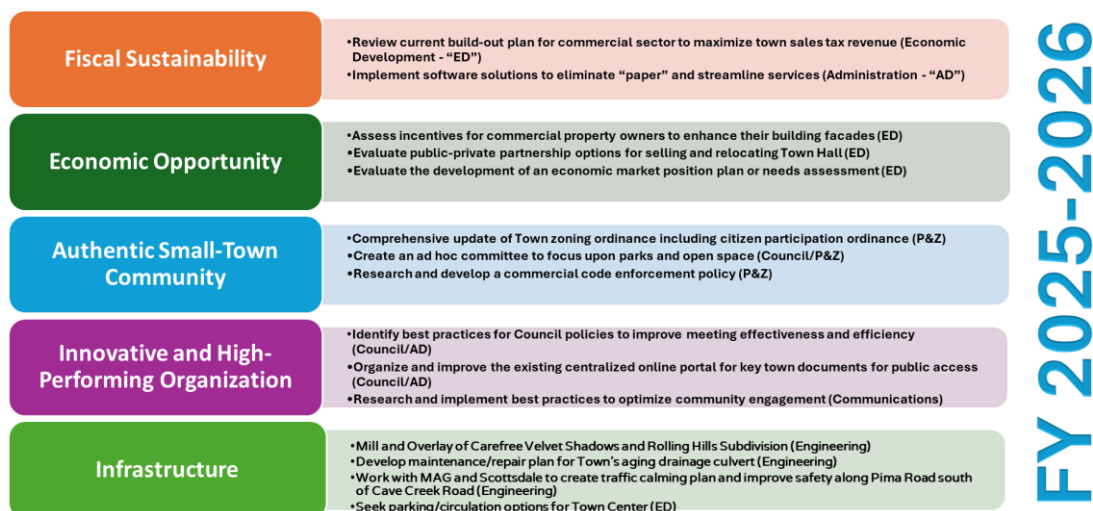
Fiscal Year 2025/26 Focal Areas & Tasks

The Council identified five critical focal areas in the development of its strategic plan, each with the aim of guiding the municipality's progress and success over the coming years. These areas—fiscal sustainability, economic opportunity, authentic small-town community, innovative and high-performing organization, and infrastructure, represent the core pillars upon which the Town's future will be built. Each focal area is designed to address a fundamental aspect of the Town's long-term growth and stability, ensuring a balanced approach to development that prioritizes both the needs of the present and the aspirations of future generations.

Integration into Department Workloads and Fiscal Year 2025-2026 Budget

To ensure that these strategic priorities are carried out effectively, each deliverable is embedded into the day-to-day operations of the appropriate Town departments. Staff across all levels of the organization will be aligned with these priorities, with clear tasks and performance objectives outlined for the upcoming fiscal year. This alignment ensures that the strategic vision set by the Town Council is translated into actionable, measurable outcomes.

The fiscal year 2025-2026 budget reflects the necessary investments to support these deliverables, including resources for technology upgrades, personnel training, infrastructure improvements, and economic development programs. Budget requests are tied to the priorities set for each focal area, ensuring that financial resources are allocated in a way that directly supports the Town's strategic goals.





Municipal Budgeting Explained

This program-based budget document serves as a valuable tool for residents, providing a detailed and transparent look into the Town's organizational and financial structure. By clearly outlining the town's priorities, resources, and expenditures, the document helps demystify municipal finances, offering the community a clearer understanding of how taxpayer dollars are being spent. Many residents who have reviewed the document have expressed that they now have a deeper comprehension of municipal budgeting processes. Additionally, some have shared a desire for similar transparency within their own governing homeowners' associations, highlighting the document's impact on fostering a culture of accountability and openness in community governance.

The forthcoming budget section is designed to provide an in-depth overview of the Town's financial landscape. This will include a thorough explanation of the Town's financial policies, which serve as the guiding principles for budgeting and fiscal management. Residents will also gain insight into the services provided by each department, the key achievements of the past year, and the costs associated with these services.

Key topics within the section will include:

- **Fund Base Accounting:** A detailed explanation of how the Town organizes and tracks its finances across different funds, ensuring that each dollar is allocated and spent in accordance with its intended purpose.
- **Financial Policies:** An outline of the financial management strategies that help maintain fiscal stability, ensure long-term sustainability, and guide decision-making regarding investments and expenditures.
- **Town Operational Revenues:** A breakdown of the various sources of income that the Town relies on, including taxes, grants, and other revenues, as well as the overall health of these revenue streams.
- **Town Structure:** A clear depiction of the organizational structure, highlighting the roles and responsibilities of different departments and their impact on the services the Town provides.
- **General Fund Services and Costs:** An overview of the core services funded through the General Fund, detailing the allocation of resources for essential services such as public safety, infrastructure, and community programs.
- **Alternative Funds:** An explanation of funds outside the General Fund, including special revenue or capital funds, and how they are utilized for specific purposes or projects.
- **Capital Reserves:** A look into the Town's long-term savings and capital reserves, which are critical for funding major infrastructure projects and ensuring the community's future growth and development.



- **Expenditure Analysis:** A detailed analysis of where the Town's money is being spent, identifying both operational costs and long-term investments in public goods and services.

Municipal Fund Based Accounting Explained

Fund-based accounting is a cornerstone of governmental financial reporting and budgeting, providing a structured approach to managing and allocating public funds. The Governmental Accounting Standards Board (GASB) is the authoritative body that establishes the rules and guidelines for governmental accounting practices, ensuring transparency, consistency, and accountability across all levels of government. GASB's standards are crucial for maintaining the integrity of financial reporting and safeguarding taxpayer dollars.

Every year, Town officials actively participate in meetings with the Arizona League of Cities and Towns and Arizona Government Finance Officials to stay up to date on any changes or updates to GASB's standards. These engagements provide valuable opportunities for municipal leaders to assess the ongoing requirements, best practices, and emerging trends in financial reporting and budgeting. By attending these meetings, the Town ensures its adherence to the latest standards, making certain that its financial practices align with the most rigorous accounting frameworks available.

In governmental accounting, fund-based accounting is utilized to create a transparent and organized system for managing public resources. Unlike private sector accounting, which typically uses a singular balance sheet, fund-based accounting involves the segregation of funds into separate accounts, or "funds," based on the specific restrictions tied to the sources of revenue. This approach allows for a more detailed and accurate picture of how public money is allocated, spent, and saved.

Each fund in the Town's budget serves a distinct purpose, often reflecting the limitations or restrictions imposed by laws, regulations, or specific donor intentions. By separating resources into different funds, the Town can ensure that each set of revenues and expenditures is properly tracked and reported according to its designated purpose. This not only promotes financial accountability but also facilitates compliance with legal and contractual obligations.

For instance, some funds are designated for specific purposes, like the fire fund, while others might be reserved for long-term capital improvements like the capital reserves. The Town's fund-based accounting system ensures that funds are used appropriately and that residents and stakeholders can easily trace how their tax dollars are spent.



Town Funds Explained

General Fund:

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

Fire Fund:

In Carefree, the municipal sales tax on retail products stands at 3%. Of this, one-third of the revenue is allocated to the Fire Fund, intended to cover costs associated with the master contract with Rural Metro. The remaining two-thirds of this revenue flows into the Town's General Fund. However, a persistent structural deficit plagues the Fire Fund, as the 1% allocated has fallen short the majority of years during the time this fund was established in 2006. To mitigate this shortfall in Fire Fund revenue, General Fund revenue has been utilized. In future years, as the cost of the master contract continues to increase, there will be an increase in the subsidization from the General Fund. Future Town Councils will have to determine how to reconcile this expanding expense.

Highway User Revenue Fund (HURF):

Historically, the State of Arizona has imposed a flat tax of 0.18 cents per gallon of gasoline, designated and restricted to fund transportation-related projects. In recent years, a portion of the excise taxes collected from adult-use marijuana sales has also been channeled into this restricted fund. The distribution of this tax revenue is determined by a formula that allocates one-half of the monies based on the Town's population relative to all incorporated cities and towns within the state, and the remaining half relative to the Town's population compared to those within Maricopa County.



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



typically HURF is not sufficient to pay for street maintenance projects which require additional funding from the Capital Reserves.

Municipal Court Funds:

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

Capital Improvement Reserve Fund:

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

Additionally, as the useful life of Capital Improvements are exhausted, the community must plan for their replacement, such as street pavement or heavy public works equipment. While the useful life of Capital Improvements can sometimes be prolonged through effective maintenance practices, eventual replacement becomes inevitable. This Fund has been instrumental in funding the maintenance of existing infrastructure and planning for the augmentation of amenities, facilities, and infrastructure.

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

Water Company Fund:

The Town has traditionally provided support to the Carefree Water Company to enhance and expand its infrastructure for the benefit of Carefree residents. This assistance has been in the form of a Water Infrastructure Finance Authority (WIFA)



loan and a capital aid and advance loan from the Town. Both loans and the subsequent payments from the water company are encompassed within this Fund.

It's noteworthy that the past loans extended to the water company have exclusively benefited Carefree residents, not those previously served by the Town of Cave Creek. Any additional Capital Aid and Advance loans provided to the water company can also be integrated into this fund. This was done more recently, to add fire hydrants and associated system capacity improvements to serve recently annexed Carefree residents on the Cave Creek system. The overarching goal is to further fortify the water company's infrastructure and to minimize potential impact on customer rates.

Other Funds:

Many communities maintain additional designated Funds beyond those outlined above. These may include Enterprise Funds, which establish separate business accounts for the operation of utilities; Development Fee Funds, where fees are collected from new developments necessitating infrastructure extension and capacity; and Debt Service Funds, which gather fees through the administration of a secondary property tax to fund municipal bonds. It's important to note that the Town currently does not assess these fees, rendering these accounts irrelevant to the Town's current budget.



Guiding Financial Policies

Financial Controls Explained

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

Cash solvency This pertains to the Town's ability to meet its financial obligations promptly.	Budget Solvency This refers to the Town's capability to balance it's budget effectively
Long-Range Solvency This denotes the Town's ability to cover future costs and financial commitments	Service Solvency This reflects the Town's capacity to provide the required and desired level of services to its residents.

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

Expenditure Control Policy

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

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

Every week, the Town Administration reviews invoices and bills paid. Additionally, the Clerk and Mayor meticulously examine these invoices by reviewing and signing the checks, enabling additional scrutiny of all accounts payable. Monthly, the Mayor and



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

Revenue and Collections Policy

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

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

User Fees Policy

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

Capital Reserves Policy

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

Moreover, the Town has historically benefited from construction sales tax generated by the development of new homes. As the community approaches build-out, sales tax revenue from new homes will significantly decline, further reducing funding transferred into the Capital Reserves.



Consequently, without diversifying its tax base through economic development initiatives, the Town will need to explore new policies to finance Capital Improvements or Assets with a useful lifecycle of eight or more years and/or valued over \$50,000.

This fund operates akin to a Homeowner Association's (HOA) Reserve Funds, aimed at upholding the community's infrastructure. Whether for an HOA or municipality, adequately funding the maintenance of aging infrastructure is critical for solvency. Neglecting this funding and ongoing maintenance leads to more costly repairs and inadequate financial capacity to address deteriorating infrastructure. Thus, ensuring sufficient funding for infrastructure maintenance is paramount for the Town's financial stability and long-term viability.

Rainy Day Fund Policy

With an annual operation budget of approximately \$7.5 million, the Town currently holds a Rainy Day Fund balance equivalent to 35% of the annual operation budget. This indicates that the Town can sustain its operations for 4-5 months in the event of significant disruptions to its main revenue stream, municipal sales tax.

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

Financing Alternatives Policy

The Town has adhered to a pay-as-you-go philosophy to fund Capital Improvements, although short-term financing was utilized to acquire buildings within the Town Center for Town Offices and Council Chambers, which have since been paid off. However, with the Town's Permanent Base Adjusted Expenditure Limit set at approximately \$13.22 million, the future escalation in annual operational costs associated with public safety contracts could curtail future annual expenditures for Capital Improvement Projects. Consequently, large Capital Projects with a lifecycle surpassing 8 years may necessitate financing to adhere to statutory expenditure limits.

For instance, a comprehensive project such as resurfacing all public streets, estimated range of \$35 to \$40 million, could be spread over a period of twenty years if financed. This approach offers the benefit of distributing costs across multiple generations. The



current generation enjoys the benefits of the new or upgraded infrastructure investment, while future generations share in the financial responsibility. This multigenerational approach spreads the financial liability of these infrastructure investments over time.

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

Budgetary Basis of Accounting

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

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



Town Operational Revenues

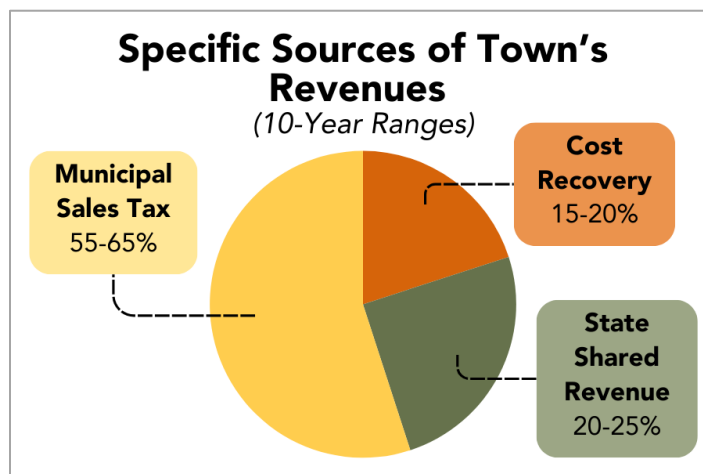
Town Revenues and Expenditures Explained

In the previous sections of this budget document, the foundational concepts of municipal fund-based accounting as well as the financial policies that serve as the foundation of the Town's budgeting process were outlined. These policies are designed to ensure financial integrity, promote accountability, and meet transparency requirements related to the disbursement of public funds. They also play a vital role in establishing essential checks and balances to protect taxpayer money.

The following sections will delve deeper into the projected financial outlook for the upcoming fiscal year, with a focus on explaining and demonstrating the two key components:

1. **Forecasted Revenues**
2. **Anticipated Expenditures**

This framework allows for a clear understanding of where the Town generates revenue and allocation of resources in the coming year. In this section, we will begin with a high-level overview of the anticipated revenue streams and then provide a more granular explanation.



Forecasting Revenues

As illustrated in the adjacent pie chart, the Town's revenue is primarily generated from three key sources: local sales tax, cost recovery fees, and state shared revenues.

Over the last decade, municipal sales tax has consistently been the dominant source of income for the Town, making up the largest

portion of the budget year after year. However, it's important to note that sales tax revenues are inherently tied to the performance of local businesses. As such, they are vulnerable to fluctuations caused by economic cycles and changing consumer behavior. Additionally, evolving legislation continues to have an impact on the Town's revenue streams. For instance, modifications to construction-related sales taxes, the elimination of residential rental taxes, and recent possible proposals to remove grocery taxes have all contributed to diminishing traditional revenue sources. In terms of diversification, the Town also generates significant revenue through cost recovery fees and state shared revenues, each making up an important portion of the



budget. Cost recovery fees are designed to fund specific programs and services that benefit only a segment of the population, rather than the entire community. These fees help minimize the financial burden on the Town's General Fund by ensuring that those who directly use these services contribute towards their costs. Meanwhile, state shared revenue is distributed to local governments on a per capita basis, and as the population of neighboring communities grows at a faster rate than Carefree's, the Town's share of this revenue is expected to gradually decline over time.

Revenue Breakdown for the Upcoming Fiscal Year

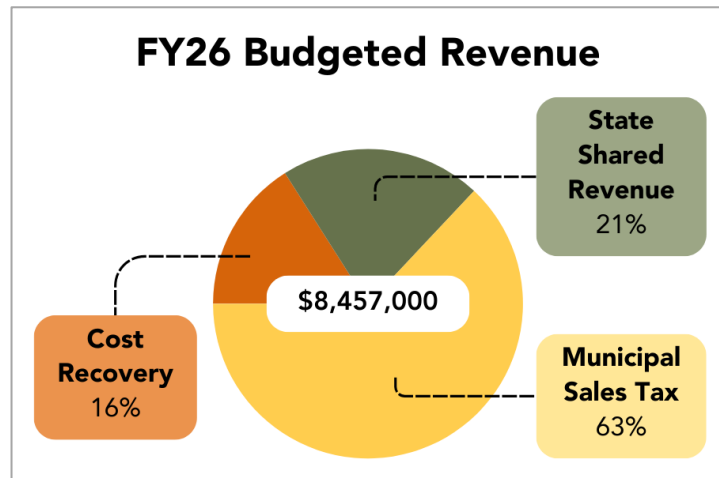
For the upcoming fiscal year, the revenue breakdown (as illustrated in adjacent chart) is expected to follow a familiar trend.

Municipal Sales Tax is projected to account for at least 63% of total revenue forecasted for FY26, equating to approximately \$5.32 million. This estimate is based on

the average of actual sales tax revenue over the past five fiscal years. Taking a conservative approach, this forecast reflects current 5-year trend (\$5.3 million) rather than relying on the performance of the last fiscal year (\$6.3 million). It's essential to recognize that sales tax consistently represents the largest portion of the Town's revenue, underscoring the Town's dependence on the success of local businesses and the broader economy. Given that the performance of businesses and the economy can fluctuate, the sales tax revenue does not follow a steady, predictable pattern, but instead experiences periodic peaks and valleys. By using a five-year average, we account for this potential volatility.

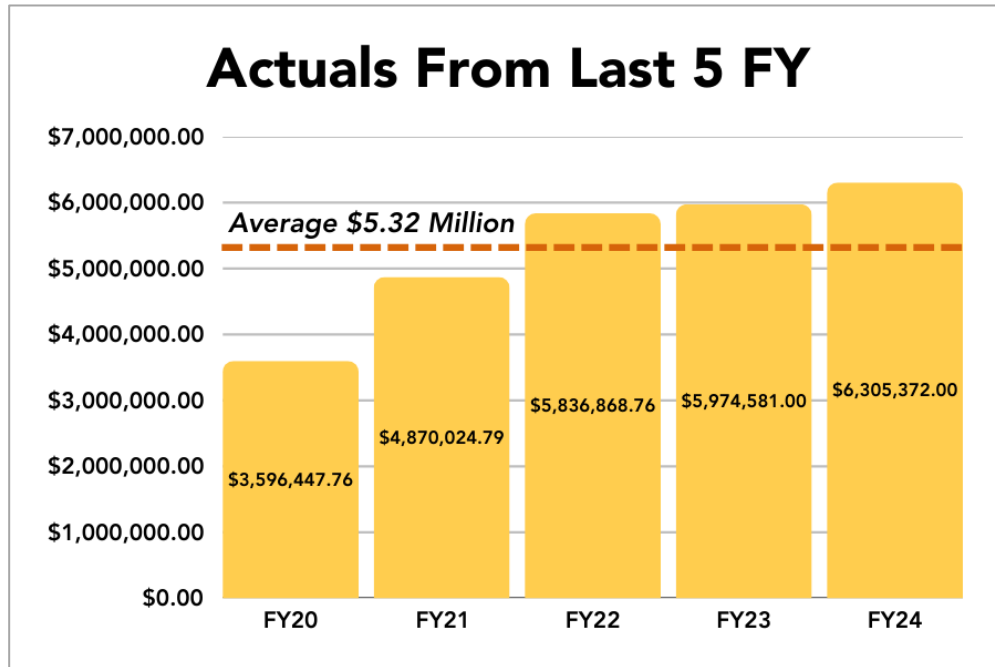
Cost Recovery Fees are projected to contribute 16% of the Town's total revenue, or about \$1.4 million. These fees are vital for supporting services that benefit only certain users, such as licenses, building permits, and court fees that do not directly benefit the entire population.

State Shared Revenue is forecasted to decrease slightly from the previous fiscal year levels and is expected to contribute around 21% of the Town's revenue, or \$1.78 million. Although Carefree's share of state revenue will be slowly diminishing due to stronger growth rates in neighboring communities and the resulting impacts of the implementation flat income tax.





Local Sales Taxes



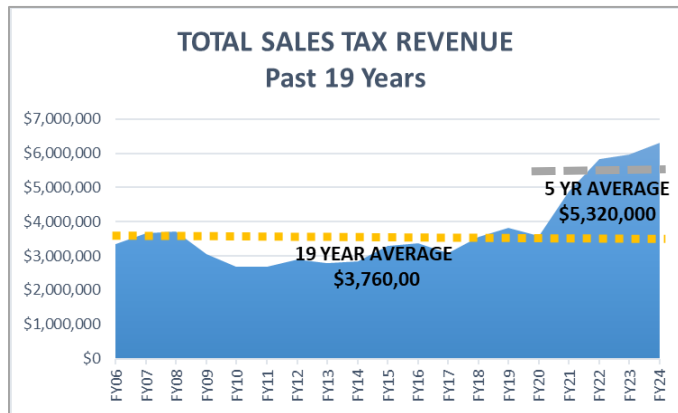
Looking Ahead: Detailed Forecasts of Revenue Sources

In the next section of the budget document, there will be a more granular evaluation of the individual components of each revenue source. This granular evaluation will include a more detailed explanation on the performance and forecast for local sales tax, cost recovery fees, and state shared revenue, breaking down the assumptions behind these projections and how they align with the Town's financial goals for the upcoming year. This will help stakeholders understand the underlying factors driving the revenue forecast and the Town's approach to managing its financial resources.



Municipal Sales Tax Explained

In 2006, the Town made a significant decision to increase its municipal sales tax on retail products from 2% to 3%, while also approving the development of the Lowe's Home Improvement Store located at Cave Creek Road and Carefree Highway. These moves were strategically designed to boost the Town's revenue base, specifically to fund a dedicated account for a new master contract with Rural Metro, replacing the prior resident subscription service model. The purpose was clear: ensure additional revenue to cover the new level of service and associated expenses for fire and emergency services.



Over the past 19 years, this decision has contributed to a variable revenue stream, with the Town averaging \$3.76 million in annual sales tax collections. However, the Town's sales tax forecast is not a simple linear progression.

Municipal sales tax revenues, like those of many towns and cities, are inherently tied to the broader

economic landscape, meaning they naturally track with economic cycles, experiencing periods of both expansion and contraction. For example, in 2011, amid the aftermath of the Great Recession, the Town saw its lowest sales tax collection in recent history, dipping just below \$2.7 million. On the other hand, the revenue picture dramatically improved in 2023/24, when sales tax revenue reached highs of over \$6 million. While such increases are encouraging, historical data cautions against expecting this rapid growth to continue indefinitely. A few external factors—ranging from broader economic downturns to legislative changes and shifting consumer behavior—pose risks that could destabilize future revenue projections.

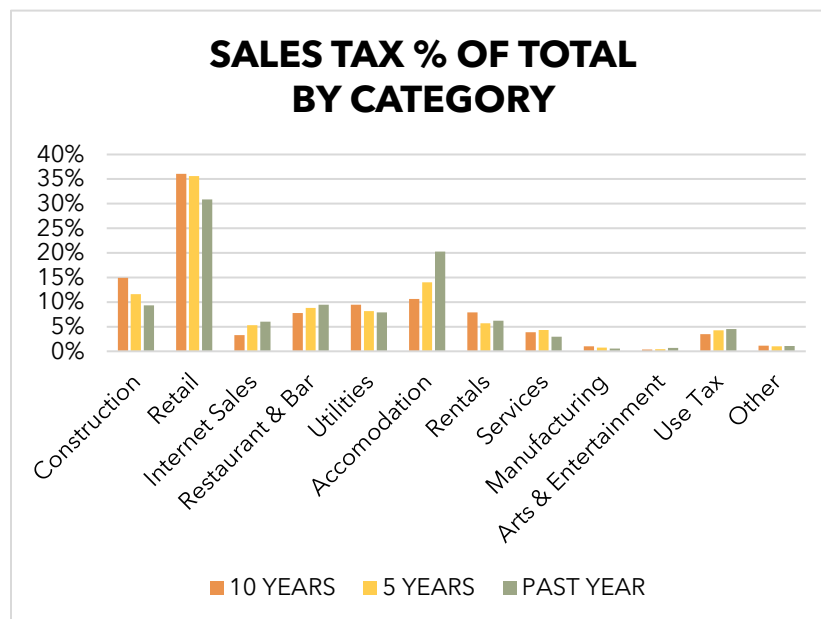
Modeling and Analyzing Revenue Trends

To better understand the Town's sales tax revenue forecast, it's important to model and assess the various components that contribute to these fluctuations. As shown in the accompanying chart, the Town's sales tax revenue has been largely driven by the performance of the retail and construction sectors over the past 10 years. These two sectors have traditionally provided the bulk of the revenue needed to sustain the Town's budget.



The retail sector, in particular, has seen a mixed performance, with periods of growth driven by both local and national retailers. However, as the market shifts and consumer habits change, so too does the stability of this revenue stream. Some examples of changing retail patterns are the past closure of CVS, and the impending relocation of ACE Hardware, both of which will impact revenues. These events underscore the inherent risks associated with an over-reliance on brick-and-mortar retail—particularly given the increasing trend of internet sales.

Construction sales tax is another crucial revenue source that has played a significant role in the Town's budget. Historically, the Town has relied on revenue from new development projects and residential construction to support its Capital Reserve Fund. These funds have been essential for maintaining and upgrading the community's infrastructure, particularly its 110 miles of public streets, which represent one of the Town's largest long-term financial commitments.



However, as the Town's residential buildout nears its completion, construction-related sales tax is expected to gradually decline. This decline is anticipated to coincide with reduced demand for new construction materials and services, signaling that revenue from this source may no longer be as robust in future years. As such, the Town will need to ensure that prudent infrastructure

maintenance strategies are maintained to continue addressing street and public space needs.

Shifting Economic Landscape and Diversification Opportunities

While retail and construction sales tax have traditionally been the primary revenue contributors, recent fiscal trends show a shift toward more diversified sources. In the most recent fiscal year, although retail and construction remained dominant, both sectors saw some declines when compared to the 10-year averages. This highlights the growing need for the Town to adapt its economic strategies and encourage new sources of revenue.



One such opportunity is found in the hospitality sector, which has shown notable improvements, especially in accommodations. The Town's growing potential as an ecotourism destination has sparked interest in economic development initiatives aimed at attracting visitors and fostering a more diverse business environment. As the hospitality industry grows, it can help balance declines in retail and construction, making it a key focus area for future revenue growth.

Similarly, restaurant and bar services have experienced modest increases, further supporting the idea that the Town's broader hospitality is gaining traction. With more visitors expected to explore the area, targeted investments in hospitality and related services could offer a reliable revenue stream moving forward.

Another emerging revenue source is internet sales, which has gained prominence in recent years. The Arizona Department of Revenue now tracks internet sales separately, recognizing the growing importance of this sector. While it's still unclear how much of an impact online sales will have on the Town's local businesses, there's no doubt that this trend of increasing internet sales will continue. The Town will need to remain vigilant and proactive in supporting local businesses as they adapt to the increasing prominence of online shopping. This could involve creating policies or incentives that help brick-and-mortar businesses transition into the digital marketplace or take advantage of the increased visibility that online platforms provide.

Summary: Municipal Sales Tax - Managing Risks and Capitalizing Opportunities

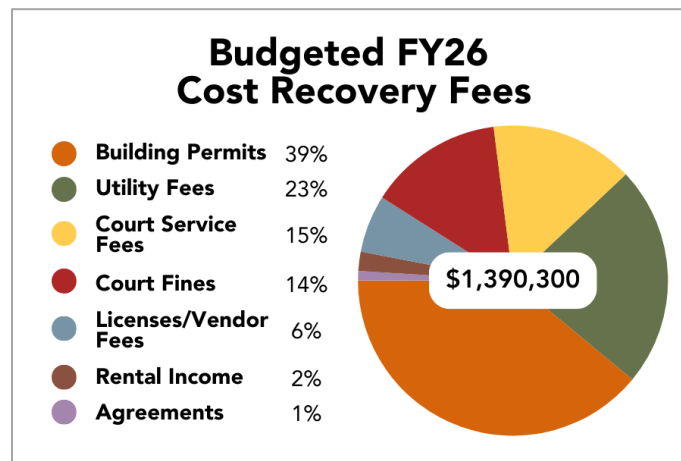
As the Town moves forward, understanding the factors that shape the sales tax revenue forecast is essential to ensuring long-term fiscal health. The Town's reliance on retail and construction, while currently strong, carries inherent risk, especially given the volatility of these sectors and the potential for economic downturns. To mitigate these risks, the Town must continue to diversify its revenue streams, capitalizing on emerging sectors like hospitality and internet sales, while also finding innovative ways to maintain infrastructure funding in the face of slowing construction revenue.

Ultimately, the key to a successful municipal sales tax forecast lies in balancing historical data with forward-looking strategies. By staying attuned to economic shifts, consumer trends, and legislative changes, the Town can ensure a stable, sustainable revenue base that meets the needs of its residents and supports the community's long-term goals.



Cost Recovery Fees Explained

Municipal cost recovery fees are an essential part of local government finance, particularly when it comes to funding services and programs that serve specific individuals or groups, rather than the broader community. These fees are designed to ensure that the costs of certain services, which are used by individuals or businesses, are paid by the beneficiaries rather than being subsidized by the general taxpayer. This system allows for a more equitable distribution of the financial burden for services that provide direct benefits to particular users, ensuring that the government's resources are allocated efficiently.



Unlike general tax revenue, which is collected from the entire population, user fees are typically charged on a per-use basis, providing local governments with more flexibility and control over their rate structure. Local communities can adjust the fees in response to changing costs, demand, or public policy priorities. Additionally, these fees are often set at a level that reflects the full cost of the service, thereby reducing the need for subsidies from the general fund and minimizing the burden on taxpayers who may not directly benefit from specific services.

The Town of Carefree utilizes a variety of cost recovery fees to fund specific services and operations. These fees are structured to cover the costs of providing targeted services to individuals, businesses, and organizations that directly benefit from these services. The following is an overview of the primary cost recovery fees the Town collects:

Building Permit, Inspection and Planning/Zoning Fees

One of the largest sources of cost recovery fees for the Town comes from plan review, inspection services and planning/zoning service fees. These fees are charged to individuals or developers who wish to undertake construction projects within the Town, such as new home builds, residential remodels, and new commercial



developments and tenant improvements. The fees reflect the substantial work required by Town staff to process permits, perform site and building inspections, and ensure compliance with local building codes and zoning regulations.

The Town's building permit fees serve a dual purpose:

- They help cover the operational costs of administering the permit process.
- They ensure that the community's construction projects meet all necessary safety standards, protecting public health and maintaining the integrity of local infrastructure.

These fees vary depending on the scope of the project, with larger developments or more complex construction requiring higher fees to cover the added administrative and inspection costs.

Utility Fees

The Town collects utility fees from utility companies that operate within its boundaries. These fees are paid by utilities—such as electric, gas, and telecommunications providers—for the right to access and work within the Town's rights-of-way. These rights-of-way are the public spaces, such as roads and easements, where utilities install and maintain their infrastructure, including pipelines, electrical lines, and telecommunication cables.

Utility fees help cover the Town's costs of managing the right-of-ways that enables utilities to operate within the Town's jurisdiction. This includes ensuring that the rights-of-way are properly maintained and free from obstacles, coordinating utility work, and conducting inspections for repairs to the right-of-way as well as traffic control requirements. These fees are an important revenue stream that ensures the Town's infrastructure remains in good condition and can support utility operations without burdening taxpayers.

Court Service Fee

The Town of Cave Creek, in partnership with the neighboring Town of Cave Creek, has an Intergovernmental Agreement to share the operational costs of running the local court system. The court service fee is a charge that Cave Creek pays to Cave Creek to cover the costs associated with managing the municipal court and providing judicial services. This arrangement is an example of intergovernmental cooperation designed to improve efficiency and reduce costs for both municipalities.

By sharing the financial responsibility for court services, both towns are able to provide judicial services to their residents while minimizing duplication of resources.



The fee collected from Carefree helps ensure that the court's operations, including staffing and case management system, are adequately funded.

Rental Income

The Town generates rental income from leasing municipal property to the Water Company and Rural Metro Engine 825, which helps offset the costs of maintenance of municipal property. This revenue is particularly important for helping, though minor, to reduce the financial strain on the Town's General Fund, as it helps cover maintenance and other operational costs associated with the municipal building.

By leasing unused or underutilized spaces to local businesses or service providers, the Town maximizes its assets and generates additional revenue, which can then be reinvested into the community.

Special Events Fees

Another category of user fees is the special events fee. These fees are charged to event organizers who wish to use public spaces within the Town for art festivals, fairs, or other events. The fees are designed to cover the costs associated with managing and maintaining these spaces during the event. This includes ensuring that the public areas are safe, clean, and accessible, as well as occasionally providing services such as sanitation and traffic management.

Special events are important for boosting community engagement and local tourism, but they also impose additional demands on the Town's resources. The fees collected help mitigate these costs and ensure that taxpayers aren't left footing the bill for events that primarily benefit attendees or organizers.

Business Licenses and Vendor Certificates

The Town requires business licenses and vendor certificates from businesses operating within its jurisdiction. These fees cover the administrative costs of verifying that businesses comply with local codes and regulations. This ensures that businesses meet the standards required for health, safety, zoning, and environmental practices. It also allows the Town to track businesses operating within its boundaries for purposes such as taxation and public safety.

These fees are important not only for regulatory compliance but also for ensuring that businesses contribute fairly to the cost of maintaining a safe environment. They help support the broader goal of fostering a vibrant local economy while maintaining the integrity of the community's physical and social infrastructure.



Summary: Ensuring Financial Sustainability Through Cost Recovery Fees

Municipal cost recovery fees play a crucial role in maintaining the financial sustainability of the Town's operations. By ensuring that the users of specific services pay a fair share of the costs associated with those services, the Town can reduce its reliance on general tax revenue and allocate resources more effectively. The Town's diverse range of fees—spanning from building permits and utility charges to event fees and business licenses—provides a robust framework for funding services that benefit targeted groups while promoting fairness and financial accountability.

As the Town continues to grow and evolve, it will be important to regularly assess these fees to ensure they remain aligned with actual costs and reflect the changing needs of the community. By doing so, the Town can maintain high-quality services without overburdening its taxpayers, ensuring a balanced and sustainable approach to municipal finance.

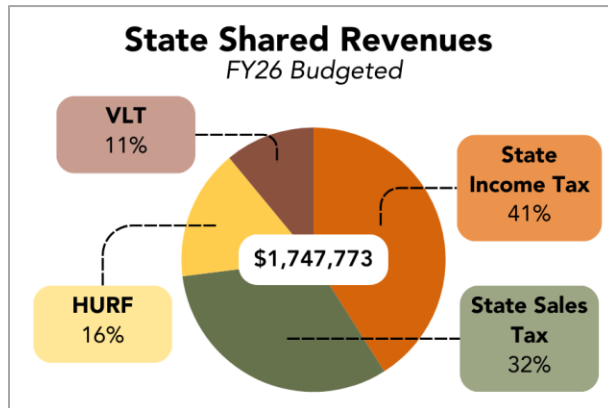
SOURCE AND AMOUNT OF USER FEES ANTICIPATED FOR FY25:

Cost Recovery Fees	ACTUALS	ESTIMATED	BUDGETED
	FY24	FY25	FY26
BUILDING PERMITS	\$516,298	\$526,000	\$545,000(39%)
UTILITY FEES	\$317,122	\$320,000	\$325,000(23%)
COURT SERVICE FEES	\$192,639	\$200,346	\$207,200(15%)
COURT FINES	\$170,668	\$187,000	\$190,000(14%)
RENTAL INCOME	\$33,000	\$33,000	\$33,000(2%)
LICENSES/VENDOR FEES	\$59,882	\$59,000	\$75,000(6%)
AGREEMENTS	\$15,000	\$15,000	\$15,000(1%)
CLERK FEES	\$100	\$100	\$100
TOTAL	\$1,304,709	\$1,340,446	\$1,390,300



State Shared Revenue Explained

State Shared Revenue is another important funding stream in which the state allocates funds to cities and towns. The revenue is sourced from various state taxes and is shared to support local services, infrastructure, and community development. The distribution of these funds is based on several key factors, such as population size, county of origin, and constantly evolving state-level tax policy.



The four primary revenue streams shared with municipalities include:

- State Sales Tax,
- State Income Tax,
- Highway User Revenues, and
- Vehicle License Tax.

Here's an expanded look at each:

State Sales Tax:

The State Sales Tax is one of the most significant sources of revenue shared with municipalities. With a statewide sales tax rate of 5.6%, cities and towns receive a portion of the total collected based on several key factors:

Allocation Based on Population:

Each municipality's share of the sales tax is allocated based on its population relative to the total population of all incorporated cities and towns in the state. The U.S. Census data plays a vital role in determining the population-based distribution. Larger municipalities typically receive a larger share, but this system also ensures smaller municipalities get their fair share based on their population size.

Unrestricted Use of Funds:

Funds received from the sales tax are unrestricted, giving local governments full discretion in how they spend them. These resources can be directed toward critical municipal functions like:

- Public safety (e.g., police and fire services)
- Infrastructure (e.g., roads, public facilities)
- Parks and recreation (e.g., community spaces)

This flexibility allows local governments to allocate resources where they are most needed, helping to address pressing community needs.



State Income Tax:

The State Income Tax represents a significant revenue stream for municipalities, with a history of providing financial support for local services. In 1972, a citizen's initiative led to the establishment of Urban Revenue Sharing, ensuring cities and towns would receive 15% of the total state income tax collected.

Urban Revenue Sharing Allocation:

The distribution of urban revenue sharing funds is also based on population, with municipalities receiving a share proportional to their population relative to the total statewide population. Larger cities benefit more, but the system still ensures smaller municipalities are adequately funded.

Two-Year Lag in Income Tax Collections:

There is a two-year lag between when the income tax is collected and when it is distributed to municipalities. This means that the funds received in a given fiscal year are based on income tax collected two years prior, making it important for municipalities to forecast future revenue with this delay in mind.

No Expenditure Restrictions:

Like the sales tax, funds from urban revenue sharing can be used for any public purpose within the municipality. This flexibility allows local governments to address varying needs such as economic development, education, and community health initiatives.

Implementation of 2.5% Flat Income Tax:

The recent shift to a 2.5% flat income tax is expected to significantly affect revenue sharing. While the flat tax system re-apportions 18% of income tax collections (up from the previous 15%), it also creates uncertainty due to potential fluctuations in overall tax revenue.

The state's change to a flat income tax is anticipated to result in a decline of approximately 10% in income tax revenues over the next fiscal year, impacting municipal revenue.

Highway User Revenues:

Highway User Revenues (HURF) are a crucial source of funding for transportation infrastructure projects within municipalities. These revenues primarily come from gasoline taxes and excise taxes on marijuana sales, ensuring funds are available for street maintenance, road repairs, and traffic safety improvements.

Flat Tax on Fuel:



The state imposes a flat tax of 18 cents per gallon on gasoline sales. This tax provides a predictable stream of funding for transportation projects, although fluctuations in fuel consumption or price could impact revenues.

Portion from Marijuana Excise Taxes:

A portion of the revenue generated from excise taxes on marijuana sales is directed into the HURF. This not only supports the transportation fund but also diversifies its revenue base, reducing the fund's reliance on gas taxes alone.

HURF Allocation to Municipalities:

Municipalities receive 27.5% of the total HURF, with the allocation split into two components:

- 50% based on population: This portion is allocated according to a municipality's population size relative to the total state population of incorporated cities and towns.
- 50% based on county of origin: This component is based on the county where the gasoline sales occurred, ensuring that funds are distributed to municipalities according to the county where they are located.

Dedicated Use for Infrastructure:

It is important to note that HURF funds can only be used for transportation-related infrastructure. These dedicated funds help ensure the continuous maintenance and improvement of public streets, helping municipalities maintain and enhance their transportation networks.

Vehicle License Tax:

Revenue from motor vehicle licensing fees also contributes to the shared revenue pool, benefiting municipalities across the state. This revenue is used to support local services and infrastructure improvements.

Revenue Allocation:

Municipalities receive about 20% of the total revenue collected from motor vehicle licenses. This share of funds is an important source of revenue for cities and towns, providing support for a wide range of local services.

Distribution Based on County of Origin:

Funds are distributed to municipalities based on the county of origin, where the vehicles are registered. This ensures that the revenue generated in a given county is shared among the municipalities within that county. Population-based distribution within the county also ensures that municipalities with larger populations receive a larger share of the licensing revenues.

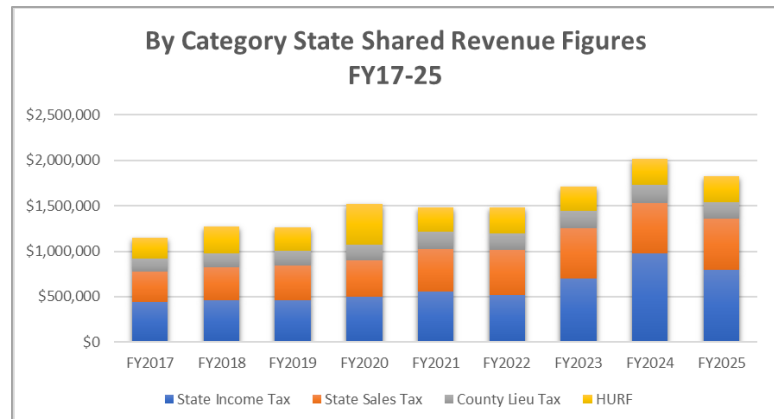


Fair Share Distribution:

This method of distribution helps ensure a fair share of vehicle license tax revenue for each municipality, reflecting both their relative population and the amount of vehicle registration activity occurring within their jurisdiction.

State Shared Revenue Key Trends:

Understanding trends in state-shared revenue from fiscal years 2017-2025 provides an insights into trends of future funding levels and the impact of external factors on revenue generation.



Key trends include:

Highway User Revenue Fund (HURF) Fluctuations:

FY20 saw a one-time increase in HURF funding, giving municipalities a temporary financial boost. However, factors such as gas prices, changing fuel consumption patterns, and the rise of electric vehicles are expected to cause fluctuations in HURF revenue over time.

Recalibration in FY22:

FY22 marked a recalibration of state-shared revenue based on new census data. As populations change, future adjustments will have an impact on the proportional share of each municipality's revenue, requiring cities and towns to adjust their financial planning.

Implementation of Flat Income Tax (FY24):

The introduction of a 2.5% flat income tax in FY24 is expected to significantly impact revenue sharing. Municipalities will now receive 18% of the income tax collected (a shift from the previous 15%). However, the approximate 10% decline in income tax revenues expected in the coming fiscal year will directly impact urban revenue sharing.

Vehicle License Tax and County-Level Distribution:

The distribution of motor vehicle licensing funds is consistently based on the county of origin and population-based metrics. Future changes in vehicle registration trends, as well as population growth or decline, may shift the balance of how revenues are distributed across municipalities.



Summary: State Shared Revenues

State Shared Revenue plays a critical role in funding local government activities, with multiple revenue streams supporting municipalities in maintaining essential services and infrastructure. However, the revenue is subject to shifts in state tax policies, population changes, and external economic factors such as fuel prices and vehicle registration trends. Municipalities must remain agile, planning ahead for fluctuations in revenue while ensuring that their community's needs are met with the resources they have available. Understanding the dynamics of state-shared revenue helps local leaders navigate financial challenges and maximize their revenue allocations.

The table below outlines the five-year trend and anticipated revenue for the next fiscal year. As discussed earlier, due to the implementation of the 2.5% flat tax. There is an anticipated decline in the State Income Tax. All other categories are anticipated by the State to be similar to the previous fiscal year.

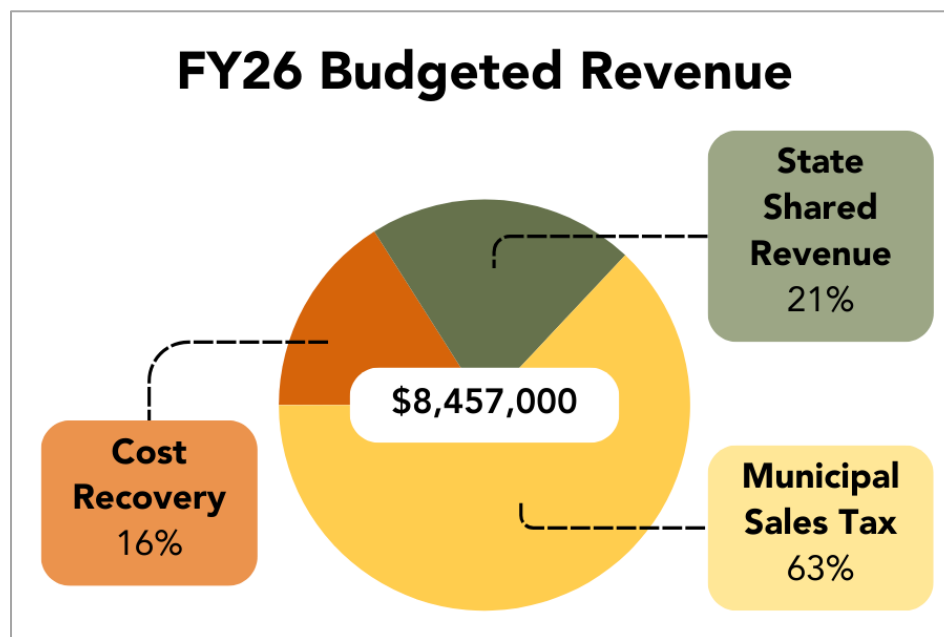
5-YEAR STATE-SHARED REVENUE TOTALS BY CATEGORY:

Category	ACTUAL FY2022	ACTUAL FY2023	ACTUAL FY2024	ESTIMATED FY2025	BUDGET FY2026
STATE INCOME TAX	\$523,051	\$699,050	\$977,024	\$791,824	\$712,773(41%)
STATE SALES TAX	\$490,938	\$554,736	\$555,767	\$562,544	\$560,000(32%)
COUNTY LIEU TAX	\$183,054	\$182,202	\$192,489	\$188,483	\$190,000(11%)
HURF	\$288,864	\$274,193	\$285,646	\$282,602	\$285,000(16%)
TOTAL	\$1,485,907	\$1,710,181	\$2,010,926	\$1,825,453	\$1,747,773



Summary: Town's Annual Revenue

In conclusion, while the Town's financial foundation remains anchored by municipal sales tax (63%), diversifying revenue sources is essential to mitigate the risks of over-reliance on a single revenue stream. Expanding and marketing the hospitality industry provides a promising opportunity to create a more resilient revenue base. By supporting the growth of a range of business sectors, the Town can build a broader and more stable tax base. At the same time, State Shared Revenue (21%) and Cost Recovery Fees (16%) contribute to the overall fiscal health of the Town, and careful management of these resources will ensure the continued ability to deliver services and support long-term community development. By focusing on diversification and economic growth, the Town can better position itself to weather economic downturns, legislative changes, and other external challenges, ensuring long-term financial sustainability. It is important to note that these forecasted revenues do not include speculative revenues such as grants, and interest earned.





Anticipated Expenses

Total Annual Town Expenses:

The Town's annual expenses are primarily divided into two main categories:

1. General Operating Expenses (also referred to as General Fund Expenses)
2. Capital Improvement Project Expenses

General Operating Expenses:

General operating expenses encompass the day-to-day costs necessary to maintain and operate the Town's services and functions. These General Fund Expenses fall into four categories:

- Public safety is the largest operational costs. This includes expenses related to law enforcement services, fire, and emergency medical services, which are both essential to ensuring the safety and well-being of the community.
- General operational costs include but are not limited to public works supplies and materials, facility/building maintenance, utilities, and governmental fees.
- Salaries and benefits of the Town's 16 member staff are part of the General Fund expenses. Since these positions are directly correlated with services provided (i.e. building permit process, zoning administration, court procedures, license administration, ROW administration) as much as 2/3s of the salary and expenses are offset by cost recovery fees recovered for the individual services.
- Risk management is one of the smaller operational expenses. However, despite its smaller share, risk management plays a crucial role in protecting the Town against unforeseen financial risks. This category involves expenses for insurance, liability protections, and other mechanisms that help to shield the Town from costly litigation, accidents, or other legal risks that could result in monetary loss.

Capital Improvement Project Expenses:

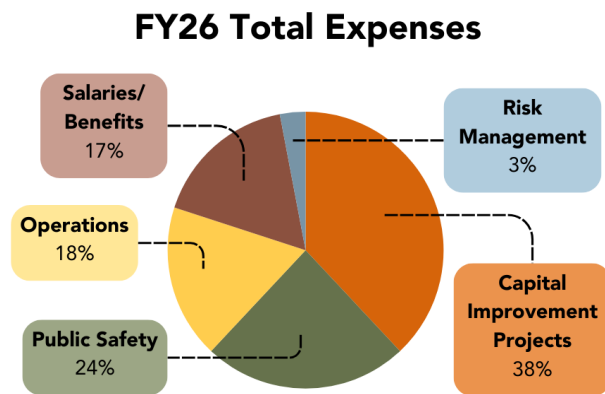
Capital improvement expenses primarily relate to the maintenance, repair, and enhancement of the Town's infrastructure. As the Town's infrastructure ages, these expenses become increasingly important and require more significant investment. Key projects include the repair and replacement of streets, drainage systems, and other critical infrastructure that ensures the Town functions smoothly and safely. Given the increasing demands and aging condition of these assets, capital spending has been rising gradually, reflecting the need to invest in infrastructure maintenance and upgrades to prevent further deterioration.



The costs associated with these capital improvements are likely to continue increasing over time, as the infrastructure ages, more extensive repairs become necessary and material costs continue to escalate. These projects require careful planning and budgeting to address long-term needs while balancing immediate community service demands.

The following section will provide more details into both General Fund Expenses and Capital Improvement Project Expenses, providing more detailed insights into how these categories contribute to the Town's annual budget and how the Town plans for future financial sustainability.

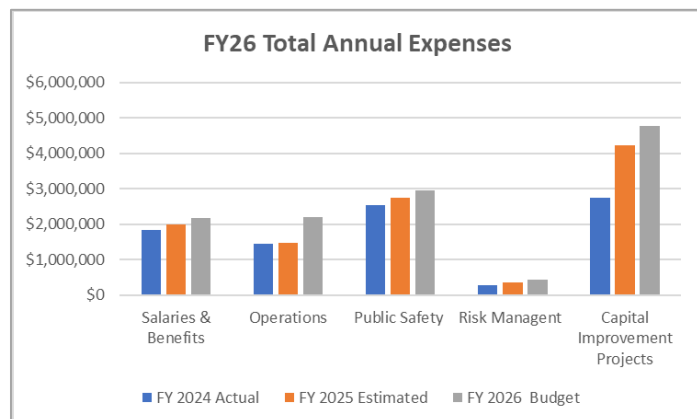
Overview of Anticipated Expenses



As explained in the previous section, there are two categories of expenses, General Fund expenses known as annual operational expenses and Capital Expenses or investment in the Town's infrastructure. In total over the next fiscal year without the budget contingency, speculative grants and interest added in, the Town's anticipated total expenses will be approximately \$12.5 million. As the adjacent chart illustrates, 62% of

these anticipated expense for the next fiscal year are within the Town's aging infrastructure and public safety. General operations are at 18%. While making up the smallest percentages of the overall Town expenses anticipated for the next fiscal year, town staff salary and expenses at 17% and risk management at 3%.

From a comparative perspective, over the past three fiscal years the adjacent chart illustrates growing investments in the Town's aging infrastructure and the replacement and maintenance of the Town's aging equipment. Additionally, there has been steady growth in the public safety infrastructure and contracts while on the other hand relatively little growth in salaries and benefits and risk management.

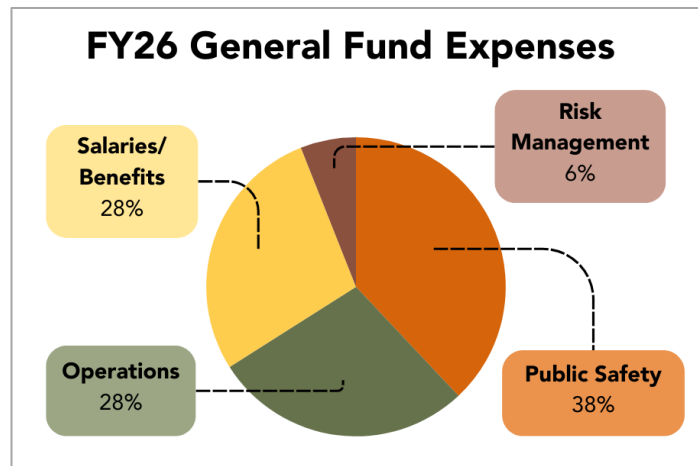


The next section will take a deeper dive into each one of these areas.

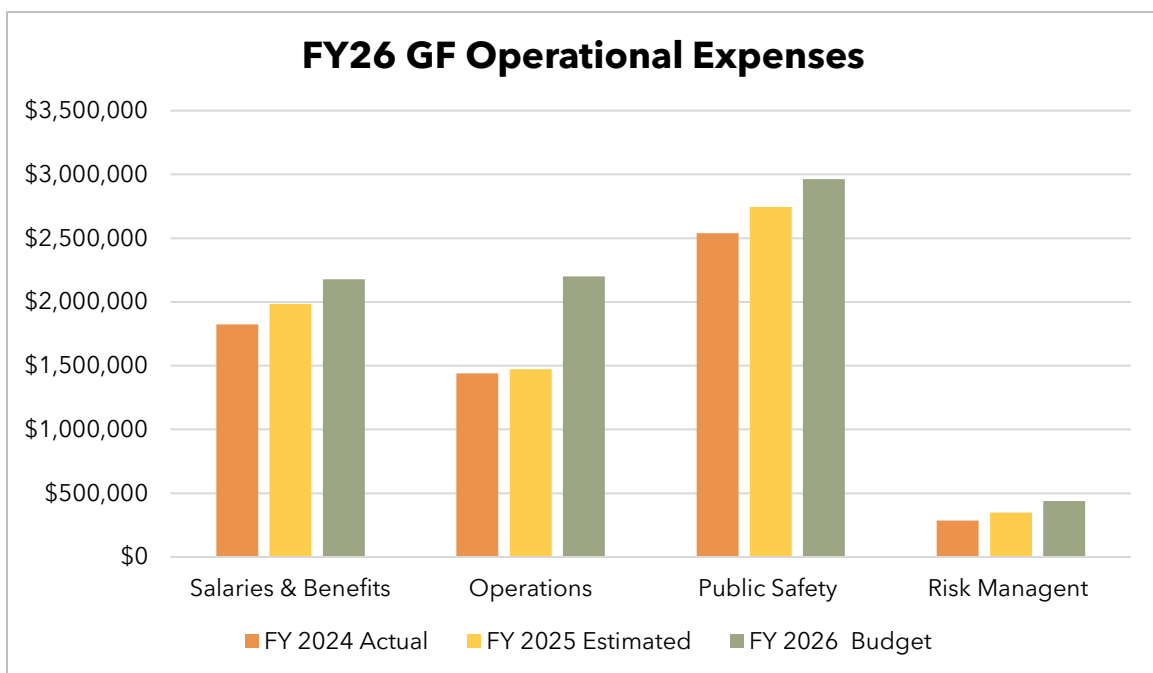


Overview of Annual General Fund Expenses

The Town's annual operating expenditures within the General Fund are organized into four primary categories: Public Safety, Human Resources (Salaries and Benefits), Operations, and Risk Management. These categories represent the core functions and responsibilities required to maintain the Town's day-to-day operations, ensuring that the community's needs are met while also managing the fiscal health of the municipality.



From a comparative perspective, the chart below illustrates that the public safety contracts are one of the Town's largest annual expenditures, operation supplies include increased due to outside governmental fees, utilities and equipment maintenance and replacement. Salaries and benefits for the 16 full-time employees has increased in accordance with inflationary indexes and risk management contracts have been relatively consistent. The next page contains a more detailed breakdown of the anticipated General Fund expenses for the upcoming fiscal year:





1. Public Safety:

Approximately 38% (\$2.9 million) of the total operational expenses. Public safety contracts include the costs related to police, fire, and emergency medical services, have consistently represented the largest portion of the Town's operational budget. Over time, this category has seen the largest increases in costs due to factors such as rising cost of the fire contract and the need to update aging equipment and technology.

Public safety remains a top priority for the Town, as the protection of residents and property is fundamental to the community's well-being. These funds cover not only personnel salaries but also, equipment, vehicles, and other essential resources that support the public safety infrastructure.

2. Human Resources:

Approximately 28% (\$2.18 million) of the total operational expenses. This category primarily includes salaries, retirement contributions, and healthcare benefits for Town staff. In recent years, due to filling of vacant positions, inflationary increases and increases associated with health benefits total personnel costs have risen approximately 8% per year. Last year, the Town conducted a compensation study to validate market area salary benchmarks to ensure the Town remains competitive to the market and ensure, as the workforce evolves, the Town is able to provide competitive compensation to recruit and retain talent. It's also important to note that staff's compensation is offset by approximately \$1.4 million in revenue in cost recovery fees.

3. Operations:

Approximately 28% (\$2.20 million) of the total operational expenses. This category encompasses a wide variety of essential purposes, including public works supplies, materials, equipment maintenance and replacement, administrative office supplies, technology, utilities, governmental fees and facility/asset maintenance and repairs.

While operational costs tend to remain consistent, inflation, changes in service demand, and the growth of the Town's population or infrastructure may result in occasional increases in spending. These expenses are vital for maintaining the Town's day-to-day services and ensuring that its physical and administrative infrastructure is in working order.

4. Risk Management:

Approximately 6% (\$440,000) of the total operational expenses. This category has remained relatively stable over the years, making up a smaller proportion of the overall budget compared to other categories. This category includes costs related to



insurance, liability coverage, and other financial safeguards against potential risks or accidents that could affect the Town. These expenses also cover legal fees, settlements, and other costs associated with managing the Town's risk exposure.

Though a smaller portion of the budget, risk management is critical to mitigating the Town's exposure to unforeseen events that could lead to significant financial losses, such as accidents, natural disasters, or lawsuits. Ensuring proper risk management coverage helps protect the Town's assets, personnel, and overall financial stability.

Summary

Without accounting for any budget contingency, grants and interest the total anticipated General Fund Expenses for the upcoming fiscal year are projected to be approximately \$7.8 million. These expenses represent the essential services and functions that allow the Town to operate effectively and meet the needs of the community. Looking towards the future, with public safety as a top priority, the Town will continue to invest in the contracts and supporting emergency infrastructure, however, it must be cognizant of the looming contract extension with Rural Metro and the implications of the recent acquisition by Brindlee Fire Services and its potential impacts on future costs.

The next section of the budget will look more specifically at each of these four categories followed by a specific Department/Divisional breakdown of the anticipated operational expenditures.



Public Safety:

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



Rural Metro Contract - Fire and Emergency Services:

The current contract with Rural Metro will continue until June 30, 2027. The anticipated cost for this next fiscal year is approximately \$1.952 million. This contract is primarily for personnel as the Town owns all the hard assets. The current contract contains an annual inflationary index of 2.5%. During the course of the next fiscal year, the Town will discuss with Rural Metro leadership a contract extension, terms and potential new requirements from the recent sale of Rural Metro Fire to Brindlee Fire Services.

Maricopa County Sheriff's Office Contract (MCSO) - Law Enforcement Services:

MCSO costs are associated with a cost recovery model that is approved by the County Supervisors and assessed to contract communities based on their level of services. Carefree's level of service is 1.5 deputies or .3 of a beat with an additional traffic patrol from October to April. With recent citizen concerns regarding traffic safety, the Town expanded the traffic car for the entire year. This was an additional cost of \$120,000. On a positive note, there was a decrease in the contract by approximately \$60,000 this year. This decrease is associated with the County Supervisors bonding the \$500 million dollar public safety liability and spreading that liability over 25-30 years. This approach to amortize the pension liability over a longer period of time reduced the annual liability passed on to communities that contract for services, such as Carefree; therefore, we will see a savings this year of approximately \$60,000.

SUMMARY OF PUBLIC SAFETY CONTRACTS & COSTS

	FY 2024	FY 2025	FY 2026
	Actual	Estimated	Budget
PUBLIC SAFETY SERVICES			
FIRE & EMERGENCY MEDICAL SERVICES	\$2,030,107	\$2,145,787	\$2,246,600
LAW ENFORCEMENT SERVICES	\$599,335	\$708,792	\$652,500
TOTAL	\$2,629,442	\$2,854,516	\$2,899,100



Risk Management Contracts:

The Town contracts for legal and risk management services to ensure comprehensive coverage and protection.



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

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

SUMMARY OF RISK MANAGEMENT CONTRACTS

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
RISK MANAGEMENT SERVICES			
LEGAL SERVICES	\$159,820	\$229,360	\$300,000
INSURANCE	\$125,039	\$119,196	\$140,000
TOTAL	\$284,859	\$348,556	\$440,000



General Fund Operational Expenses:

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

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

TOTAL OPERATIONAL EXPENSES BY TOWN DEPARTMENT

	FY 2024	FY 2025	FY 2026
	Actual	Estimated	Budget
MUNICIPAL DEPARTMENTS			
TOWN ADMINISTRATION	\$433,620	\$552,064	\$628,250
COMMUNITY DEVELOPMENT	\$330,564	\$381,587	\$565,757
PUBLIC FACILITIES	\$603,860	\$450,257	\$874,400
COURT	\$71,157	\$89,151	\$133,000
TOTAL	\$1,439,201	\$1,473,059	\$2,201,407



Human Resources/Salaries & Benefits:

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

After thoroughly reviewing job descriptions and conducting interviews with staff regarding their roles and responsibilities, the consultant assessed the local labor market, identified benchmark communities, and examined positions aligning with the town's 16 Full-Time Equivalents (FTEs). The analysis revealed that Carefree's staff ratio was comparatively nimble, with 4 employees per 1,000 residents, whereas other communities in the market averaged over 5.5 employees per 1,000 residents. Additionally, 56% of the employees were found to be paid within market rates, while 44% were below market. *The compensation study and the specific salaries per staff position can be found within the appendix of this document. The consultant's comprehensive video presentation can also be found on the Town's website (carefree.org) under the Budget tab.*

It is also important to note that the Town has begun a process to evaluate its cost recovery fees for services. As described earlier in this budget document, cost recovery fees are typical municipal charges for public services provided to an individual beneficiary that do not directly benefit the community as a whole, such as a building permit or a court appearance. The majority of Town staff's time is devoted to these core services and as a result, a fee is charged to offset staff resources. These cost recovery fees (approximately \$1.4 million) help to offset approximately 2/3rds of the Town's approximately \$2.18 million in salary and benefits listed in the table below. The numbers below represent a 4.5% COLA/merit for the upcoming fiscal year and the filling of vacancies in the Engineering, Code Enforcement and Town Clerk positions.

TOTAL SALARY AND BENEFITS BY DEPARTMENT

	FTE'S	FY 2024	FY 2025	FY 2026
		ACTUAL	ESTIMATED	BUDGET
TOWN STAFF				
ADMINISTRATION	5	\$684,539	\$748,642	\$754,571
COMMUNITY DEVELOPMENT	4	\$493,415	\$542,817	\$590,711
PUBLIC WORKS	5	\$447,237	\$459,782	\$542,667
COURT	2.5	\$198,104	\$234,306	\$290,893
TOTAL SALARIES & BENEFITS	16.5	\$1,823,295	\$1,985,546	\$2,178,842



Town Organizational Structure

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

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

The Town operates under a Town Administrator-Council form of government. In this structure, the Mayor acts as the Chief Executive Officer, while the Town Administrator serves as the Chief Administrative Officer, overseeing daily operations, preparing regulatory and policy documents, as well as the budget for the Council's consideration. The municipal services in Carefree are limited to core services which include administration, public safety, community development, public works, and municipal court. This limited organizational structure is served by a core municipal staff of 16 full-time employees, one of the smallest within the state.



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



Departmental/Divisional Budgets



Town Council:

The Town Council holds a vital role in reconciling policies, statutory requirements, financial implications, and community input. Regular Council meetings, typically scheduled for the first Tuesday of each month, are convened by the Mayor and Council to address matters

concerning Town business and operations. Additional meetings and public workshops are called as needed to tackle specific topics or issues.

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

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

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

Goals for Fiscal Year 2025-2026:

As previously outlined in this budget document, the Town Council has approved a Strategic Plan that delineates priorities aimed at enhancing communication, diversifying the tax base through strategic economic development initiatives, and ensuring quality development and reinvestment in the Town's infrastructure.



According to the Council approved Strategic Plan, the following items will be part of staff's work effort this next fiscal year.

Mayor & Town Council Budget:

The following expenses fall within the Mayor and Council Department and mainly cover the costs of office supplies, technology, and educational opportunities.

MAYOR & TOWN COUNCIL TOTAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	ACTUAL	ESTIMATED	BUDGET
MAYOR AND COUNCIL			
OFFICE SUPPLIES/IT	\$19,591	\$2,910	\$6,700
DUES/SUBSCRIPTIONS/INS	\$373	\$240	\$600
ALF - CARING CORPS GRANT	\$9,320	\$9,387	\$10,000
EDUCATION/TUITION/LODGING	\$5,990	\$7,112	\$9,500
TOTAL	\$35,274	\$19,649	\$26,800



Administrative Services Department:

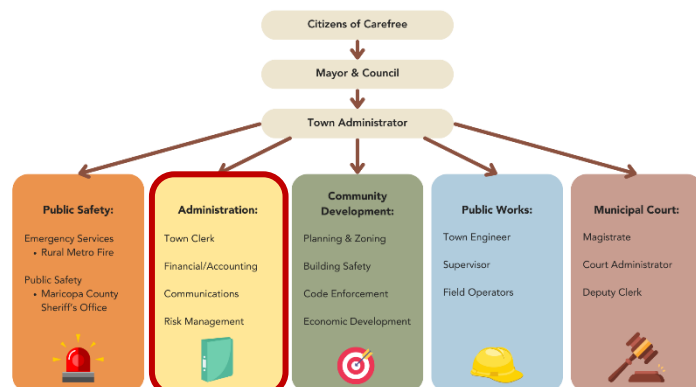
The Town Administration serves as the central hub of the organization, overseeing and coordinating workflow internally and externally. This entails continuous collaboration with various entities, including citizens, businesses, governmental agencies, nonprofits, private entities, Town Council, and Town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



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

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

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





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

SUMMARY OF THE ADMINISTRATIVE DEPARTMENT TOTAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	ACTUAL	ESTIMATED	BUDGET
ADMINISTRATION			
MAYOR & COUNCIL	\$35,274	\$19,649	\$26,800
MANAGEMENT	\$254,188	\$334,901	\$310,300
CLERK	\$47,665	\$96,094	\$131,900
COMMUNICATIONS	\$96,493	\$101,420	\$159,250
TOTAL	\$433,620	\$552,064	\$628,250

SUMMARY OF THE ADMINISTRATIVE DEPARTMENT TOTAL SALARY AND BENEFITS

	FTE'S	FY2024	FY2025	FY2026
		ACTUAL	ESTIMATED	BUDGET
ADMINISTRATION				
MANAGEMENT	2	\$342,220	\$346,883	\$351,751
CLERK	2	\$248,907	\$285,390	\$305,301
COMMUNICATIONS	1	\$93,412	\$96,369	\$97,519
TOTAL SALARIES & BENEFITS	5	\$684,539	\$728,642	\$754,571



Town Management Division

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



More specifically, the Town Administrator:

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

Accomplishments for FY2024-2025:

- Procured and managed M/O along TD and CCR M/O project and TD & pedestrian crosswalk project.
- Completed funding grant documentation of Carefree Drive culvert
- Procured additional Town Center improvements - landscape, sidewalk leveling, street seal, lighting repairs, chair replacement, holiday decorations.
- Public Safety Improvements - flock cameras, speed display signs, additional traffic patrol contract amendment and new Mutual Aid Agreement with RM.
- Coordinated with MAG and neighboring communities regarding regional projects - Pima Rd and Cave Creek Rd corridor capacity/safety studies.
- Conducted hiring process for Engineer, Clerk and Code Enforcement.



- Continue the Town's efforts to expand communications channels to improve engagement with the Carefree community.
- Created RFP for audit services.
- Selection of Strategic Planning expert to complete an update to Council Strategic Plan.

Goals & Objectives for FY2025-2026:

- Incorporate Council Strategic Initiatives.
- Begin discussion with Rural Metro on the future contract including ambulance services.
- Continue to work with external agencies to represent the Town's best interests.
- Continue to coordinate the deliverables of each Town Department.
- Complete transition to digital permitting system.

Management Divisional Budget:

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

- **Office Supply/Service Contract:** This covers general office supplies for the department, as well as maintenance contracts for equipment such as the photocopier and generator, and janitorial expenses. Additionally, it includes banking fees for payments, postage expenses, information technology for the office and associated subscriptions.
- **Utilities:** This category encompasses various utility expenses such as internet, electrical, gas, water, wastewater, trash, and janitorial services.
- **Governmental Fees:** These fees cover payments to several governmental entities including ADOR (Arizona Department of Revenue), AZDOA (Arizona Department of Administration), League of Cities and Towns, MAG (Maricopa Association of Governments), AZDES (Arizona Department of Economic Security), Emergency Management, and various professional organizational dues.
- **Special Projects:** This category includes unique tasks to be undertaken during a specific fiscal year. For the upcoming fiscal year, this past year, the development of the Council Strategic Plan fell into this category.

Based upon the aforementioned expenses, the following table outlines the operational and compensation figures for the Management Division.



TOWN MANAGEMENT DIVISION OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
TOWN MANAGEMENT			
OFFICE SUPPLIES/MAINTENANCE/SUBSCRIPTIONS	\$109,289	\$153,061	\$140,500
REGULATORY FEES/DUES	\$32,958	\$37,173	\$41,000
SPECIAL PROJECTS	\$0	\$29,500	\$0
COUNCIL CHAMBERS UTILITIES/PARKING LOT	\$43,652	\$38,537	\$42,500
UTILITIES/BUILDING SERVICES	\$66,015	\$71,976	\$82,000
EDUCATION/TUITION/LODGING	\$2,274	\$4,654	\$4,300
TOTAL	\$254,188	\$334,901	\$310,300

TOWN MANAGEMENT DIVISION SALARIES AND BENEFITS - 2 FTE POSITIONS

	FY2024	FY2025	FY2026
	ACTUAL	ESTIMATED	BUDGET
TOWN MANAGEMENT			
SALARIES (2 FTE)	\$267,732	\$274,565	\$281,753
FICA	\$18,495	\$18,263	\$18,469
MEDICARE EXPENSE	\$4,505	\$4,271	\$4,085
ASRS RETIREMENT CONTRIBUTION	\$34,096	\$35,760	\$35,810
GROUP MED/DENTAL/LIFE/AD&D	\$16,561	\$13,230	\$14,819
VISION CARE	\$139	\$80	\$80
WORKMAN'S COMPENSATION	\$582	\$544	\$550
UNEMPLOYMENT INS.-DES	\$110	\$170	\$185
TOTAL SALARIES & BENEFITS	\$342,220	\$346,883	\$351,751



Town Clerk/Finance Division

The Town Clerk Division manages various aspects of the Town's financial operations, public records and administrative duties. Their responsibilities include:



Clerk:

- Manage the Council calendar, schedule meetings, manage agenda items and reports from staff, prepare agendas and agenda packets, distribute meeting materials, and ensure statutory notice postings are completed accurately and promptly.
- Responsible for records management and public records requests. Maintaining records, responding to public record requests, and fulfilling statutory postings, notices, and advertising requirements and updating town code.
- Elections processes.
- *Treasurer: Accounting/Finance:*
 - Daily, monthly, and annual accounting of Town monies, including annual audits, budgeting, financial transactions, and generating weekly and monthly reports plus banking activities and transfers with the State Treasurer's office.
 - Provide critical support to ensure efficient financial management, compliance with statutory requirements, and effective financial administrative operations.
- *Human Resources and Risk Management:*
 - Ensure compliance with human resource requirements.
 - Manage payroll
 - Insurance management: procurement of insurance coverage for Town property and personnel, as well as managing insurance claims.
- *Utility District Management:*
 - Serves as the Treasurer and Secretary of the Carefree Water Company and District Clerk for the Utilities Community Facilities District
 - Manages contracts, meeting agendas and materials, scheduling, meeting management, and archival of relevant documentation.

Accounting:

The accountant is responsible for coordinating, monitoring, and overseeing all accounting and auditing operations and activities. Key responsibilities include



ensuring the accuracy of financial records, preparing and submitting financial documents and reports, managing budgets, and maintaining ancillary records. Additionally, this role involves collaborating with the Administrator to prepare the annual budget.

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

Information Technology:

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

- **System Maintenance:** Installing, maintaining, and updating operating and security systems software and related equipment to ensure efficient and accurate utilization while minimizing downtime. This includes identifying and resolving system operating problems and providing on-site technical assistance to staff.
- **Security Administration:** Administering security for all IT-supported applications on LAN computer systems in collaboration with technical support companies to ensure the integrity and confidentiality of data.
- **Upgrades and Modifications:** Installing upgrades to systems software and evaluating the feasibility of modifications to, or replacement of, hardware to enhance system performance and functionality.
- **Backup and Data Protection:** Performing nightly backups of essential data, checking for problems and completion, and ensuring the validity of file server backups by restoring random files. Additionally, backing up each



workstation's local hard drive and periodically defragmenting them to improve performance.

- **Virus Protection:** Monitoring antivirus software for quarantined viruses, removing them from user workstations, and informing users of current computer virus threats and prevention measures.

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

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

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

Accomplishments FY2024-2025:

July 1, 2024- November 30, 2024:

- Managed, prepared, and noticed Public Meetings/Public Hearings including Town Council, Carefree Water Company/Utilities Community Facilities District, and Sky Ranch Community Relations Committee.
- Managing the 2024 July, Primary Election and November, General Election including candidates, PACS and updates to the General Plan.
- Managed the posting and recruitment of a new Deputy Court Clerk, Town Engineer, and Town Clerk/Treasurer.

December 1, 2024 to date:

- Managed Audit RFP process
- Implemented Records Storage process to securely file 40 years of documents in the Clerks Records Room.
- Implementation of new file/retention records keeping system effective January 2025.
- Developed plan for upgrade and implementation of financial software necessitated by the retirement of the existing system.

Goals for FY2025-2026:

- Design and Implementation of replacement of financial software, ensuring a seamless conversion of data, and efficient technology driven financial process.
- Implementation of new file/retention system, both online and physical.
- Secondary
- Update to current payroll process to enhance efficiency.



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

Town Clerk/Finance Divisional Budget:

The most significant operational expenses associated with the Clerk's Division are the audit services, accounting software, and elections as well as required legal advertisements for ordinance, budget and public hearings.

TOWN CLERK/FINANCE DIVISIONAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	ACTUAL	ESTIMATED	BUDGET
TOWN CLERK			
OFFICE SUPPLIES /IT	\$1,092	\$2,693	\$3,000
FINANCIAL SOFTWARE & SERVICE CONTRACTS	\$41,128	\$75,886	\$104,000
LEGAL ADVERTISEMENTS/NOTICE	\$3,604	\$14,094	\$21,000
EDUCATION/TUITION/LODGING	\$1,841	\$3,421	\$3,900
TOTAL	\$47,665	\$96,094	\$131,900

TOWN CLERK/FINANCE DIVISIONAL SALARIES AND BENEFITS - 2 FTE POSITIONS

	FY2024	FY2025	FY2026
	ACTUAL	ESTIMATED	BUDGET
TOWN CLERK			
SALARIES (2 FTE)	\$239,914	\$245,760	\$237,873
FICA	\$14,712	\$15,237	\$14,748
MEDICARE EXPENSE	\$3,441	\$3,564	\$3,449
ASRS RETIREMENT CONTRIBUTION	\$29,287	\$29,835	\$28,545
GROUP MED/DENTAL/LIFE/AD&D	\$20,867	\$17,310	\$18,547
VISION CARE	\$159	\$159	\$159
WORKMAN'S COMPENSATION	\$449	\$515	\$550
UNEMPLOYMENT INS.-DES	\$74	\$195	\$200
TOTAL SALARIES & BENEFITS	\$297,815	\$306,609	\$304,071



Communications Division

Community engagement encompasses a broad range of communication methods, including verbal, written, broadcast, and digital platforms. As digital and social media continue to expand, effectively engaging the community requires time, strategy, and adaptability. Each platform has unique requirements, making it essential to tailor messaging for maximum impact and rapid engagement.



The Communications Manager is responsible for community engagement, which plays a key role in centralizing the Town's communications and marketing efforts. This includes managing all communication channels—digital, written, and verbal—to ensure clear, consistent messaging across platforms. The role also focuses on improving engagement with all community stakeholders, including residents, business owners, and surrounding areas, fostering stronger connections and participation.

Additionally, this position markets the Town to attract locals, visitors, and tourists while managing and assisting with events and activities at the Sanderson Lincoln Pavilion. Collaboration with local business associations further enhances visibility and economic opportunities by promoting special events and initiatives. Working closely with Town staff, elected and appointed officials, and residents, this role ensures effective communication and engagement on community-related issues.

In summary, this position serves as the driving force behind Carefree's communications, engagement, and marketing efforts, strengthening the Town's connection with its community through strategic outreach, event coordination, and stakeholder collaboration.

Accomplishments for FY2024-2025:

- Maintain regular social media posts and emails to reinforce the Carefree brand/identity.
- Organize and execute community events, including the 40th Anniversary celebrations.
- Partnered with Wildjoy, reaching over 1.8 million people on social media.
- Send weekly and monthly newsletters covering events, road updates, and town news.
- Enhanced website UX design and ensured all pages are consistently updated.
- Separated the Visit Carefree tourism site from the government website.
- Began renovating the Visitor Center to better serve visitors with business and event info.



Goals for FY2025-2026:

- Collaborate with Carefree business owners to enhance visibility and attract more visitors.
- Research best practices for government marketing strategies on social media.
- Launch Carefree Creations, a new merch store offering stickers, mugs, shirts, and more.
- Expand SMS communications for quicker delivery of time-sensitive updates.
- Improve and consolidate the centralized online portal for town documents.
- Complete Visitor Center renovations and optimize it for visitors, events, and storage.
- Simplify and streamline event management with new software (Planning Pod).
- Research and implement best practices to strengthen community engagement.

Communications Divisional Budget:

The primary operational expenses for communications include ongoing efforts such as email software and seasonal events, including Veterans Day, Memorial Day, Holiday Celebrations, and Earth Day. Additionally, print, social, and digital media play a key role in supporting the Town's multi-layered communications and marketing initiatives.

COMMUNICATIONS DIVISIONAL OPERATIONAL EXPENSES

	FY 2024	FY 2025	FY 2026
	Actual	Estimated	Budget
COMMUNICATIONS			
OFFICE SUPPLIES/IT	\$3,155	\$4,020	\$3,500
SEASONAL-SPECIAL EVENTS	\$38,750	\$69,500	\$40,000
PRINT/SOCIAL/DIGITAL MEDIA	\$31,000	\$33,800	\$46,500
VISITOR CENTER/INFORMATION	\$0	\$15,084	\$39,000
EDUCATION/TUITION/LODGING	\$470	\$550	\$5,000
TOTAL	\$73,375	\$122,954	\$134,000



COMMUNICATIONS DIVISIONAL SALARIES AND BENEFITS - 1 FTE POSITION

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
COMMUNICATIONS			
SALARIES (1 FTE)	\$68,750	\$70,742	\$71,821
FICA	\$4,263	\$4,572	\$4,453
MEDICARE EXPENSE	\$997	\$1,069	\$1,041
ASRS RETIREMENT CONTRIBUTION	\$8,436	\$8,952	\$8,619
GROUP MED/DENTAL/LIFE/AD&D	\$10,329	\$10,722	\$11,220
VISION CARE	\$357	\$80	\$80
WORKMANS COMPENSATION	\$200	\$150	\$200
UNEMPLOYMENT INS.-DES	\$80	\$82	\$85
TOTAL SALARIES & BENEFITS	\$93,412	\$96,369	\$97,519



Risk Management

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

Legal Services:

The Town Council appoints its legal representation by contracting with private law firms.

More specifically, there are two separate law firms contracted for legal services:

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

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

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

Accomplishments for FY2024-2025:

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

Goals for FY2025-2026:

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



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

LEGAL SERVICE CONTRACT COSTS

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
LEGAL SERVICES			
GENERAL LEGAL	\$75,100	\$103,590	\$125,000
SPECIAL LEGAL	\$15,000	\$30,000	\$60,000
PROSECUTOR	\$69,720	\$95,770	\$115,000
TOTAL	\$159,820	\$229,360	\$300,000

Insurance:

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

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

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

MUNICIPAL RISK INSURANCE

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
INSURANCE SERVICES			
SOUTHWEST MUNICIPAL POOL	\$125,039	\$119,196	\$130,000
CLAIMS-LOSSES	\$0	\$0	\$10,000
TOTAL	\$125,039	\$119,196	\$140,000



Community Development Department:

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



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

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



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

SUMMARY OF COMMUNITY DEVELOPMENT DEPARTMENT OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
COMMUNITY DEVELOPMENT			
PLANNING & ZONING	\$107,061	\$37,377	\$187,307
BUILDING SAFETY	\$216,656	\$318,043	\$291,600
ECONOMIC DEVELOPMENT	\$3,119	\$16,703	\$74,650
CODE ENFORCEMENT	\$3,728	\$9,464	\$12,200
TOTAL	\$330,564	\$381,587	\$565,757

SUMMARY OF COMMUNITY DEVELOPMENT DEPARTMENT SALARIES AND BENEFITS

	FTE'S	FY 2024	FY 2025	FY 2026
		Actual	Estimated	Budget
COMMUNITY DEVELOPMENT				
PLANNING & ZONING	2	\$248,907	\$285,390	\$305,301
BUILDING SAFETY*		\$0	\$0	\$0
CODE ENFORCEMENT	1	\$62,007	\$66,499	\$88,735
ECONOMIC DEVELOPMENT	1	\$182,501	\$190,928	\$196,675
TOTAL SALARIES & BENEFITS	4	\$493,415	\$542,817	\$590,711

**Building Safety is provided through contracted services with Brown & Associates due to a lack of qualified personnel within the industry.*



Building Safety Division

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



Key responsibilities of the Building Safety Division include:

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

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

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

Accomplishments FY2024-2025:

- The Building Division conducted 4,245 inspections.
- Permitted construction projects of 119,400 square feet of improved structures and remodeling and additional structures of over 17,326 square feet,
- Oversight of 34 New Single Family home projects valued at over 23.5 M
- The Building Division performed 2006 site visits and 199 project plan reviews, inspected, and reviewed 38 Single Family residences.
- Implemented the Commercial Safety inspection process for new businesses entering Carefree that facilitates the issuance of Commercial Certificate of Occupancy.



- Performed Short-Term Rental Safety Inspections as a part of the required registration process for rental properties.

Goals for FY2024-2025:

- Implementation of online permitting and plan review system.
- Continue to work in cooperation with Rural Metro on Commercial Safety Compliance.
- Adoption of 2024 International Building Code.

Building Safety Divisional Budget:

From an expense perspective, building safety services are currently provided through a third-party contract with Brown and Associates due to industry shortages in certified inspectors and building officials. Additionally, with the new digital permitting software there are some digital subscriptions services.

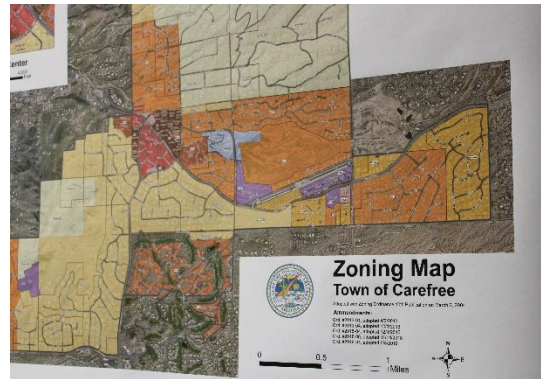
BUILDING SAFETY DIVISIONAL OPERATIONAL EXPENSES

	FY 2024	FY 2025	FY 2026
	Actual	Estimated	Budget
BUILDING SAFETY			
OFFICE SUPPLIES/VEHICLE/SUBSCRIPTIONS/IT	\$1,150	\$1,195	\$1,600
SPECIAL PROJECTS - DIGITAL PERMITTING	\$0	\$46,658	\$15,000
CONTRACT SERVICES	\$215,015	\$270,190	\$275,000
EDUCATION/TUITION/LODGING	\$491	\$0	\$0
TOTAL	\$216,656	\$318,043	\$291,600



Planning and Zoning Division

The Planning and Zoning Division focuses on development and employing the standards that maintain the Town's physical environment and quality of life. The Division does so by overseeing the implementation of the General Plan and Zoning Ordinance - key documents designed to manage the developmental and operational use of land within the Town. Here are the key responsibilities and objectives of the Planning Division:



Responsibilities:

- **Implementing the General Plan:** Thoughtfully executing the General Plan, which outlines comprehensive goals, policies, and actions that guide Carefree's future development.
- **Zoning compliance:** Monitoring development through specific regulations to ensure properties are being used according to their designated zoning classifications in line with the town's character and integrity.
- **Reviewing various development applications:** Assessing proposed projects like new subdivisions, commercial buildings, and redevelopment to ensure they align with the town's General Plan and zoning codes.
- **Special Planning Studies:** Conducting special planning studies as outlined in the Town Council's Strategic Plan that reflects the community's goals and values.
- **Support to Commission and Council:** Providing technical support to the Planning Commission, Town Council, and other ad hoc committees on land use matters by facilitating community input through public hearings and meetings.
- **Coordination with Other Departments:** Collaborating with the Building Safety Division and Engineering Division to review permitting and ensure compliance with zoning requirements. Additionally, working closely with the Economic Development Division and Code Enforcement to support initiatives aimed at enhancing and maintaining the community's economic vitality.

Objectives:

- **Preserving Carefree's Distinctive Character:** As Carefree continues to grow, the division aims to maintain its identity as a distinctive, premier upper Sonoran community. This involves careful attention to development policies and regulatory documents to uphold the town's vision and values.
- **Ensuring Orderly Growth:** The division is committed to ensuring that growth occurs in an orderly manner, in line with the General Plan and



Zoning Ordinance, to preserve the town's unique character and quality of life.

- **Supporting Economic Development:** Collaborating with the Economic Development Division to assist with initiatives that diversify and enhance the community's ability to provide core municipal services, while also promoting economic growth and sustainability.

The Planning and Zoning Division is essential in shaping Carefree's future by steering development in alignment with the community's vision and values. Through thoughtful and careful planning, coordination, and the enforcement of regulations, the Division works to preserve Carefree's unique character while encouraging responsible growth and economic prosperity.

Accomplishments FY2024-2025:

- Processed 42 Zoning Applications/Preapplications, including managing the Carefree Quarter Site Plan application and collaborating closely with the developer to ensure alignment with Carefree's expectations.
- 18 Public Meetings/Public Hearings/Work Sessions including Town Council and Circulation Plan stakeholder meetings.
- Reviewed approximately 160 Building Permits for compliance with the Town's Zoning Ordinance, including 34 new single-family residential lots.
- Conducted approximately 175 site inspections over the fiscal year, covering building permit pre-grades, final landscape inspections, and addressing construction concerns or other complaints.
- Coordinated the final stages of the General Plan Update, leading to its adoption by the Town Council and ratification by Carefree residents.
- Issued Zoning Ordinance Violation Letters, including those addressing short-term rental deficiencies.
- Supported the facilitation and issuance of building permits, right-of-way permits, and other development-related activities.
- Continued to contribute to the Economic Development Circulation and Parking Plan including coordination with consultant and participation at stakeholder meetings.
- Collaborated with Economic Development to meet with various members of the development community regarding commercial opportunities in Town.
- Participated in and contributed to the creation of the Town's Strategic Plan 2025-2028 document.
- Effectively facilitated the onboarding and transition of new Planning and Zoning Commission members.
- Developed a revised fee structure for Planning Division applications.
- Successfully oversaw the ground penetrating radar (GPR) survey of the Cave Creek-Carefree Cemetery and currently with the Engineering Division



in the process of creating a GIS database of all current and future internments.

- Regularly manage the Carefree-Cave Creek Cemetery, including updating and maintaining records, coordinating with family members, and marking burial plots.

Goals for FY2025-2026:

- Manage a comprehensive update to the Carefree Zoning Ordinance
- Update the Carefree Citizen Participation Ordinance
- Coordinate with Economic Development to conclude the Circulation and Parking Plan and other redevelopment activities
- Coordinate with Economic Development, Building Division, and Code Enforcement to implement permitted uses in Town Center
- Continued management of the Carefree-Cave Creek Cemetery and with the Engineering Division, create and maintain a GIS database of all current and future internments
- The main operating expenses associated with this department are the production of documentation and professional fees supporting efforts to update the General Plan and subsequent updates to zoning, design guidelines, or other initiatives that arise out of the General Plan update process.

Planning and Zoning Divisional Budget:

Most of the operational costs associated with the Planning and Zoning Division is the use of professional services to assist the Town staff conduct a comprehensive update the Zoning Ordinance including an extensive citizen participation program.

PLANNING AND ZONING DIVISIONAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
PLANNING & ZONING			
OFFICE SUPPLIES/VEHICLE/SUBSCRIPTIONS/IT	\$5,193	\$10,977	\$15,807
SPECIAL PROJECTS - GP/Zoning Updates*	\$100,543	\$25,000	\$170,000*
EDUCATION/TUITION/LODGING	\$1,325	\$1,400	\$1,500
TOTAL	\$107,061	\$37,377	\$187,307

***NOTE:** The Special Projects line item consists of \$150,000 to conduct a comprehensive update to the Town's Zoning Ordinance as well as \$20,000 for improvements to the cemetery.



PLANNING AND ZONING DIVISIONAL SALARIES AND BENEFITS - 2 FTE POSITIONS

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
PLANNING AND ZONING			
SALARIES (2 FTE)	\$188,974	\$211,874	\$226,671
FICA	\$10,840	\$13,136	\$14,054
MEDICARE EXPENSE	\$2,535	\$3,072	\$3,287
ASRS RETIREMENT CONTRIBUTION	\$24,251	\$25,722	\$27,201
GROUP MED/DENTAL/LIFE/AD&D	\$27,494	\$29,021	\$31,388
VISION CARE	\$325	\$325	\$325
WORKMANS COMPENSATION	\$1,802	\$2,020	\$2,150
UNEMPLOYMENT INS.-DES	\$235	\$220	\$225
TOTAL SALARIES & BENEFITS	\$248,907	\$285,390	\$305,301



Code Enforcement Division

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

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

Accomplishments in FY2024-2025:

- Respond to citizen's complaints of code violations. Works with other departments that may also be engaged in code compliance tasks. (i.e., Town Administrator, Zoning Director, Building Inspector, Town Engineer, and Public Works).
- Process/Manage 253 in-town and 131 out-of-town Business License.
- Process 384 vendor certificates that are associated with special events.
- Maintain Estate Sale process.
- Processing compliance issues and new 14 licenses/certificates associated with Short Term Long Term Residential Rentals.

Goals for FY2025-2026:

- Assist Emergency Management:
 - Town and Fire Department COOP (Continuity of Operations Plan)
 - Maricopa County Hazard Mitigation Plan
 - Town of Carefree Emergency Operations Plan
- Work with Planning and Zoning to update Codes
- Continue to process all business licenses, vendors certificates, and investigate code violations.
- Continual Education Court Security Training and Code Enforcement Certification



Code Enforcement Divisional Budget:

The general operating expenses associated with this division are those associated with documenting compliance cases and software being used to track short-term rentals to ensure registration compliance.

CODE ENFORCEMENT DIVISIONAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
CODE ENFORCEMENT			
OFFICE SUPPLIES/VEHICLE/IT	\$2,963	\$4,564	\$5,200
SPECIAL PROJECTS - STRs	\$0	\$4,000	\$4,500
EDUCATION/TUITION/LODGING	\$765	\$900	\$2,500
TOTAL	\$3,728	\$9,464	\$12,200

CODE ENFORCEMENT SALARY AND BENEFITS - 1 FTE

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
CODE ENFORCEMENT			
SALARIES (1 FTE)	\$42,607	\$45,607	\$63,269
FICA	\$2,560	\$2,704	\$3,923
MEDICARE EXPENSE	\$626	\$632	\$917
ASRS RETIREMENT CONTRIBUTION	\$4,610	\$5,294	\$7,592
GROUP MED/DENTAL/LIFE/AD&D	\$10,124	\$10,878	\$11,454
VISION CARE	\$80	\$80	\$80
WORKMANS COMPENSATION	\$850	\$704	\$850
UNEMPLOYMENT INS.-DES	\$150	\$150	\$150
UNIFORMS	\$400	\$450	\$500
TOTAL SALARIES & BENEFITS	\$62,007	\$66,499	\$88,735



Economic Development Division

The purpose of the Town's Economic Division effort is to:

1. Maximize and diversify the retail sales tax base, in particular the brick-and-mortar development
2. Create and maintain a productive commercial/retail environment
3. Implement the Village Center Redevelopment Plan



As a community of only 3,800 residents, primarily funded by sales tax, Carefree is heavily dependent upon outside spending from the immediate 20-minute commute shed, Greater Phoenix visitation, and out of state/in state tourism and destination stay.

In 2024-2025, Economic Development set priorities through a 24-month workplan. The priorities for this workplan were heavily weighted towards the retail development on the Northeast Corner of Carefree Highway and Cave Creek Road. In addition, Economic Development has worked closely with Councilmembers, other staff, businesses and property owners to continue the revitalization efforts for the Town Center. Additionally, the Carefree Town Council established a Strategic Plan, and Economic Development has included this into the workplan and has started on these initiatives.

Economic Development works with the Economic Development Advisory Board, which provides an opportunity for public insight and engagement into the implementation and strategic planning of the Economic Development program. Working together with the EDAB, Economic Development makes recommendations for projects, programs and strategic initiatives. The EDAB is also the Planning and Zoning Commission, and Economic Development works with this commission to implement the Village Center Master Plan.

In general, the Economic Development program is centered on 3 distinct opportunities focused on targeted retail sectors including neighborhood/regional retail, small local business boutique retail, restaurants, accommodations, and recreational rentals.

- **Cave Creek Road and Carefree Highway** - The Town's regional commercial retail center with a draw from the 15 to 20-minute commute shed focused on neighborhood.



- **Town Center** - The Town's downtown hub centered on neighborhood retail and experienced based visitor retail with diverse accommodations, restaurants and local boutique businesses.
- **NWC Tom Darlington Drive and Carefree Highway** - Future resort development to support that is complimentary and supportive of the other economic centers.

These 3 centers represent approximately \$4,000,000 in annual retail revenue, with a capacity of an additional estimated \$2,500,000. This revenue is projected to not only ensure Carefree meets its basic service obligations but have the capacity to fund the CIP and the capacity to have future discretionary opportunities.

In summary, the Economic Development Division strives to deliver an improved stream of consistent cashflow, through 3 diverse revenue centers. This will allow the Town the best opportunity to manage the needs of residents and provide future discretionary opportunities for public services and amenities. This is done through a methodical process taking into account the character of the community, the established goals and community planning efforts.

Accomplishments for FY2024-2025:

- Negotiated and executed a Development Agreement with Diversified Partners for the development of and approximately 120,000 square foot retail center and the NEC of Carefree Highway and Cave Creek Road.
- Completed the draft comprehensive signage RFP and handed the implementation process off to engineering.
- Continued engagement with Planning and resident stake holders on the Circulation and Parking Plan.
- Preserved the Special Planning Area at the NWC of Tom Darlington and Carefree Highway as future resort.
- Implemented workshop discussions with EDAB.
- Initiated the Façade Improvement Program process.
- Completed the Buildout Plan.
- Completed EV Siting Study.
- Engaged property owners to clean and rebrand the gas station site and 37417 Tom Darlington Drive.
- Continued to work with Spanish Village on parking and revitalization issues.
- Replaced the lights and expanded the audio capabilities of the Sanderson Lincoln Pavilion.
- Actively participated in the 40th anniversary activities.
- Engaged with the Carefree Cave Creek Chamber of Commerce on a business visitation program.
- Continued to implement and support events including Third Thursday Art Night, Thunderbird Fine Art and Wine Festival, Chanukah in Carefree,



Carefree Lights Up, Farmers Market, Desert Foothills Theater and several special events.

- Assist businesses as an ombudsman to resolve issues.

Goals for FY2025-2026:

- Start construction on Carefree Quarter.
- Implement Façade Improvement Program.
- Complete Circulation and Parking Plan (working with Planning).
- Implement parking solutions.
- Address the Redevelopment of Town Hall.
- Address pending vacant space.
- Complete a market position plan to address maximizing Town Center customer experience and retail potential.
- Enhance the economic viability and community value of Sanderson Lincoln Pavilion.
- Work with code enforcement on ensuring the preservation of space designated for retail uses.
- Work with Engineering and Planning on efforts implement CIP projects and Planning initiatives within the Town Center.

Economic Development Divisional Budget:

The following two tables outline the expenses associated with the Economic Development Division. The most significant operating expenses is the budgeting for funding for the possible implementation of a public private partnership with Town Center building owners to help encourage improvements to building facades and study parking capacity options.

ECONOMIC DEVELOPMENT DIVISIONAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
ECONOMIC DEVELOPMENT			
OFFICE SUPPLIES/SUBSCRIPTIONS/IT	\$561	\$417	\$950
ED - FAÇADE PROGRAM/TH OPTIONS	\$2,000	\$14,928	\$69,000
EDUCATION/TUITION/LODGING	\$558	\$1,358	\$4,700
TOTAL	\$3,119	\$16,703	\$74,650



ECONOMIC DEVELOPMENT DIVISIONAL SALARY AND BENEFITS - 1 FTE

	FY2024	FY 2025	FY 2026
	Actual	Estimated	Budgeted
ECONOMIC DEVELOPMENT			
SALARIES (1 FTE)	\$144,014	\$148,443	\$152,104
FICA	\$7,903	\$9,203	\$9,430
MEDICARE EXPENSE	\$1,848	\$2,152	\$2,206
ASRS RETIREMENT CONTRIBUTION	\$17,699	\$18,021	\$18,253
GROUP MED/DENTAL/LIFE/AD&D	\$13,696	\$14,323	\$14,089
VISION CARE	\$259	\$259	\$259
WORKMANS COMPENSATION	\$269	\$259	\$259
UNEMPLOYMENT INS.-DES	\$37	\$75	\$75
TOTAL SALARIES & BENEFITS	\$182,501	\$190,928	\$196,675



Public Works Department:

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



Responsibilities:

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

The following tables outline the aggregated expenses associated with the Public Works Department, including the Town Engineering Division and Streets/Facilities Division. The operational budget includes the replacement of the 30-year-old dump truck that we cannot find replacement parts to put in back into use. This dump truck is an important asset to conduct median maintenance and storm clean up. The increases in the gardens are associated with irrigation repairs, landscape replacement and increases in restroom supplies and repairs. The next series of pages will provide further details on the Department's Divisional expenses.



SUMMARY OF PUBLIC WORKS DEPARTMENT OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
PUBLIC WORKS			
SUPPLIES/MAINTENANCE/PERMITS/ROW	\$79,245	\$93,325	\$150,700
UTILITIES/TRASH/FUELS	\$65,442	\$69,587	\$97,400
CONTRACT SERVICES - MEDIANS	\$60,000	\$60,000	\$60,000
EQUIPMENT PURCHASES	\$74,579	\$24,951	\$250,000
GARDENS -RESTROOMS/MAINTENANCE/SERVICES	\$189,925	\$165,000	\$239,000
EDUCATION/TUITION/LODGING	\$4,000	\$5,500	\$5,500
TOTAL	\$473,191	\$418,363	\$802,600

SUMMARY OF PUBLIC WORKS DEPARTMENT EXPENSES - 5 FTE POSITIONS

	FTE'S	FY2024	FY2025	FY2026
		Actual	Estimated	Budget
PUBLIC FACILITIES				
Engineering	1	\$64,341	\$79,456	\$147,921
Public Works	4	\$382,896	\$380,326	\$394,746
TOTAL SALARIES & BENEFITS	5	\$447,237	\$459,782	\$542,667



Engineering Division

The Engineering Division oversees regulatory compliance and best management practices to strategically plan, design, build, and maintain current and future infrastructure and facilities which support the community's quality of life, promote economic vitality, and protect our environment. The key responsibilities of the Engineering Division include:



- **Regulatory compliance:** Ensuring that all governmental regulatory requirements governing public infrastructure projects are met, including compliance with the Town Code of Ordinances, federal and State environmental regulations, and Maricopa County dust control, air pollution, environmental services, and flood control regulations
- **Maintenance:** Implementing best management practices for prolonging the lifespan of capital improvements and assets and ensuring optimal performance and efficiency
- **Coordination of Public Works activities:** Coordinating Public Works projects to ensure that they harmonize with planned capital improvement projects and private development
- **Addressing drainage concerns:** Evaluate and analyze drainage problems that jeopardize Town infrastructure and public safety, analyze alternative solutions, design preferred solutions, and implement mitigation measures to prevent flooding and erosion
- **Processing permits:** Issuing permits for construction in Town rights-of-way and reviewing grading and drainage permit applications to ensure compliance with federal, State, County, and Town regulations
- **Capital Improvement Plan (CIP) management:** Managing and updating the five-year Capital Improvement Plan, which outlines priority infrastructure projects and informs long-term planning and investment decisions, and seeking grant funding for their design and construction

Accomplishments for FY2024-2025:

- Onboarded the first full-time Town Engineer since November 2023
- Updated the Five-Year Capital Improvement Plan (CIP) for FY26-FY30
- Completed MS4 Certified Stormwater Inspector training
- Participated in ADEQ MS4 inspection with "no deficiencies" (February 2025)
- Represented Carefree on the Maricopa Association of Governments Transportation Review Committee
- Completed 58 plan reviews for grading and drainage plans for building permits and Planning & Zoning review (CY 2024)



- Published updated grading and drainage plan checklist and standard notes to facilitate and accelerate development reviews
- Reviewed and approved 39 right-of-way permits and conducted pre-and post-construction inspections (CY 2024)
- Provided construction management for RFP 2024-002 (Tom Darlington Mill and Overlay Project)
- Advertised RFP 2024-03 (Town Center Comprehensive Sign Plan)

Goals for Fiscal Year 2025-2026:

- Provide MS4 annual training for Public Works staff
- Manage analytics for new digital radar speed sign network
- Manage construction for RFP 2024-03 (Town Center Comprehensive Sign Plan)
- Advertise bid for next phase of Pavement Preservation Program mill-and-overlay project focused on Carefree Rolling Hills and Carefree (Velvet) Shadows
- Oversee the design and construction of drainage culvert repairs and streambank stabilization projects
- Collaborate with the Flood Control District of Maricopa County to schedule an update of the 2004 Carefree Drainage Master Plan
- Implement a Geographic Information System (GIS) to promote data-driven decision-making
- Seek grant funding for public works projects, including Sentinel Rock (White Wash) flood control

Engineering Divisional Budget:

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



ENGINEERING DIVISIONAL OPERATIONAL EXPENSES

	FTE'S	FY2024	FY2025	FY2026
		Actual	Estimated	Budget
PUBLIC FACILITIES				
Engineering	1	\$64,341	\$79,456	\$147,921
Public Works	4	\$382,896	\$380,326	\$394,746
TOTAL	5	\$447,237	\$459,782	\$542,667

ENGINEERING DIVISIONAL SALARY AND BENEFITS - 1 FTE

	FY2024	FY2025	FY2026
	Actual	Estimated	Budgeted
ENGINEERING			
SALARIES (1 FTE)	\$48,520	\$65,423	\$122,490
FICA	\$3,008	\$4,056	\$7,594
MEDICARE EXPENSE	\$1,700	\$949	\$1,776
ASRS RETIREMENT CONTRIBUTION	\$5,963	\$7,942	\$14,699
GROUP MED/DENTAL/LIFE/AD&D	\$3,000	\$61	\$62
VISION CARE	\$0	\$0	\$0
WORKMANS COMPENSATION	\$1,700	\$875	\$900
UNEMPLOYMENT INS.-DES	\$450	\$150	\$400
TOTAL SALARIES & BENEFITS	\$64,341	\$79,456	\$147,921



Public Facilities and Streets Division

The Public Facilities and Streets Division plays a vital role in managing and maintaining the Town's infrastructure and amenities to ensure the functionality, safety, and aesthetics of the Town's assets and public spaces. The key responsibilities of the Public Facilities and Streets Division include:



- Roadway and culvert maintenance: Keeping streets and culverts clear of debris following storms and managing cleanup efforts following traffic accidents, flooding, erosion, and animal incidents
- Pavement maintenance: Coordinating pavement inspection and maintenance to extend the lifespan of the Town's sixty-one (61) centerline miles of streets and to ensure the safety of motorists, bicyclists, and pedestrians
- Traffic signage: Repairing and replacing traffic signage in response to weathering, vandalism, and traffic accidents to ensure traffic control and the safety of road users
- Town Center lighting and maintenance: Maintaining Town Center facilities, gardens, and Sanderson Pavilion, as well as installing lighting, seating, and decorations for holidays and special events to ensure proper illumination, public safety, and a high-quality visitor experience
- Trash and debris cleanup: Promptly removing trash along streets to maintain cleanliness and aesthetics, as well as trimming, mowing, and regrading shoulders to reduce brush encroachment and fire hazards
- Equipment maintenance: Maintaining, repairing, and replacing specialty tools and equipment on a consistent schedule, including a kick broom, street sweeper, aerial work platform, dump truck, woodchipper, and several other machines and vehicles vital to the maintenance of Town assets

Accomplishments for 2024-2025:

- Inspected and maintained culverts
- Ensured MS4 regulatory compliance for Town facilities at 7177 & 7181 Ed Everett Way
- Installed new energy-efficient LED holiday lighting throughout Town Center
- Maintained Gardens' fountains, splash pads, irrigation, visitor center, and Sanderson Pavilion
- Troubleshooted electrical problems, replaced light fixtures, painted, and fixed doors throughout Town buildings



- Supported special events by installing lighting, chairs and tables, heaters, mister system upgrades, and audio/visual equipment and by providing speedy trash removal
- Continuously inspected and repaired lighting throughout Town Center
- Installed new solar-powered digital radar speed sign network
- Provided tree & brush trimming along streets to address visibility and fire hazards
- Provided rapid response to material spills in streets
- Swept/removed debris deposited in streets after storms
- Graded shoulders of arterial streets to provide fire breaks, address visibility issues, and provide safe pull-offs for vehicles
- Removed trash along town roadways
- Maintained and replaced damaged traffic signs

Goals for Fiscal Year 2025-2026:

- Inventory and replace weathered and faded traffic signs
- Continue to manage and maintain rights-of-way and Town facilities
- Collaborate with neighborhoods on installation of traffic calming systems
- Coordinate street maintenance with infrastructure projects
- Replace inoperative 1997 Peterbilt truck
- Collaborate with the Town Engineer to update equipment replacement schedule
- Develop new response management system for safe, rapid, humane dead animal removal

Public Facilities and Streets Divisional Budget:

The following operational expenses are essential for the efficient and safe operation of the Public Facilities and Streets Division and to ensure that the Town's public spaces are well maintained:

- **Supplies and materials:** Supplies, tools, and materials necessary for vital daily tasks such as street maintenance, landscaping, and facility maintenance
- **Traffic signage replacement:** Replacing weathered and faded traffic signs with new ones that have improved reflective qualities to enhance visibility and the safety of road users
- **Median maintenance:** Funds for maintaining medians, including landscaping, irrigation, and upkeep
- **Janitorial services:** Contracted services for maintaining cleanliness in public areas and facilities



- **Safety equipment:** Safety gear such as barriers, cones, and digital message boards to enhance the safety of personnel working in public rights-of-way
- **Haul truck:** Procurement of replacement for the inoperative 1997 Peterbilt truck, an important tool for quick and efficient wash and culvert cleanup after storms

PUBLIC FACILITIES & STREETS DIVISIONAL OPERATIONAL EXPENSES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
PUBLIC FACILITIES & STREETS			
SUPPLIES/MAINTENANCE/PERMITS/ROW	\$79,245	\$93,325	\$150,700
UTILITIES/TRASH/FUELS	\$65,442	\$69,587	\$97,400
CONTRACT SERVICES - MEDIANS	\$60,000	\$60,000	\$60,000
EQUIPMENT PURCHASES	\$74,579	\$24,951	\$250,000
GARDENS -RESTROOMS/MAINTENANCE/SERVICES	\$189,925	\$165,000	\$239,000
EDUCATION/TUITION/LODGING	\$4,000	\$5,500	\$5,500
TOTAL	\$473,191	\$418,363	\$802,600

PUBLIC FACILITIES & STREETS DIVISIONAL SALARIES AND BENEFITS - 4 FTES POSITIONS

	FY2024	FY2025	FY2026
	Actual	Estimated	Budgeted
PUBLIC FACILITIES & STREETS			
SALARIES (4 FTE)	\$235,373	\$248,955	\$265,867
FICA	\$14,098	\$15,435	\$16,484
MEDICARE EXPENSE	\$3,297	\$3,610	\$3,855
ASRS RETIREMENT CONTRIBUTION	\$28,972	\$30,223	\$31,904
GROUP MED/DENTAL/LIFE/AD&D	\$45,429	\$48,894	\$51,845
VISION CARE	\$591	\$591	\$591
WORKMANS COMPENSATION	\$16,966	\$18,500	\$19,500
UNEMPLOYMENT INS.-DES	\$147	\$360	\$400
UNIFORMS	\$3,170	\$4,260	\$4,300
TOTAL SALARIES & BENEFITS	\$382,896	\$380,326	\$394,746



Public Safety Department:

Typically, the costs to provide comprehensive public safety services make up approximately 40% (\$2.96 million) of the Town’s operational expenses. There are two independent service providers within the Public



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

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

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
PUBLIC SAFETY SERVICES			
FIRE & EMERGENCY MEDICAL SERVICES	\$2,030,107	\$2,145,787	\$2,246,600
LAW ENFORCEMENT SERVICES	\$599,335	\$708,729	\$652,500
TOTAL	\$2,629,442	\$2,854,516	\$2,899,100

Law Enforcement Services

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

- **Responsibilities:** MCSO is responsible for enforcing both state and local laws, as well as deterring criminal activity within the Town of Carefree.
- **Professionalism and Community Policing:** MCSO provides a professional and courteous law enforcement agency that supports community-based policing principles. All sworn personnel are required to comply with the training standards set by the Arizona Peace Officer Standards and Training (AZ POST).



- **Cost Recovery Model: The** MCSO contract operates on a cost recovery model, covering expenses such as labor, training, equipment, supplies, staffing, office space, vehicles, and overhead costs.
- **Patrol Coverage:** The Town's current contract with MCSO provides for 0.3 beats or 1.5 deputies to patrol the community 24/7. This past year, the Town modified its traffic patrol from part time (6 months) to year-round. This additional deputy dedicated to traffic enforcement brings the Town's level of service to a total of 0.5 beats. It is important to note that even with the service of one half of a beat, the Town by way of its contract has direct access to deputies within MCSO, therefore, during a time of need, additional deputies are automatically dispatched when the situation warrants additional support.
- **Flexibility in Services:** The Town can request amendments to the MCSO contract to increase the level of service. However, any such increases must be accompanied by a revenue stream to offset the additional costs.
- **Addressing Traffic Concerns:** Residents' concerns about traffic safety are noted, the Town has allocated resources, amended the service contract to support additional traffic patrols and MCSO has implemented the supporting staffing. The Town has also purchased digital speed display signs to educate drivers and collect speed data to monitor and share with MCSO deputies to assist in enforcement. These signs will be installed this Spring 2025.
- **Animal Control and Incarceration Fees:** In addition to the MCSO contract, the Town contracts annually with Maricopa County Animal Control to manage stray animals. Also separate from operating the Consolidated Municipal Court, the Town pays Maricopa County a fee for incarcerations.

These efforts reflect the Town's commitment to maintaining public safety and addressing community concerns in partnership with County agencies. It is important to note that there is a \$63,000 reduction to the MCSO contract this year. This reduction is attributed to the County issuing debt to buy down the unfunded liability in the County's portion of the public safety pension. This issuance of debt reduces the immediate fiscal year costs while the resulting amortization schedule spreads out the liability over a longer period of time through incremental principal and interest payments.

LAW ENFORCEMENT SERVICES EXPENSES

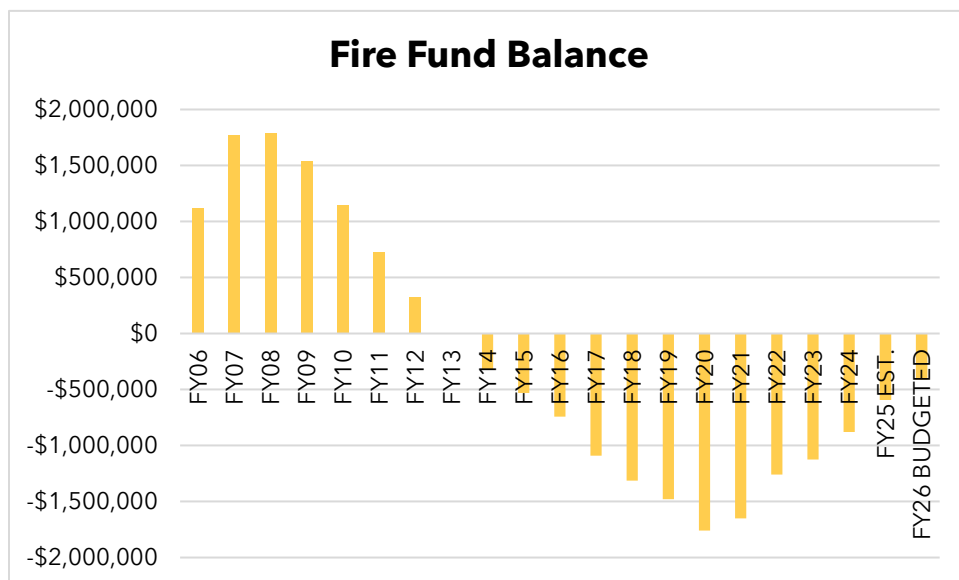
	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
LAW ENFORCEMENT SERVICES			
MCSO CONTRACT	\$583,349	\$698,153	\$635,000
JAIL SERVICES	\$13,986	\$8,076	\$15,000
ANIMAL CONTROL	\$2,000	\$2,500	\$2,500
TOTAL	\$599,335	\$708,729	\$652,500



Fire and Emergency Services

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

- **Transition from Individual Subscriptions:** Initially, residents individually subscribed to emergency services with Rural Metro. However, in 2007, the Town assumed this financial responsibility and began paying Rural Metro directly for fire protection and emergency services for all residents, businesses, and property owners in Carefree.
- **Funding Mechanism:** The master contract is funded, in part, through a dedicated municipal sales tax of 1%, representing one-third of the total municipal sales tax collected. These revenues are placed into a dedicated fund known as the Fire Fund. Historically, as illustrated in the adjacent chart, the dedicated sales tax revenue in the Fire Fund has not been sufficient to cover the costs of the contract, leading to subsidies from the Town's General Fund. The overall subsidy balance as sales tax performance improves is just less than \$500,000. At it's height, the structure deficit was more than \$1.7 million.

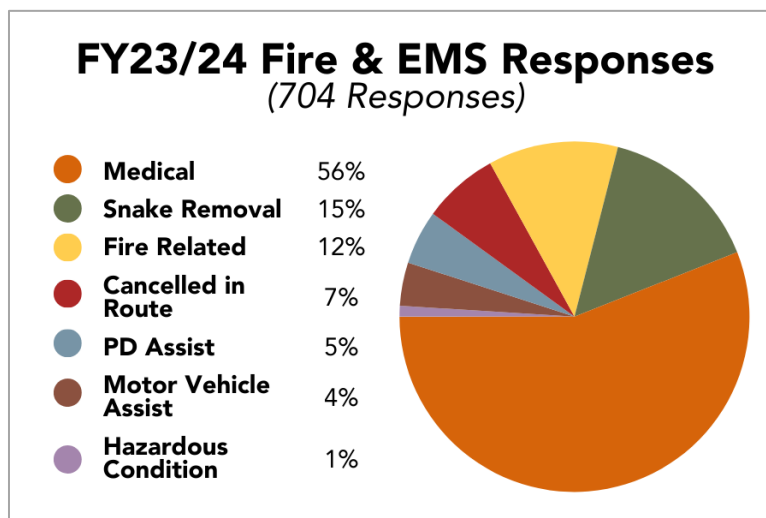


- **Ownership and Contract Structure:** Under the master contract with Rural Metro, the Town owns all fire department facilities, furnishings, equipment, and apparatus. Rural Metro provides the personnel for these services. This approach separates the costs of assets from the contract, focusing the contract costs on labor. This past year, the parent company of Rural Metro



Fire sold the Fire Services to Brindlee Fire Services. The sale of the company did not include dispatch services nor ambulance services. Rural Metro leadership has represented to the Town that there will be no immediate changes. However, looking towards the future this separation of these services may have an impact on future pricing of the Town's master contract. This master contract expires in June 2027, in preparation of this expiration and given these internal changes with Rural Metro, the Town has requested to begin discussions with Rural Metro as soon as possible. Rural Metro has indicated that they will begin discussions later this summer 2025. This time will assist them to adapt to the internal changes within their organization.

- **Service Statistics:** Rural Metro responded to approximately 700 calls for service this past fiscal year. As typical of these 700 calls, approximately 400 were for medical assistance. The majority of these medical calls fall within, difficulty breathing, cardiac, fall or illness. Given the community's interface with the upper Sonoran Desert, it is not surprising that snake removal is another important service provided by Rural Metro. Fire related activities amount to about 12% of the call volumes this past fiscal year. Of the 704 calls for service, 517 calls were termed, "code three" which require lights and sirens. Rural Metro has reported both average and 90th percentile response times. The National Fire Protection Association (NFPA) develops uniform standards for Fire programs. The standard they recommend using is the 90th percentile for code three responses. Rural Metro has reported that the average response time for code three calls is 3 minutes and 48 seconds plus an average dispatch time of 37 seconds. By comparison Rural Metro has reported the 90th percentile response for Carefree was 6 minutes and 6 seconds. This figure does not include the dispatch times.





Over the past year, Town management worked with Rural Metro to establish a Mutual Aid Agreement. This agreement outlines how Carefree's resources will be used to assist Rural Metro in responding to emergencies outside of the Town, primarily in areas to the southwest and southeast. The agreement ensures that while Town assets are being used, they are fully insured, and the Town is indemnified. Additionally, replacement equipment will be provided to maintain service levels consistent with the standards set in the master contract. The Town will also be promptly notified of any external responses, and it will be reimbursed for the use of its resources based on the state standards outlined in the Forest Service mutual aid schedule. The Town Council approved the agreement in February 2025.

Overall, the partnership with Rural Metro underscores the Town's commitment to ensuring the provision of fire protection and emergency services to the community. Over the last few years, the Town has invested approximately \$1.5 million in a new fire truck, type 6 brush truck, associated emergency equipment and repairs to the fire station. Over the next year, the Town will continue to invest in upgrades to the portable radio equipment, additional emergency equipment which is past its useful life and repairs to the fire house.

BUDGET FOR FIRE AND EMERGENCY MEDICAL SERVICES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
FIRE & EMERGENCY SERVICES			
RURAL METRO CONTRACT	\$1,857,000	\$1,904,000	\$1,951,600
EQUIPMENT/BUILDING MAINTENANCE	\$10,036	\$135,200	\$125,000
VECHILE MAINTENANCE/FUEL	\$19,342	\$20,000	\$25,000
EMERGENCY EQUIPMENT	\$143,729	\$86,587	\$145,000
TOTAL	\$2,030,107	\$2,145,787	\$2,246,600



Municipal Court Department:

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



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



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

SUMMARY OF TYPES OF CHARGES PROCESSED BY THE COURT

CHARGES FILED	FY 21/22	FY 22/23	FY23/24	FY24/25
Criminal (non-traffic)	36	27	72	38
Criminal Traffic				
Failure to Appear (traffic & non-traffic)	2	1	1	4
DUI	32	38	30	10
Serious Criminal Traffic	9	1	4	3
Other Criminal Traffic	37	17	42	30
Civil Traffic	1,528	952	1,621	1,352
Town Code	5	7	99	13
TOTAL	1,649	1,043	1,869	1,450*

**FY 24/25 Figures only include the months of July 1, 2024 thru February 28, 2025*

Accomplishments for FY2024-2025:

- Updated and created criminal forms to comply with law and rule changes to Criminal Rules of Procedure Rule 14.1 and 17.2; guilty plea proceeding form, DUI and DV guilty plea proceeding form, as well as a consolidated Notice of Rights After Sentencing, which includes information regarding appeal, post-conviction rights, motions to set aside judgment and petitions to seal criminal records.
- Ensured continued compliance with changes to Rule 4.2 and 6.1, as adopted on a permanent basis, in coordination with the Maricopa County Superior Court
- Updated court section of the Town's website with new information, including publishing AZ Court Help's Legal Talks Program to facilitate access to legal information for the public.
- Completed request by the Arizona Supreme Court to review and revise Chapter 14, Criminal Bench Trials and Chapter 18, Sentencing Script, of the Criminal Court Bench Book, utilized in statewide trainings and a published judicial resource.
- Continued streamlining court processes to provide more efficient customer service.
- Continued migration of court forms, processes, and information to Microsoft Teams to facilitate centralized access for all court staff.



- Held Security and Emergency Preparedness Committee meetings, reviewed and changed security protocols to conform with Arizona Supreme Court requirements and ensure safety of customers and court staff.
- Reviewed and revised the Court Security Assessment Checklist.
- Reviewed and revised the Court Language Access Plan.
- Onboarding of new Court Administrator (October 2024)
- Onboarding of new Deputy Court Clerk (February 2025)
- Onboarding of new Bailiff (February 2025)
- Participation of the Court in the Stand Down for Veteran's Annual Event (Phoenix)
- Participation of the Court in the Stand Up for Veteran's Annual Event (Glendale)
- Continued participation in Veteran's Court Stakeholder, Limited Jurisdiction Presiding Judges, and LJ Legislative Update meetings, attendance at annual Statewide Judicial Conference and continuing education.
- Obtained Prosecution Agreement relating to disposition of charges filed pursuant to A.R.S. 28-4139A.
- Crafted Administrative Order relating to the Vacating of Eligible Monetary Obligations in Juvenile Matters, updated court procedures and investigated cases status reports to comply with Arizona Supreme Court A.O. 2023-221.
- Crafted Administrative Order relating to Hazardous Materials and the Availability of Narcan at the Court pursuant to Arizona Supreme Court A.O. 2024-81.

Goals for FY2025-2026:

- Identify any security concerns to improve court and customer security.
- Evaluate possible implementation changes to the court's website to promote new methods of community outreach, education and access to justice.
- Identify materially relevant educational opportunities to enhance and improve court staff knowledge and performance of duties including enrollment into the Civil Traffic Hearing Officer training program for the new deputy court clerk.
- Evaluate internal court administrative orders and policies for update and revision as needed.
- Continued processing of the electronic storage of archived documents and records maintained by the Town Clerk and other departments.

The tables below outline the costs of operating the court. The summary below does not capture all the indirect costs outlined in the cost recovery model of the Consolidated Court Intergovernmental Agreement such as incarceration fees and other supporting services.



CONSOLIDATED COURT OPERATIONAL EXPENSES*

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
MUNICIPAL COURT			
OFFICE SUPPLIES/MAINTENANCE/POSTAGE/AUDIT	\$12,994	\$24,824	\$25,700
CONTRACT SERVICES-JUDGE/PUBLIC DEF/INTERP	\$57,126	\$63,227	\$103,000
EDUCATION/TUITION/LODGING	\$1,037	\$1,100	\$4,300
TOTAL	\$71,157	\$89,151	\$133,000

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

CONSOLIDATE COURT SALARIES AND BENEFITS - 2.5 FTES

	FY2024	FY2025	FY2026
	Actual	Estimated	Budget
MUNICIPAL COURT			
SALARIES 2.5 FTE	\$135,524	\$178,846	\$214,584
FICA	\$8,859	\$11,708	\$13,304
MEDICARE EXPENSE	\$2,072	\$2,593	\$3,111
ASRS RETIREMENT CONTRIBUTION	\$18,074	\$21,712	\$25,750
GROUP MED/DENTAL/LIFE/AD&D	\$13,587	\$18,582	\$33,279
VISION CARE	\$133	\$259	\$259
WORKMANS COMPENSATION	\$259	\$456	\$456
UNEMPLOYMENT INS.-DES	\$74	\$150	\$150
SALARIES & BENEFITS	\$198,104	\$234,306	\$290,893

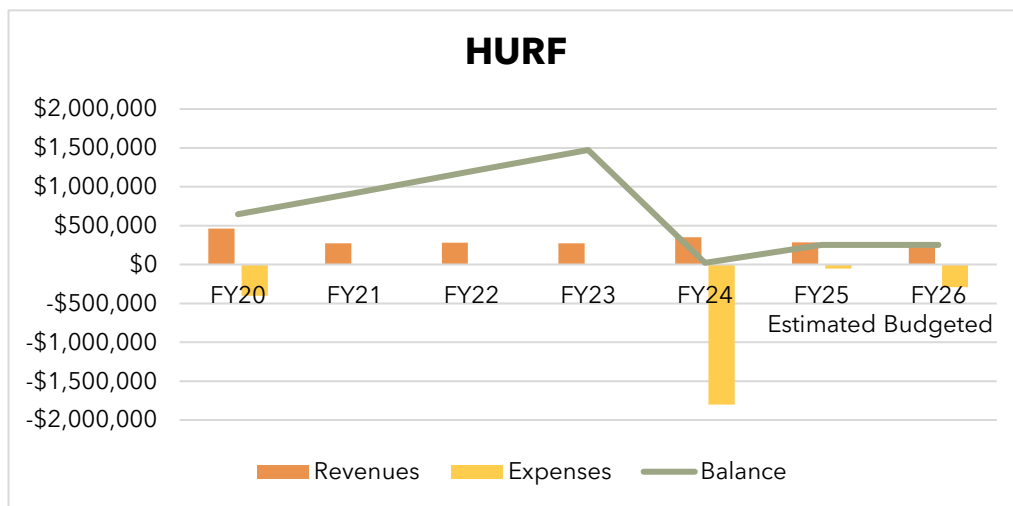


Alternative Funds

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

Highway User Revenue Fund:

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



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

The funds within the Highway User Revenue Fund (HURF) are used to, in part, offset the costs for the street maintenance projects. However, these funds are not sufficient to cover the balance of costs associated with the projects. As the chart indicates, HURF monies are saved over time and then invested in the street projects. The



balance of HURF was used for the \$3 million street maintenance project undertaken in FY24.

It is important to note, the typical age of the asphalt on the eastern side of the community and neighborhoods near the Town center exceeds, in some cases 60 years. Past street maintenance has helped to extend the life of these streets but due to the aging process of this asphalt, it is contemplated that smaller mill and overlay asphalt replacement projects be undertaken in these neighborhoods over the next several years to ensure more costly street reconstruction is not required. In order to help fund the costs associated with future street projects, HURF and the Utility CAP Fund described in the next section provide a portion of the required funding.

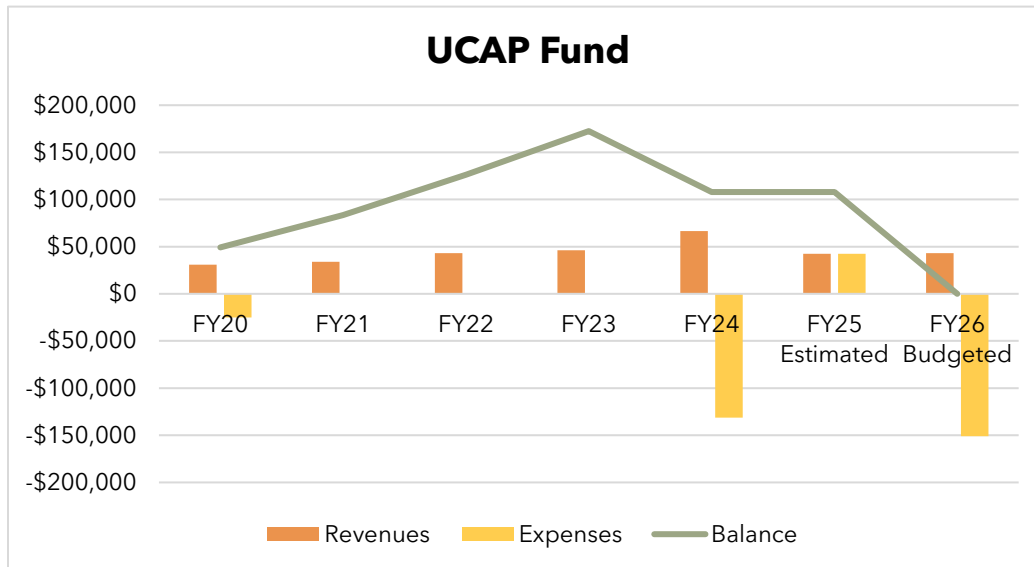


Utility Capital Expenditure Fund:

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

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

BALANCE OF UTILITY CAPITAL EXPENDITURE FUND





Water Fund:

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

To aid these efforts, a Capital Advance Loan was established which permitted the Town to loan the water company funds to invest in it's water infrastructure and improve the system's capacity while minimizing the impacts on water rates. Overtime, as the water company invested in the original and annexed parts of the Carefree water system, this loan expanded; however, the benefits of these investments increased the system's storage capacity and fire suppression capabilities. The balance and repayment schedule is illustrated in the below table.

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



31-Dec-36	\$150,000	\$274,956
30-Jun-37	\$150,000	\$124,956
31-Dec-37	\$124,956	\$0

In addition to the Capital Advance, a Capital Lease in the form of a low interest loan from the Water Infrastructure Finance Authority (WIFA) was made to construct the largest reservoir in the water company's storage capacity: a one million-gallon underground reservoir located at the northeast corner of Pima Road and Stagecoach Pass. The water company has 2 remaining payments as outlined below.

Payment Date	Payment	Balance
30-Jun-26	\$244,764	\$226,270
30-Jun-27	\$226,270	\$0



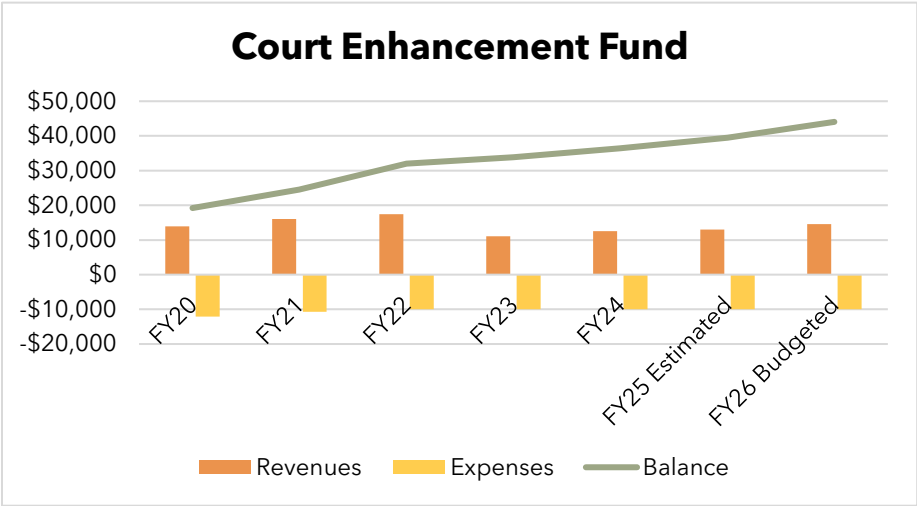
Municipal Court Funds:

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

Court Enhancement Funds:

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

BALANCE OF COURT ENHANCEMENT FUNDS

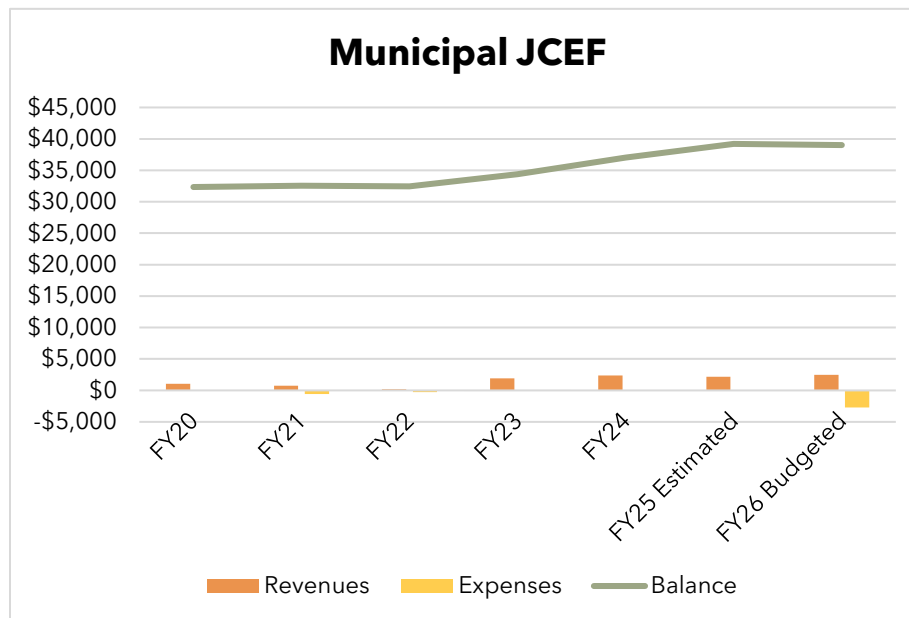




MJCEF:

The chart below outlines the revenues, expenses, and annual fund balance of MJCEF. These Funds are allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Over the last six years, there have been nominal expenditures from this Fund and thus the balance is approximately \$39,000. This Fund can be used for future capital expenditures to support the court's needs.

FIVE YEAR BALANCE OF COURT RESTRICTED MJCEF FUNDS.

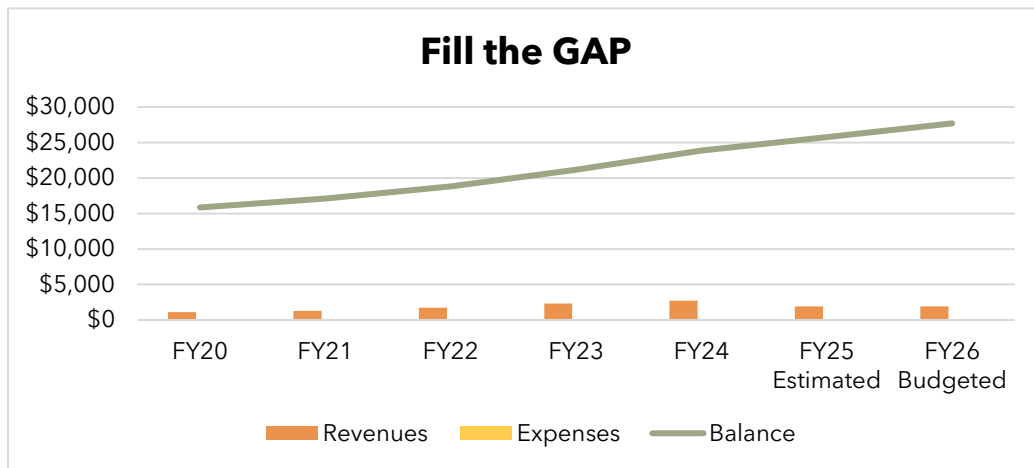




GAP:

The chart below outlines the revenues, expenses, and annual fund balance of GAP. This Fund is allocated through the authority of the superior court and cannot arbitrarily be used for court operations. Like MJCEF, over the last six years, there has been limited expenditures from this Fund and thus the balance is approximately \$28,000. This Fund can be used for future capital expenditures to support the court's needs.

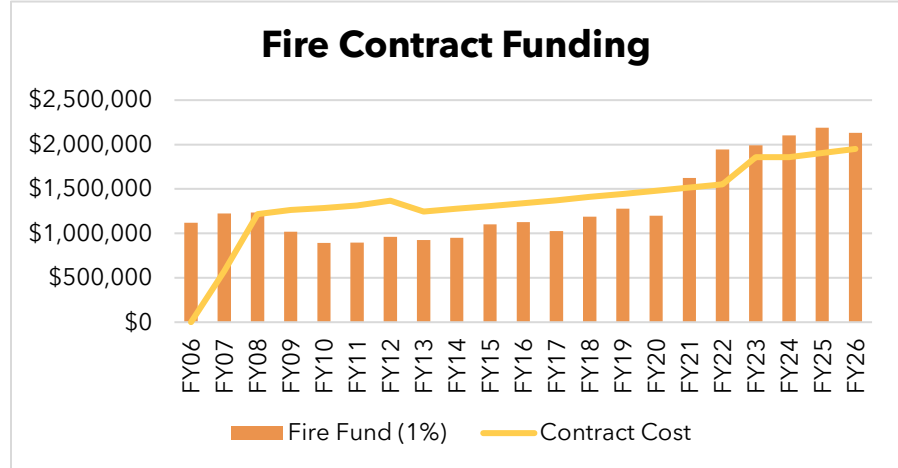
FIVE-YEAR BALANCE OF COURT RESTRICTED GAP FUNDS





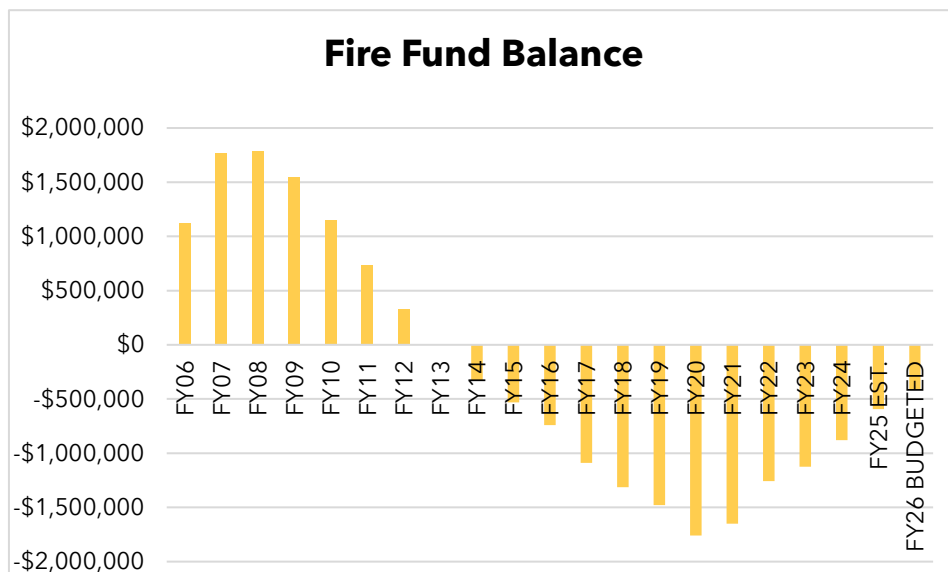
Fire Fund:

The Town imposes a 3% sales tax on retail purchases within its boundaries, with one-third of this tax revenue designated for the Fire Fund. The Fire Fund was established in 2006 to cover the costs of the master contract with Rural Metro. As shown in the chart below, the



fund has historically not been sufficient to fully cover the contract's costs, leading to what is known as a structural deficit. The red line represents the cost of the contract, while the blue bars show the revenue generated by the 1% sales tax since its inception in 2006.

In the first two years after the sales tax was introduced, prior to the contract's initiation in mid-2007, the fund generated a surplus. However, following the economic downturn during the Great Recession, the sales tax revenue was insufficient to keep pace with the growing costs of the contract for a period of 12 years. This led to a structural deficit, requiring additional subsidies from the General Fund to cover the shortfall, as illustrated in the chart below.



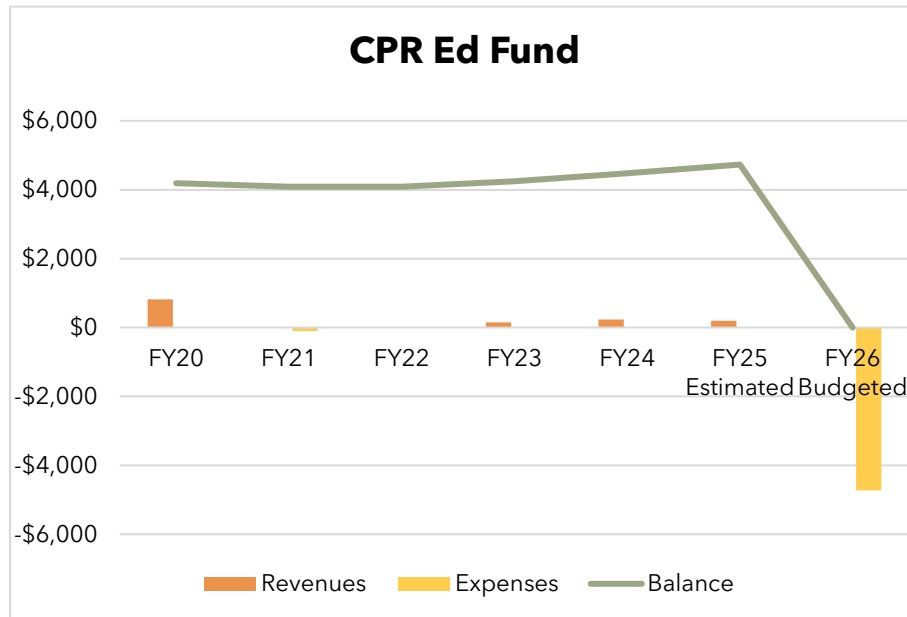


Since FY2021, the local economy has shown signs of improvement, aided by the opening of a new hotel within the Town Center. This economic boost has allowed the Fire Fund to more adequately cover the cost of the contract, reducing the deficit from a high of around \$1.7 million to approximately \$500,000 today. Looking ahead, the current master contract with Rural Metro will expire in June 2027. The most recent contract renewal raised the base rate by \$300,000, and with the recent sale of Rural Metro to Brindlee Fire Service, it is anticipated that a similar, if not larger, rate increase will occur. Over the next fiscal year, discussions will begin with Rural Metro leadership to better anticipate and plan for these future cost increases.



CPR Fund:

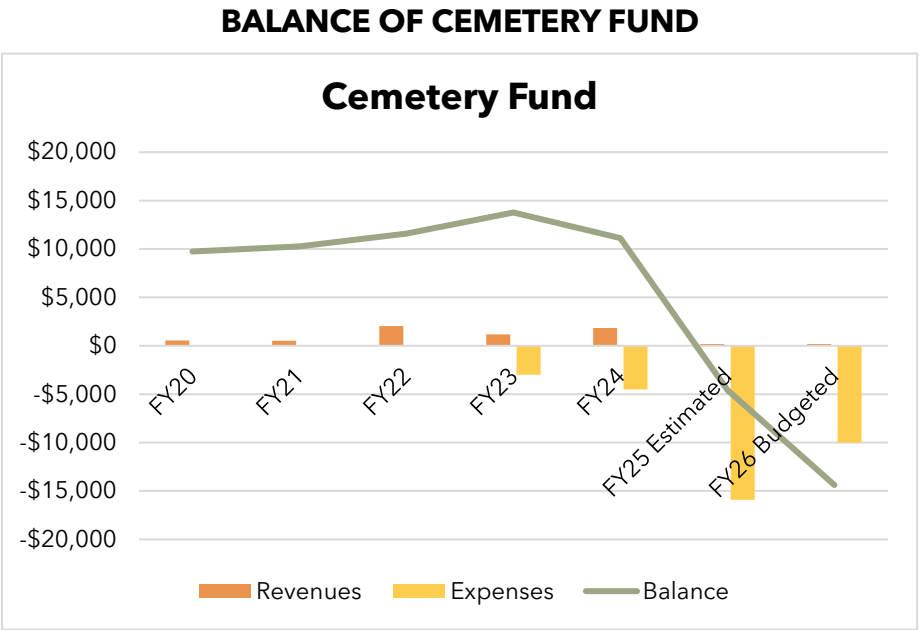
As part of the master contract, the fire department conducts a CPR program. The revenues (donations) and expenses associated with this program are captured within this specific Fund and simply reimburse the costs of the program for supplies. The account funds this next fiscal year are anticipated to be invested in new CPR mannequins.





Cemetery Fund:

The Town operates a small cemetery located south of Cave Creek Road on the east side of Pima Road. These funds are collected to cover general maintenance of the cemetery. In recent years updated maps of the cemetery plots and general cleanup have been conducted. This next fiscal year the vehicle access within the cemetery will be improved to minimize plot encroachment.





Grant Funds:

The Town has successfully secured previous grants to support various initiatives, including pedestrian safety improvements, street enhancements, drainage upgrades, and fire and emergency equipment. Moving forward, the Town remains committed to pursuing additional grant opportunities to further invest in the community. In the coming year, the Town will focus on exploring grants to enhance the fire department's portable radio system, EV Phase II charging infrastructure, and improve Open Space. Additionally, the Town will seek partnerships and assist in applying for grants to address the community's desire to preserve meaningful open space. Below are the projected financial targets for these potential grant opportunities:

POTENTIAL GRANT TARGETS

GRANT PURPOSE	AMOUNT
Fire & EMS - portable radios	\$100,000
EV Phase II	\$400,000
Open Space - Preservation and Planning Initiatives	\$1,000,000
TOTAL	\$1,500,000

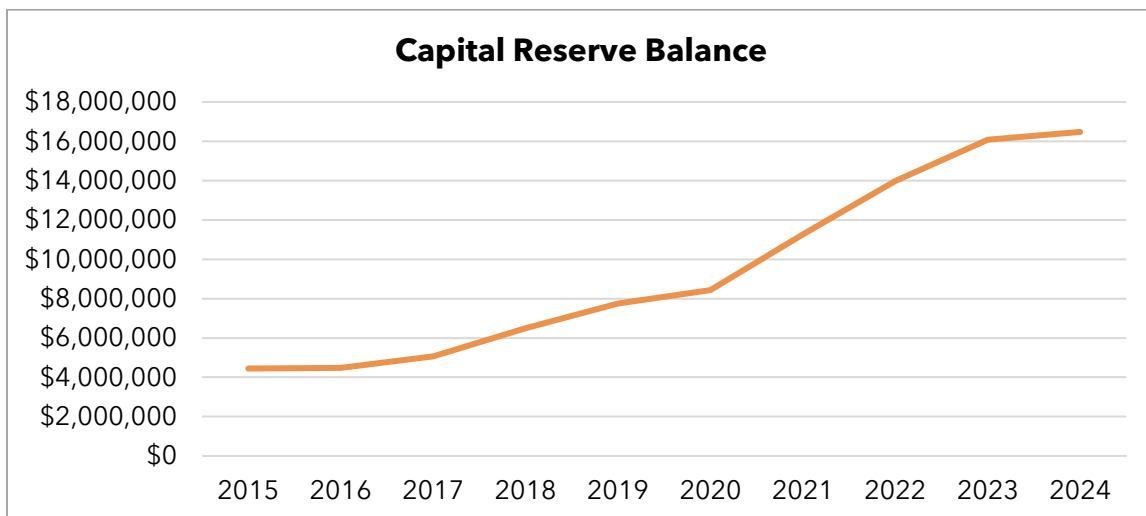


Capital Reserve Funds:

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

The chart below illustrates the Capital Reserve Fund balance over the last 10 years. As illustrated, over this period of time the Town has added approximately \$12 million to the Capital Reserves with recent balances hovering around \$16 million. As the Town continues to invest in its aging infrastructure and potential revenue declines which have fueled the growth of this fund, there will most likely be declines to this balance. In the future, the Town will have to reconcile the imbalance of the growing expense associated with maintaining its aging infrastructure and declining revenue which has funded the growth in the capital reserves.

BALANCE OF CAPITAL RESERVE FUND





Capital Improvement Program

Streets:

One of the Town's most valuable and costly assets is its public streets, which play a crucial role in serving the community. These streets face Arizona's harsh desert environment, enduring extreme heat and intense sunlight. As a result, the asphalt experiences significant oxidation, drying, cracking, and overall deterioration. To combat these effects, the Town regularly performs preventative maintenance to protect and prolong the life of the streets.

This maintenance includes monitoring various types of asphalt damage and assessing the Pavement Condition Index (PCI) to determine necessary actions. These actions may include crack sealing, fog sealing, slurry sealing, micro surfacing and milling-asphalt overlay. Each of these treatments have different costs, aesthetical considerations and longevity. Many of the residential streets east of Pima Road, as well as those near the Desert Forest Golf Course, CIVANA, and the Town Center, were developed over 50 years ago and some are more than 60 years in age. Over the years, the Town has applied various treatments to reduce asphalt distress and extend the streets' lifespan. However, it has become clear that more comprehensive solutions are now required. Therefore, the Town has included a mill and overlay program in its recently updated and Council-approved 5-year Capital Improvement Plan (CIP). This program will rebuild the top layer of asphalt to prevent structural damage to the underlying substrate.



In addition to maintaining the street surfaces, there are other essential infrastructure elements, such as pedestrian crosswalks, signage, and drainage outlets, which also require maintenance and occasional upgrades. As a new generation of residents moves into the Town, there are increased requests for additional infrastructure, including new signs, crosswalks, sidewalks, **street** modifications, intersection improvements, and landscaping changes. These requests must be carefully managed



within a broader, cohesive plan that prioritizes projects and ensures sustainable funding.

While current Town capital reserve funds are allocated to maintaining existing aging infrastructure, the addition of new infrastructure requires a separate funding source. This strategy helps avoid an imbalance that could jeopardize the maintenance of existing assets. By adopting this approach, the Town will be able to maintain both its aging infrastructure and new developments to meet the evolving needs of the community.

Drainage Facilities:

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

Public Buildings:

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



1. **Town Council Chambers:** Was remodeled to accommodate public meetings, ongoing maintenance costs are covered in the Town Administration budget. Recent improvements were made to audio visual equipment to address recording systems and repairs to displays.
2. **Town Hall/Administrative Offices:** Located in a highly desirable and visible area, there's consideration for repositioning the building/property for restaurant/retail uses. However, staff will need a suitable space for relocation. Current maintenance costs are captured in the Town Administration budget.
3. **Amphitheater Multiple-Purpose Room:** This room hosts the visitor center, storage, and changing areas for performances, with public restrooms for



- the gardens and amphitheater. Maintenance costs are managed within the Town Center facilities budget.
4. **Fire Station:** Built in 2006 as part of the Town's fire safety program, ongoing repairs focus on equipment, furniture, and infrastructure like the roof, garage doors, windows, and HVAC equipment.
 5. **Public Works/Water Company:** Buildings house both the Public Works Department and the Water Company. Recent upgrades include LED lighting for cost-efficient and higher-quality lighting, along with roof replacements. Ongoing maintenance is budgeted within the Public Works Department. Additionally, the Town leases a privately owned lot adjacent to the Public Works facility to provide storage capacity for material and equipment supporting the Facilities team.



Town Center:

The Town Center contains a significant amount of public infrastructure/assets within and around the Town Gardens. From the streetlamps to directional signage and landscape to the amenities within the gardens such as the amphitheater, restrooms, splash pad, playground, fountains, and pet stations. Due to the heavy use of these assets over time, they

need to be refreshed incrementally. Additionally, new ways of managing space need to be introduced to mitigate damage that is occurring from vandalism and from the frequency of pets relieving themselves. This has included but is not limited to landscape replacement, security cameras, replacement of metal poles, ceramic painting of surfaces, and retreatment of other paved surfaces. Additionally, pet relief stations have been installed to help minimize damage occurring from pets urinating on plant materials and other surfaces.

Over the balance of the next fiscal year, the following capital investments identified in the table below will be the focus for FY26 and the anticipated revenue offsets.



FISCAL YEAR CAPITAL PROJECTS

Capital Projects	Est. Expense
PUBLIC WORKS FACILITIES	
Culvert repairs	\$400,000
Street Signage	\$50,000
Traffic Calming Program	\$15,000
	\$465,000
STREET MAINTENANCE	
Rolling Hills/Velvet Shadows 2"M/O	\$2,500,000
	\$2,500,000
TOWN CENTER	
Comprehensive Signage Plan	\$400,000
EV Phase II Grant	\$400,000
Parking/Sidewalk Improvements	\$1,000,000
	\$1,800,000
TOTAL	\$4,765,000

ANTICIPATED FUNDING SOURCES

Anticipated Revenue Funds	Amount
MAG EV Phase II Grant	\$400,000
HURF	\$285,000
UTCAP	\$150,000
GF Contribution	\$700,000
Capital Reserves	\$3,230,000
TOTAL	\$4,765,000



Budget Contingency

The contingency fund is established to absorb unanticipated expenses during the fiscal year. This permits additional flexibility to fund additional expenses if there is sufficient revenue to support such expenses. The authorization of this funding requires the Town Council's approval. The budget contingency is anticipated to be \$500,000.



Expenditure Limit Analysis

Each year the Arizona Economic Estimates Commission updates the expenditure limits for local governments. These expenditure limitations are based on a formula using 1979-80 expenses adjusted for inflation and population growth. However, many communities have used statutory mechanisms to adjust the base due to the growing needs of the respective communities. On November 3, 1998, the citizens of Carefree approved a permanent base adjustment of \$1,047,314. Therefore, based on Carefree's permanent base adjustment, the expenditure limit for FY2025/26 is \$13,220,229.

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

EXPENDITURE LIMITATION ANALYSIS:

Total Expenditures: \$14,507,291

<i>Exclusions from Revenues:</i>	
<i>Bond Proceeds</i>	\$0
<i>Debt Service Payments</i>	\$0
<i>Dividends, Interest, Gains</i>	\$520,000
<i>Grants (OPEN-SPACE, FIRE, MAG)</i>	\$1,500,000
<i>ALF</i>	\$10,000
<i>Contributions from private organizations</i>	\$0
<i>HURF</i>	\$285,000
<i>UTCAP</i>	\$150,000
<i>Refunds, Reimbursements</i>	\$0
<i>Voter-approved exemptions</i>	\$0
<i>Total Exclusions:</i>	\$2,465,000
<i>Total Expenditures Subject to Limitation:</i>	\$12,042,291
<i>Expenditure Limitation:</i>	\$13,220,229
<i>Under Limitation by:</i>	\$1,177,938



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APPENDIX

STAFF COMPENSATION STUDY



**PUBLIC
SECTOR**
PERSONNEL
CONSULTANTS

FY 2024 CLASSIFICATION AND COMPENSATION STUDY

Results for Town of Carefree

(888) 522-7772

www.pspc.us



1. EXECUTIVE SUMMARY

It is with pleasure that we present this summary describing the findings and recommendations from the FY 2024 Classification and Compensation Study.

A. SUMMARY OF FINDINGS

1. The Town has approximately 16 job classifications (job descriptions) providing municipal services to the Town's residents.
2. Employees were interviewed by PSPC staff to confirm job duties displayed on current job descriptions.
3. A salary survey was conducted by collecting salary plans, job descriptions, and budget documents from the comparison agencies (page 2).
4. The Town's base pay ranges are competitive (within -5% of market or better) for 56% of the survey sample; 44% of the classifications survey more than -5% below market at range midpoint.
5. The Town operates with a fairly lean staffing model with approximately 4 civilian staff members per 1,000 residents, compared to an average of 5.5 civilian staff per 1,000 residents among the other "small" comparison agencies of Cave Creek, El Mirage, Fountain Hills, Litchfield Park and Paradise Valley.
6. Due to the lean nature of the Town's staffing, job descriptions and assigned job duties are broader and at times more complex than those found in larger cities and towns that have more staff.
7. The Town's expenditures on employee benefits is in line with market average at roughly 30% of total compensation spending allocated towards benefits.

B. SUMMARY OF RECOMMENDATIONS

1. Continue to budget for salary increase eligibility within the adopted salary ranges; regular salary increases can be provided through general increases, cost of living adjustments, and/or evaluated employee performance.



2. EXTERNAL COMPARISONS

The following paragraphs and tables describe the market data collected. More thorough details on the job comparisons appear in the appendix.

A. SURVEY COMPARATORS

We requested salary plan and job description details from the following employers for comparison:

Cave Creek	Paradise Valley
El Mirage	Phoenix
Fountain Hills *	Scottsdale
Litchfield Park	Tempe
Maricopa County	

* data included was extracted from League of Arizona Cities and Towns Survey

Caution was exercised when comparing management jobs to the large agencies above.

Private Sector Data also included where available using Economic Research Institute's Salary Assessor for the Phoenix Metro Area.

B. METHODOLOGY: SALARY RANGE MIDPOINT

Job comparisons were made utilizing current job descriptions. The prevailing rates were calculated by comparing the pay range Midpoints for matching job classifications.

We utilized the standard "structure-to-structure" method to compare the Town's pay ranges to the prevailing rates. The Town's pay ranges, and the prevailing rates, are represented by their Midpoints, which are the amounts employers pay for sustained competent job performance.

The Midpoint is the most objective, occupation-specific and consistent component of salary structures among employers, as the varying widths of salary ranges are too great to utilize Minimum or Maximum. Midpoint is not affected by actual salary averages which may reflect longevity, pay-for-performance, and a myriad of subjective salary plan administration characteristics of the comparator employers.

C. EXTERNAL PREVAILING RATE COMPARISON

The table below summarizes the comparison of the Town's current salary structures for all benchmark job classes to the prevailing rates of all the comparator employers from all the corresponding salary survey sources. 56% of the salary ranges are competitive.

NOTE: Relationship of +/- 5% to the prevailing rates is considered comparable to the prevailing rates.

<u>Relationship to Prevailing Rates</u>	<u>Benchmark Job Classes</u>	<u>% of Sample</u>	<u>Average Variance</u>
Below	7	44%	- 9.19%
Comparable	7	44%	- 3.42%
Above	2	12%	+ 7.22%



PREVAILING RATES COMPARISON BY JOB CLASS

Carefree Job Class	Current Midpoint	Market Midpoint	Variance	
			\$	%
Code Enforcement Officer	\$55,000	\$63,139	-\$8,139	-12.89%
Economic Development Director	\$120,000	\$136,065	-\$16,065	-11.81%
Court Administrator	\$92,500	\$103,048	-\$10,548	-10.24%
Town Engineer	\$112,500	\$122,405	-\$9,905	-8.09%
Accounting / IT / Deputy Clerk	\$100,000	\$108,644	-\$8,644	-7.96%
Front Desk / Permit Technician	\$50,000	\$54,009	-\$4,009	-7.42%
Public Works Foreman	\$65,000	\$69,097	-\$4,097	-5.93%
Planning Clerk	\$70,000	\$73,562	-\$3,562	-4.84%
Town Administrator	\$178,328	\$186,866	-\$8,538	-4.57%
P & Z Administrator	\$112,500	\$117,143	-\$4,643	-3.96%
Public Works Supervisor	\$85,000	\$88,266	-\$3,266	-3.70%
Public Works Field Operator	\$55,000	\$57,086	-\$2,086	-3.65%
Town Clerk	\$112,500	\$114,560	-\$2,060	-1.80%
Communications Coordinator	\$75,000	\$76,069	-\$1,069	-1.40%
Deputy Court Clerk	\$60,000	\$56,782	\$3,218	5.67%
Building Official	\$120,000	\$110,325	\$9,675	8.77%



Accounting / IT / Deputy Clerk	\$100,000	\$108,644	-\$8,644	-7.96%
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Accounting Manager	Cave Creek	\$116,116
Division Manager	El Mirage	\$104,681
	Fountain Hills	-
	Litchfield Park	-
Finance Manager - Dept	Maricopa County	\$106,750
Finance Manager	Paradise Valley	\$116,917
Accounting Supervisor	Phoenix	\$100,319
Finance Manager	Scottsdale	\$105,986
Budget/Finance Supv (Dept)	Tempe	\$104,311
Individual Public Average:		<u>\$107,868</u>
Finance Manager	ERI - Regional Private	\$109,419
Published Private Average:		<u>\$109,419</u>
Combined Average:		<u>\$108,644</u>

Network Administrator	ERI - Regional Private	\$108,029
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Building Official	\$120,000	\$110,325	\$9,675	8.77%
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Building Official / Fire Marshal	Cave Creek	\$94,785
Division Manager III	El Mirage	\$121,703
Chief Building Official	Fountain Hills	\$102,726
Chief Building Official	Litchfield Park	\$119,515
Inspection Division Manager	Maricopa County	\$95,000
Chief Building Official	Paradise Valley	\$122,760
Deputy Director - Pln & Dev	Phoenix	\$129,719
Inspections Manager	Scottsdale	\$111,301
Building Inspection Manager	Tempe	\$95,418
Individual Public Average:		<u>\$110,325</u>

Code Enforcement Officer	\$55,000	\$63,139	-\$8,139	-12.89%
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	Cave Creek	-
Code Compliance Officer	El Mirage	\$60,632
Code Enforcement Officer	Fountain Hills	\$67,298
	Litchfield Park	-
Code Enforcement Officer	Maricopa County	\$63,440
Code Compliance Officer	Paradise Valley	\$65,104
Neighborhood Preservation Inspector	Phoenix	\$61,579
Code Inspector I	Scottsdale	\$65,083
Code Inspector I	Tempe	\$58,836
Individual Public Average:		<u>\$63,139</u>



Communications Coordinator	\$75,000	\$76,069	-\$1,069	-1.40%
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Director 114k-164k	(Digital) Communications Specialist	Cave Creek	\$77,373
		El Mirage	-
		Fountain Hills	-
		Litchfield Park	-
	Comm Officer / Govt Liaison	Maricopa County	\$79,250
		Paradise Valley	-
	Public Information Officer	Phoenix	\$80,569
	Public Information Officer	Scottsdale	\$87,214
	Public Information Officer	Tempe	\$81,970
	Individual Public Average:		<u>\$81,275</u>
Community Relations Manager	ERI - Regional Private		\$70,862
		Published Private Average:	<u>\$70,862</u>
	Combined Average:		<u>\$76,069</u>

Court Administrator	\$92,500	\$103,048	-\$10,548	-10.24%
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Dir 128k-170k	Court Administrator	Cave Creek	-
		El Mirage	\$121,703
		Fountain Hills	\$116,126
		Litchfield Park	\$89,908
	Assistant Court Administrator	Maricopa County	-
		Paradise Valley	-
		Phoenix	\$90,990
		Scottsdale	\$96,138
	Deputy Court Administrator	Tempe	\$103,422
		Individual Public Average:	<u>\$103,048</u>

Deputy Court Clerk	\$60,000	\$56,782	\$3,218	5.67%
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	Court Technician, Senior	Cave Creek	-
		El Mirage	\$60,632
		Fountain Hills	\$57,616
		Litchfield Park	-
	Court Clerk / Sr Court Clerk	Maricopa County	\$59,228
		Paradise Valley	\$59,050
		Phoenix	\$55,869
		Scottsdale	\$56,212
	Court Specialist II	Tempe	\$48,869
		Individual Public Average:	<u>\$56,782</u>



Economic Development Director	\$120,000	\$136,065	-\$16,065	-11.81%
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	Cave Creek	-
Director I	El Mirage	\$153,712
Economic Development Director	Fountain Hills	\$148,286
	Litchfield Park	-
Economic Development Officer	Maricopa County	\$133,500
	Paradise Valley	-
Deputy Economic Development Director	Phoenix	\$129,719
Economic Development Prog Mgr	Scottsdale	\$116,875
Economic Development Prog Mgr	Tempe	\$101,761
Individual Public Average:		<u>\$130,642</u>
Business Development Manager	ERI - Regional Private	\$141,487
Published Private Average:		<u>\$141,487</u>
Combined Average:		<u>\$136,065</u>

Front Desk / Permit Technician	\$50,000	\$54,009	-\$4,009	-7.42%
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Permit Technician	Cave Creek	\$59,028
Program Technician, Senior	El Mirage	\$53,914
Permit Technician	Fountain Hills	\$59,134
	Litchfield Park	-
Development Svcs Tech	Maricopa County	\$48,516
	Paradise Valley	-
Planning Technician	Phoenix	\$50,669
Development Svcs Rep I	Scottsdale	\$53,539
Development Svcs Specialist II	Tempe	\$53,264
Individual Public Average:		<u>\$54,009</u>

P & Z Administrator	\$112,500	\$117,143	-\$4,643	-3.96%
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reports to a Director 122k-141k Development Director	Cave Creek	\$174,800
Division Manager I	El Mirage	\$104,681
Senior Planner (-)	Fountain Hills	\$115,182
	Litchfield Park	-
Planning Manager	Maricopa County	\$114,500
Planning Manager	Paradise Valley	\$116,917
Planning - Team Lead	Phoenix	\$105,332
Principal Planner	Scottsdale	\$105,986
Principal Planner	Tempe	\$99,744
Individual Public Average:		<u>\$117,143</u>



Planning Clerk	\$70,000	\$73,562	-\$3,562	-4.84%
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Planner / Trails Coordinator	Cave Creek	\$82,789
Planner	El Mirage	\$84,989
	Fountain Hills	-
Planner	Litchfield Park	\$52,674
Planner	Maricopa County	\$73,675
Planner 1	Paradise Valley	\$87,243
Planner II	Phoenix	\$71,292
Planner Associate	Scottsdale	\$68,328
Planner I	Tempe	\$68,374

Individual Public Average: \$73,670

Urban Planner	ERI - Regional Private	\$73,454
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Published Private Average: \$73,454

Combined Average: \$73,562

Public Works Field Operator	\$55,000	\$57,086	-\$2,086	-3.65%
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Streets Only 47k-67k	PW Worker II	Cave Creek	\$59,028
	Maintenance Tech Senior	El Mirage	\$53,914
	Facilities Maintenance Tech	Fountain Hills	\$60,726
	PW Maintenance Worker	Litchfield Park	\$58,195
	PW Equipment Operator	Maricopa County	\$51,480
	PW Technician	Paradise Valley	\$59,050
	Equipment Operator III	Phoenix	\$53,196
	Streets Equipment Operator Senior	Scottsdale	\$59,030
	Street Mnt Equipment Operator I/II	Tempe	\$54,358

Individual Public Average: \$56,553

Construction Equip Operator	ERI - Regional Private	\$57,619
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Published Private Average: \$57,619

Combined Average: \$57,086

Public Works Foreman	\$65,000	\$69,097	-\$4,097	-5.93%
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Lead in Utilities 66k-99k		Cave Creek	-
	Maintenance Tech Lead	El Mirage	\$60,628
	Supervisor (Mnt, Facil)	Fountain Hills	\$87,618
	Crew Leader / Foreman	Litchfield Park	\$76,320
	PW Field Supervisor	Maricopa County	\$65,780
	Lead Maintenance Technician	Paradise Valley	\$71,775
	Street Crew Leader	Phoenix	\$61,579
	Maintenance Foreman CDL	Scottsdale	\$65,083
	Street Maint Team Leader	Tempe	\$63,454

Individual Public Average: \$69,029

Foreman Construction	ERI - Regional Private	\$69,166
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Published Private Average: \$69,166

Combined Average: \$69,097



Public Works Supervisor	\$85,000	\$88,266	-\$3,266	-3.70%
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incl. Utilities	Field Ops Supervisor	Cave Creek	\$88,585
	Maintenance Supervisor	El Mirage	\$84,989
	Superintendent	Fountain Hills	\$100,571
		Litchfield Park	-
	PW Superintendent	Maricopa County	\$96,750
	Superintendents	Paradise Valley	\$91,606
	Street Maintenance Superintendent	Phoenix	\$90,990
	Maintenance Manager - Streets	Scottsdale	\$87,214
	Streets Suprvisor	Tempe	\$78,291
	Individual Public Average:		<u>\$89,874</u>
	Construction Supervisor	ERI - Regional Private	\$86,658
	Published Private Average:		<u>\$86,658</u>
	Combined Average:		<u>\$88,266</u>

Town Administrator	\$178,328	\$186,866	-\$8,538	-4.57%
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Manager 195k	Town Manager	Cave Creek	\$200,000
	Deputy City Manager	El Mirage	\$196,709
	Deputy Town Managers	Fountain Hills	\$169,769
		Litchfield Park	-
over multiple depts	County Manager Exec Dir	Maricopa County	\$177,500
Manager 250k		Paradise Valley	-
Deputy City Managers \$217,485 entry		Phoenix	-
	Assistant City Manager	Scottsdale	\$190,351
Deputy City Managers \$172,798-\$230,685		Tempe	-
	Individual Public Average:		<u>\$186,866</u>

Town Clerk	\$112,500	\$114,560	-\$2,060	-1.80%
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Town Clrk / Asst Town Mana	Deputy Town Clerk	Cave Creek	\$94,785
	Division Manager II	El Mirage	\$116,087
	Town Clerk	Fountain Hills	\$148,286
		Litchfield Park	-
	Deputy Director - Clerk of Board	Maricopa County	\$110,750
Clerk 122k-162k		Paradise Valley	-
	Deputy City Clerk	Phoenix	\$127,754
	Deputy City Clerk	Scottsdale	\$100,943
	Deputy City Clerk	Tempe	\$103,319
	Individual Public Average:		<u>\$114,560</u>



Town Engineer	\$112,500	\$122,405	-\$9,905	-8.09%
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	PW Director / Town Engineer (+)	Cave Creek	\$129,374
	Engineer PE	El Mirage	\$104,681
	Town Engineer	Fountain Hills	\$139,057
		Litchfield Park	-
	Engineering Manager	Maricopa County	\$129,000
Town Engineer 128k-170k	Senior Engineer	Paradise Valley	\$106,049
	Engineering Manager	Phoenix	\$117,926
	Principal Civil Engineer	Scottsdale	\$116,875
	Principal Civil Engineer	Tempe	\$110,646
		Individual Public Average:	<u>\$119,201</u>
	Engineering Manager	ERI - Regional Private	\$125,610
		Published Private Average:	<u>\$125,610</u>
		Combined Average:	<u>\$122,405</u>

SALARIES

Department/Title	FY24/25	FY25/26
Administration		
Town Administrator	\$187,245.46	\$195,671.51
Town Clerk/Treasurer	\$115,000.06	\$120,175.06
Accounting/Information Technology/Deputy Clerk	\$106,708.79	\$111,510.69
Communications Coordinator	\$68,250.00	\$71,321.25
Front Desk/Permit Technician	\$52,708.66	\$55,080.55
Community Development		
Planning and Zoning Administrator	\$121,204.36	\$126,658.56
Planning Clerk	\$73,005.82	\$76,291.08
Code Enforcement Officer	\$60,003.84	\$62,704.01
Economic Development Director	\$144,501.74	\$151,004.32
Carefree -Cave Creek Consoidated Municipal Court		
Court Administrator	\$110,000.18	\$114,950.19
Court Clerk	\$60,000.00	\$62,700.00
Public Works		
Town Engineer	\$115,000.08	\$120,175.08
Public Works Supervisor	\$86,850.40	\$90,758.67
Public Works Field Operator	\$55,968.71	\$58,487.30
Public Works Field Operator	\$44,772.00	\$46,786.74
Public Works Foreman	\$60,024.62	\$62,725.73



AUDITOR GENERAL
SCHEDULES A-G



Schedule A

TOWN OF CAREFREE											
SUMMARY SCHEDULE OF ESTIMATED REVENUES AND EXPENDITURES/EXPENSES											
FISCAL YEAR 2026											
Fiscal year		Sch		Funds							
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds
2025	Adopted/adjusted budgeted expenditures/expenses*	E	1	12,902,735	395,360	0	0	0	0	0	13,298,095
2025	Actual expenditures/expenses**	E	2	10,827,055	77,027	0	0	0	0	0	10,904,081
2026	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	12,957,976	293,270	0	0	0	0	0	13,251,246
2026	Primary property tax levy	B	4	0							0
2026	Secondary property tax levy	B	5								0
2026	Estimated revenues other than property taxes	C	6	14,047,926	453,794	0	0	0	0	0	14,501,720
2026	Other financing sources	D	7	0	0	0	0	0	0	0	0
2026	Other financing (uses)	D	8	0	0	0	0	0	0	0	0
2026	Interfund transfers in	D	9	0	0	0	0	0	0	0	0
2026	Interfund Transfers (out)	D	10	0	0	0	0	0	0	0	0
2026	Line 11: Reduction for fund balance reserved for future budget year expenditures										
	Maintained for future debt retirement										0
	Maintained for future capital projects		11								0
	Maintained for future financial stability										0
	Maintained for future retirement contributions										0
											0



2026	Total financial resources available		1 2	27,00 5,902	747,06 4	0	0	0	0	0	27,75 2,966
2026	Budgeted expenditures/expenses	E	1 3	14,04 1,926	465,36 5	0	0	0	0	0	14,50 7,291
				Expenditure limitation comparison					2025	2026	
			1	Budgeted expenditures/expenses					\$ 13,298,095	\$ 14,507,291	
			2	Add/subtract: estimated net reconciling items							
			3	Budgeted expenditures/expenses adjusted for reconciling items					13,298,095	14,507,291	
			4	Less: estimated exclusions					1,087,675	2,465,000	
			5	Amount subject to the expenditure limitation					\$ 12,210,420	\$ 12,042,291	
			6	EEC expenditure limitation or voter-approved alternative expenditure limitation					\$ 12,856,267	\$ 13,220,229	
*****	The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.										
*	Includes expenditure/expense adjustments approved in the <u>current year</u> from Schedule E.										
**	Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.										
***	Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund). See the Instructions tab, cell C17 for more information about the amounts that should and should not be included on this line.										



Schedule B

TOWN OF CAREFREE										
TAX LEVY AND TAX RATE INFORMATION										
FISCAL YEAR 2026										
								2025	2026	
1.	Maximum allowable primary property tax levy. A.R.S. §42-17051(A)						\$		\$	
2.	Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)						\$			
3.	Property tax levy amounts									
A.	Primary property taxes						\$		\$	
	Property tax judgment									
B.	Secondary property taxes									
	Property tax judgment									
C.	Total property tax levy amounts						\$		\$	
4.	Property taxes collected*									
A.	Primary property taxes									
	(1) Current year's levy						\$			
	(2) Prior years' levies									
	(3) Total primary property taxes						\$			
B.	Secondary property taxes									
	(1) Current year's levy						\$			
	(2) Prior years' levies									
	(3) Total secondary property taxes						\$			
C.	Total property taxes collected						\$			
5.	Property tax rates									
A.	City/Town tax rate									
	(1) Primary property tax rate									
	Property tax judgment									
	(2) Secondary property tax rate									
	Property tax judgment									
	(3) Total city/town tax rate									
B.	Special assessment district tax rates									
	Secondary property tax rates—As of the date the proposed budget was prepared, the									
	city/town was operating						special assessment districts for which			
							secondary			
	property taxes are levied. For information pertaining to these special assessment districts									
	and their tax rates, please contact the city/town.									
*	Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.									



Schedule C

TOWN OF CAREFREE				
REVENUES OTHER THAN PROPERTY TAXES				
FISCAL YEAR 2026				
Source of revenues	Estimated revenues	Actual revenues*	Estimated revenues	
	2025	2025	2026	
General Fund				
Local taxes				
Local Sales Tax	\$ 3,334,000	\$ 3,673,687	\$ 3,545,000	
Sales Tax to Fire Fund and Interest	1,667,000	1,786,843	1,772,000	
Licenses and permits				
Building Fees	450,000	526,000	545,000	
Intergovernmental				
State Sales Tax	562,544	561,544	561,396	
State Income Tax	791,824	774,755	724,689	
Vehicle License (County Lieu)	188,483	183,000	197,105	
County and State Grants	405,000	405,160	1,400,000	
Charges for services				
Miscellaneous Income & Donations	15,000	36,524	21,000	
Utility Franchise Tax	300,000	320,000	325,000	
Special Event Revenues	55,000	59,000	75,000	
Town Clerk Sales & Fees	300	300	300	
Town Clerk Misc Sales	200	200	200	
Ambulance Rent Income	40,000	41,000	40,000	
Cable TV Fees	95,000	81,000	85,000	
Rent & Fire Reimburse Fees	13,500			
Court Service Fees	200,346	200,346	207,200	
Fines and forfeits				
Court Fines	110,000	187,000	190,000	
Interest on investments				



	LGIP Interest Earnings	300,000	516,000	500,000
	In-lieu property taxes			
	Contributions			
	Miscellaneous			
	Water Company Lease Payments & Interest	244,764	244,764	244,764
	Water Company Rent	33,000	33,000	33,000
	Cemetery	600	200	200
	Fire Fund Contribution, Interest & Ins Reimb	278,218	236,668	37,595
	Gen. Fund Contribution & Contingency	3,740,116		3,489,677
	CPR Education & Interest	240		5,800
	Water Company Principal Payment	48,000	48,000	48,000
	Total General Fund	\$ 12,873,135	\$ 9,914,991	\$ 14,047,926
*	Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			
	Special revenue funds			
	HURF	\$ 282,602	\$ 283,303	\$ 291,629
	HURF Interest	27,398	5,151	6,631
	HURF Contributions			
		\$ 310,000	\$ 288,454	\$ 298,260
	Court Enhancement	\$ 14,600	\$ 13,002	\$ 14,600
	Municipal JCEF	2,700	2,153	2,500
	Fill the Gap	2,300	1,893	1,920
	AZCARES - COVID-19	35	29	29
	Util. CAP Imp. Fund (SW Gas) & Interest	47,000	42,604	136,485
		\$ 66,635	\$ 59,681	\$ 155,534
	Total special revenue funds	\$ 376,635	\$ 348,135	\$ 453,794
*	Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			



Debt service funds							
			\$		\$		\$
			\$		\$		\$
		Total debt service funds	\$		\$		\$
Capital projects funds							
			\$		\$		\$
			\$		\$		\$
		Total capital projects funds	\$		\$		\$
	*	Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.					
Permanent funds							
			\$		\$		\$
		Total permanent funds	\$		\$		\$
Enterprise funds							
			\$		\$		\$
		Total enterprise funds	\$		\$		\$
	*	Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.					
Internal service funds							
		Total internal service funds	\$		\$		\$
		Total all funds	\$	13,249,770	\$	10,263,126	\$ 14,501,720
	*	Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.					



Schedule D

TOWN OF CAREFREE							
OTHER FINANCING SOURCES/(USES) AND INTERFUND TRANSFERS							
FISCAL YEAR 2026							
		Other financing				Interfund transfers	
		2026				2026	
Fund		Sources		(Uses)		In	(Out)
General Fund							
	\$		\$		\$	\$	
Total General Fund	\$		\$		\$	\$	
Special revenue funds							
	\$		\$		\$	\$	
Total special revenue funds	\$		\$		\$	\$	
Debt service funds							
	\$		\$		\$	\$	
Total debt service funds	\$		\$		\$	\$	
Capital projects funds							
	\$		\$		\$	\$	
Total capital projects funds	\$		\$		\$	\$	
Permanent funds							
	\$		\$		\$	\$	
Total permanent funds	\$		\$		\$	\$	
Enterprise funds							
	\$		\$		\$	\$	
Total enterprise funds	\$		\$		\$	\$	
Internal service funds							
	\$		\$		\$	\$	
Total Internal Service Funds	\$		\$		\$	\$	
Total all funds	\$		\$		\$	\$	



Schedule E

TOWN OF CAREFREE									
EXPENDITURES/EXPENSES BY FUND									
FISCAL YEAR 2026									
			Adopted budgeted expenditures/ expenses		Expenditure/ expense adjustments approved		Actual expenditures/ expenses*		Budgeted expenditures/ expenses
	Fund/Department		2025		2025		2025		2026
General Fund									
	Mayor & Council	\$	26,187	\$		\$	19,649	\$	26,800
	Town Clerk		394,257				409,459		437,442
	Court		331,662				333,458		425,445
	Administration		659,265				663,343		619,451
	Claims and Losses		10,000				100		10,000
	Legal		160,000				134,590		225,000
	Insurance		125,000				119,196		130,000
	Communications		252,961				223,484		233,119
	Planning and Development		505,097				321,606		494,100
	Building and Safety		291,700				318,043		291,600
	Law Enforcement		792,153				773,128		767,500
	Code Enforcement		71,616				93,088		121,947
	Engineering Services		292,676				111,350		219,722
	Public Works		990,386				782,287		1,208,346
	Capital Improvement Program		5,052,000				4,230,962		5,765,000
	33 Easy St		36,850				38,712		41,905
	Economic Development		237,728				194,088		271,516
	Contingencies		500,000						500,000
	Fire Fund		1,936,198				1,823,511		1,809,595
	Fire Service Gen Fund		237,000				237,000		443,438
	Total General Fund	\$	12,902,735	\$		\$	10,827,055	\$	14,041,926
Special revenue funds									
	HURF Streets Maintenance	\$	310,000	\$		\$	51,127	\$	298,260
	Cemetery		23,120				15,900		10,000
	CPR Education		240						6,000
	Util. Cap Improvement Fund		47,000						136,485
	Court Enhancement		10,000				10,000		10,000
	Muni JCEF		2,700						2,700
	Fill the Gap		2,300						1,920
	AZ CARES - COVID-19								



	Total special revenue funds	\$	395,360	\$		\$	77,027	\$	465,365
	Debt service funds								
		\$		\$		\$		\$	
	Total debt service funds	\$		\$		\$		\$	
	Capital projects funds								
		\$		\$		\$		\$	
	Total capital projects funds	\$		\$		\$		\$	
	Permanent funds								
	Total permanent funds	\$		\$		\$		\$	
	Enterprise funds								
	Total enterprise funds	\$		\$		\$		\$	
	Internal service funds								
	Total internal service funds	\$		\$		\$		\$	
	Total all funds	\$	13,298,095	\$		\$	10,904,081	\$	14,507,291
*	Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.								



Schedule F

TOWN OF CAREFREE						
EXPENDITURES/EXPENSES BY DEPARTMENT						
FISCAL YEAR 2026						
		Adopted budgeted expenditures/ expenses	Expenditure/ expense adjustments approved		Actual expenditures/ expenses*	Budgeted expenditures/ expenses
Department/Fund		2025	2025		2025	2026
General Fund						
Mayor and Council	\$	26,187	\$		\$ 19,649	\$ 26,800
Town Clerk		394,257			409,459	437,442
Town Court		331,662			333,458	425,445
Town Administration		659,265			663,343	619,451
Claims and Losses		10,000			100	10,000
Legal		160,000			134,590	225,000
Risk Management		125,000			119,196	130,000
Communications		252,961			223,484	233,119
Planning and Development		505,097			321,606	494,100
Building and Safety		291,700			318,043	291,600
Law Enforcement		792,153			773,128	767,500
Code Enforcement		71,616			93,088	121,947
Engineering Services		292,676			111,350	219,722
Public Works Dept (General)		990,386			782,287	1,208,346
33 Easy St		36,850			38,712	41,905
Capital Improvement Program		5,052,000			4,230,962	5,765,000
Fire General Fund		237,000			237,000	443,438
Economic Development		237,728			194,088	271,516
Contingencies		500,000				500,000
Department total	\$	10,966,537	\$		\$ 9,003,544	\$ 12,232,331
List department:						
Other Funds						
Court Enhancement	\$	10,000	\$		\$ 10,000	\$ 10,000
Municipal JCEF		2,700				2,700
Fill the GAP		2,300				1,920
HURF		310,000			51,127	298,260
Cemetery		23,120			15,900	10,000
Fire Fund		1,936,198			1,823,511	1,809,595
CPR Education		240				6,000
AZCARES - COVID-19 Fund						
Util. Cap Imp Fund		47,000				136,485

[illegible]



Schedule G

TOWN OF CAREFREE							
FULL-TIME EMPLOYEES AND PERSONNEL COMPENSATION							
FISCAL YEAR 2026							
		Full-time equivalent (FTE)	Employee salaries and hourly costs	Retirement costs	Healthcare costs	Other benefit costs	Total estimated personnel compensation
Fund		2026	2026	2026	2026	2026	2026
General Fund		16	\$ 1,636,435	\$ 196,372	\$ 200,018	\$ 146,017	\$ 2,178,842
Special revenue funds							
			\$	\$	\$	\$	\$
Total special revenue funds			\$	\$	\$	\$	\$
Debt service funds							
			\$	\$	\$	\$	\$
Total debt service funds			\$	\$	\$	\$	\$
Capital projects funds							
			\$	\$	\$	\$	\$
Total capital projects funds			\$	\$	\$	\$	\$
Permanent funds							
			\$	\$	\$	\$	\$
Total permanent funds			\$	\$	\$	\$	\$
Enterprise funds							
			\$	\$	\$	\$	\$
Total enterprise funds			\$	\$	\$	\$	\$



Internal service funds												
			\$		\$		\$		\$		\$	
	Total internal service fund		\$		\$		\$		\$		\$	
	Total all funds	16	\$	1,636,435	\$	196,372	\$	200,018	\$	146,017	\$	2,178,842