FY2027 Proposed Budget

Council Budget Work Sessions
April 13-15, 2025 (as needed)

Agenda

April 13-15, 2026 (continuation as needed)

- Overview and Big Picture Status
- Individual Fund Summaries
- CIP Budgets
- Supplemental Requests
- Departmental Base Budgets
- Wrap-up discussion, as needed

Work Session Goals

Ensure Council understands what is proposed in the Budget

- **Legal Requirement**: No expenditure can be made for a purpose not authorized in the Adopted Budget.

Determine amount of budget cap

- **Legal Requirement:** Adoption of Tentative Budget sets the maximum expenditure for the final budget adoption.(1)

Discuss the Town's financial capacity for addressing priorities

- **Legal Requirement**: Adopted Budget must be balanced.

Provide direction regarding desired changes

(1) Voters approved Home Rule in August 2024 and is effective through FY2029.

Proposed FY2027 Overall Budget Structure

Base Budget

- Operating budget
- FY2026 adopted budget as baseline
- Current programs and service levels

Supplemental Requests

- Operating budget
- New programs and/or enhanced service levels
- Forms include justification for requests

Capital Improvement Plan (CIP) Projects

- Acquisition, construction, or extension of useful life of capital assets
- Studies leading to activities fitting the definition of a CIP project
- Costs exceeding $100,000
- Capital asset useful life of 3 years or more

Layout of Budget Books

List of Supplemental Requests (large size in front pocket)

Overall and Fund Summaries

- Fund Summary (pg Overall-1)
- All Funds (pg Overall-2)
- Summary of Overall Budget Changes (pg Overall-3)
- Individual Funds (pgs Overall-4 through Overall-12)
- Personnel Schedule (pgs Overall-13 through Overall-15)

CIP Budgets

- FY2027 – FY2031 Capital Improvement Project List by Major Program (pgs CIP-1 through CIP-3)
- CIP Project Detail Sheets (pgs CIP-4 through CIP-57)

Layout of Budget Books

Supplemental Requests

- Supplement Requests List (pg SUPP-1)
- Individual Supplemental Requests (pg SUPP-2 through SUPP-30)

Departmental Budgets (in order of planned discussions)

- Narratives including accomplishments, goals, and performance measures
- Base Budget expenditure summaries
- Base Budget FTEs

Budget vs. Forecast

Budget	Forecast
• Legally required • Adopted by Council • Sets a cap for expenditures • Establishes a plan at maximums • Contracts still come to Council for approval	• Planning and decision-making tool • Not adopted • Scenario options and assumptions • Traditionally start with status quo • Effect of potential decisions

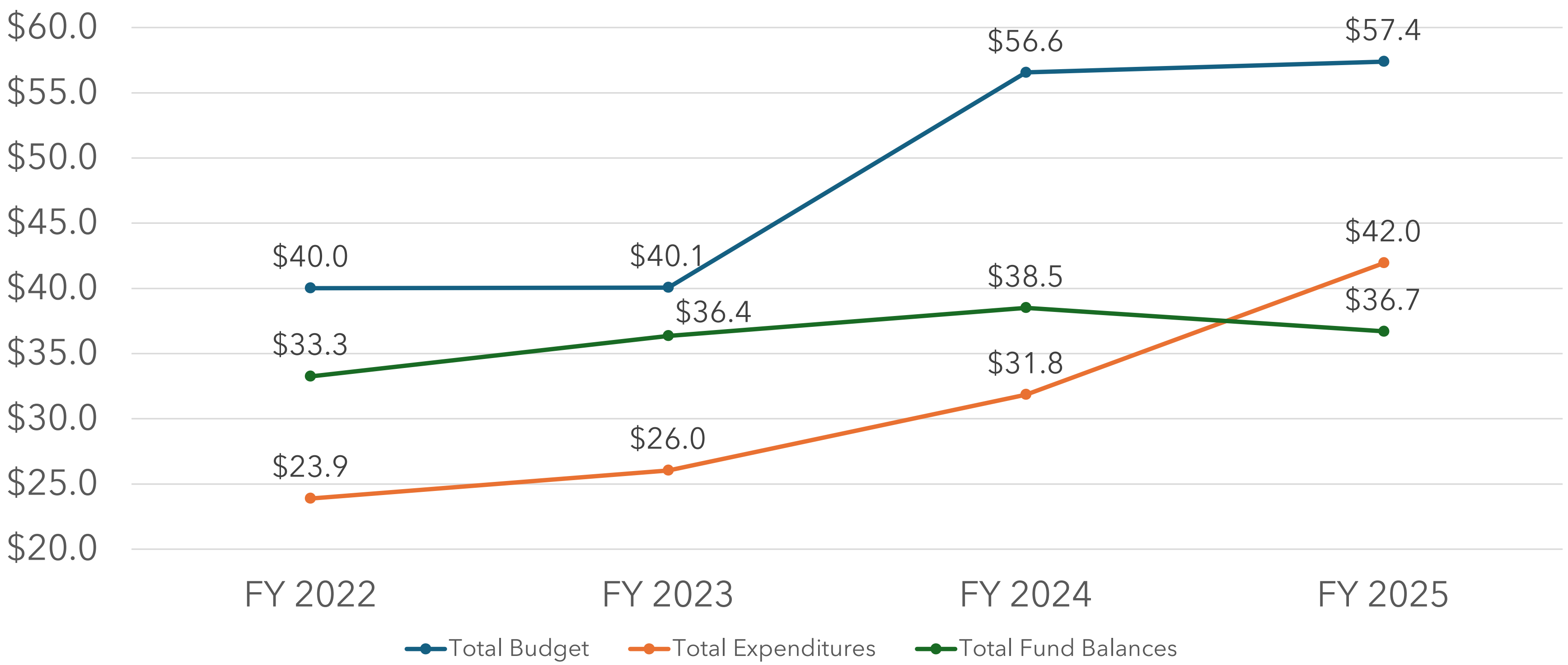
Overall Proposed Budget

Proposed FY 2027 Budget Numbers

(in Millions)
(pg. Overall-2)

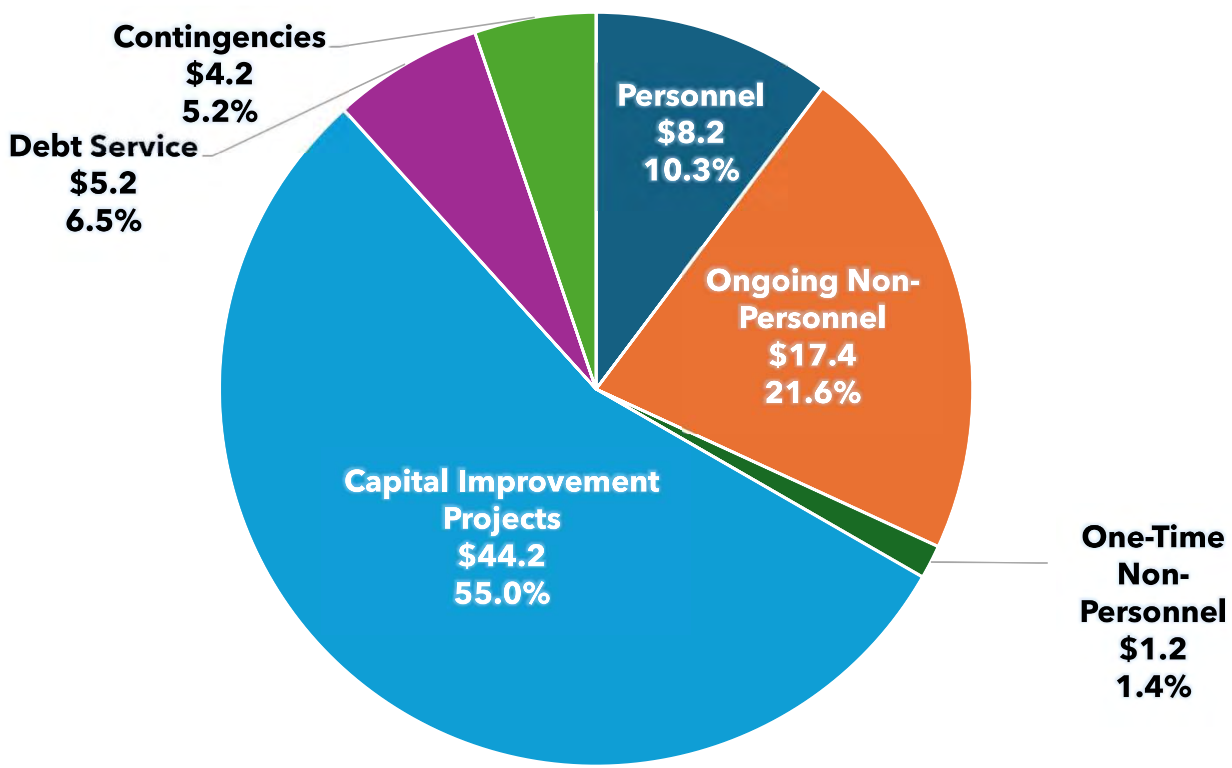
All Funds	FY 2026 Budget	FY 2026 Estimates	FY 2027 Prelim Base	FY 2027 Suppl.	FY 2027 Prelim Total
Estimated July 1 Fund Balances	$ 31.8	$ 36.7	$ 38.0		$ 38.0
Estimated Revenues	38.1	27.3	35.7		35.7
Estimated Other Financing Sources	30.5	11.9	24.3		24.3
Less Estimated Reserves as of June 30	(17.8)	(25.9)	(13.0)		(13.0)
Total Resources Available	**$ 82.5**	**$ 55.6**	**$ 85.0**		**$ 85.0**
Estimated Expenditures	(75.6)	(43.6)	(79.6)	$ (0.9)	(80.4)
Excess Resources Available	**$ 6.9**	**$ 12.0**	**$ 5.4**		**$ 4.6**
Estimated Total June 30 Fund Balances	**$ 24.7**	**$ 38.0**	**$ 18.4**		**$ 17.5**

Historical Budget vs. Actual Expenditures, Fund Balances – All Funds



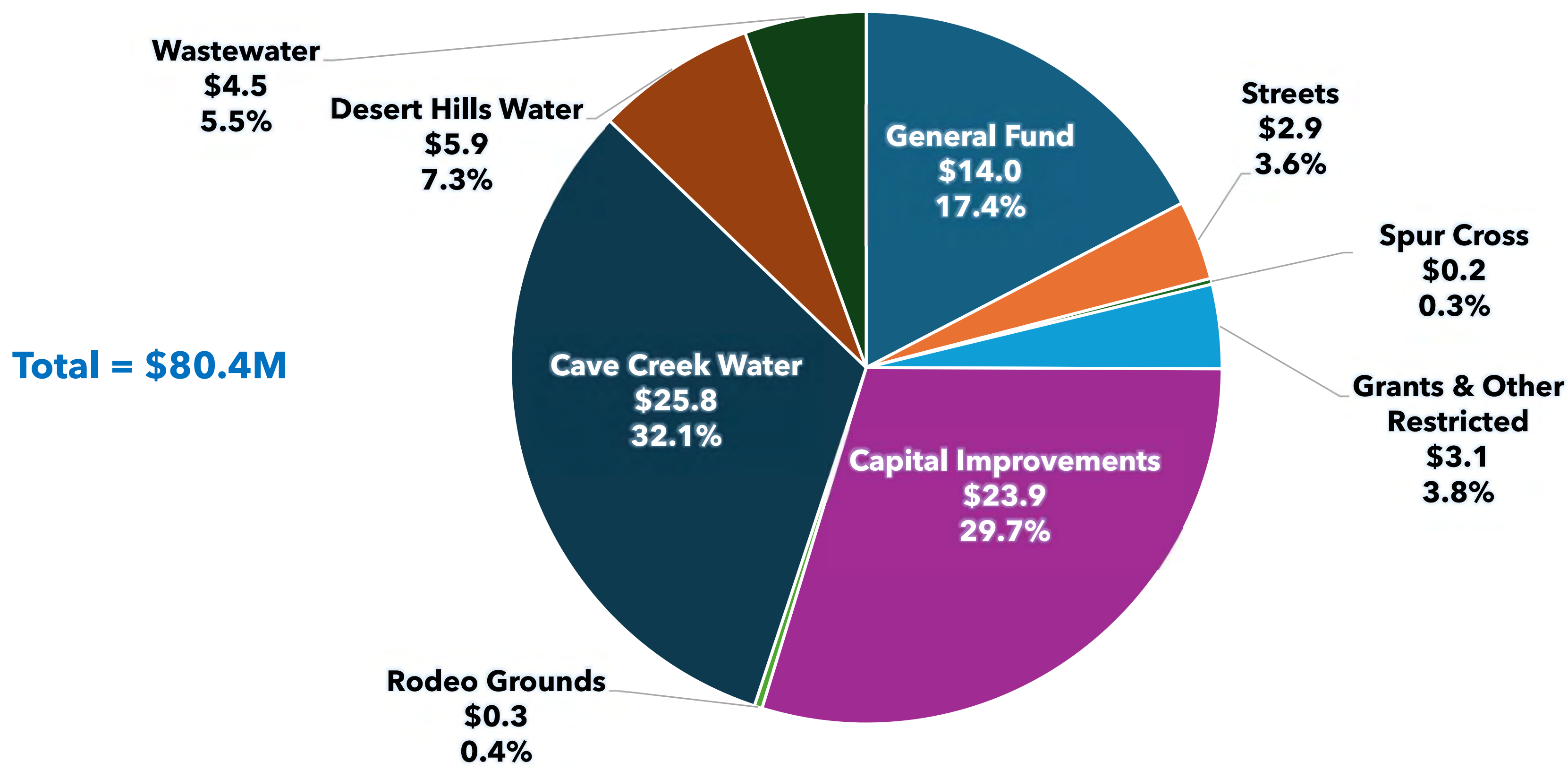
FY 2027 Proposed Budgeted Expenditures by Type
(in millions)

Total = $80.4M



FY 2027 Proposed Budgeted Expenditures by Fund

(in millions)
(Overall-1)

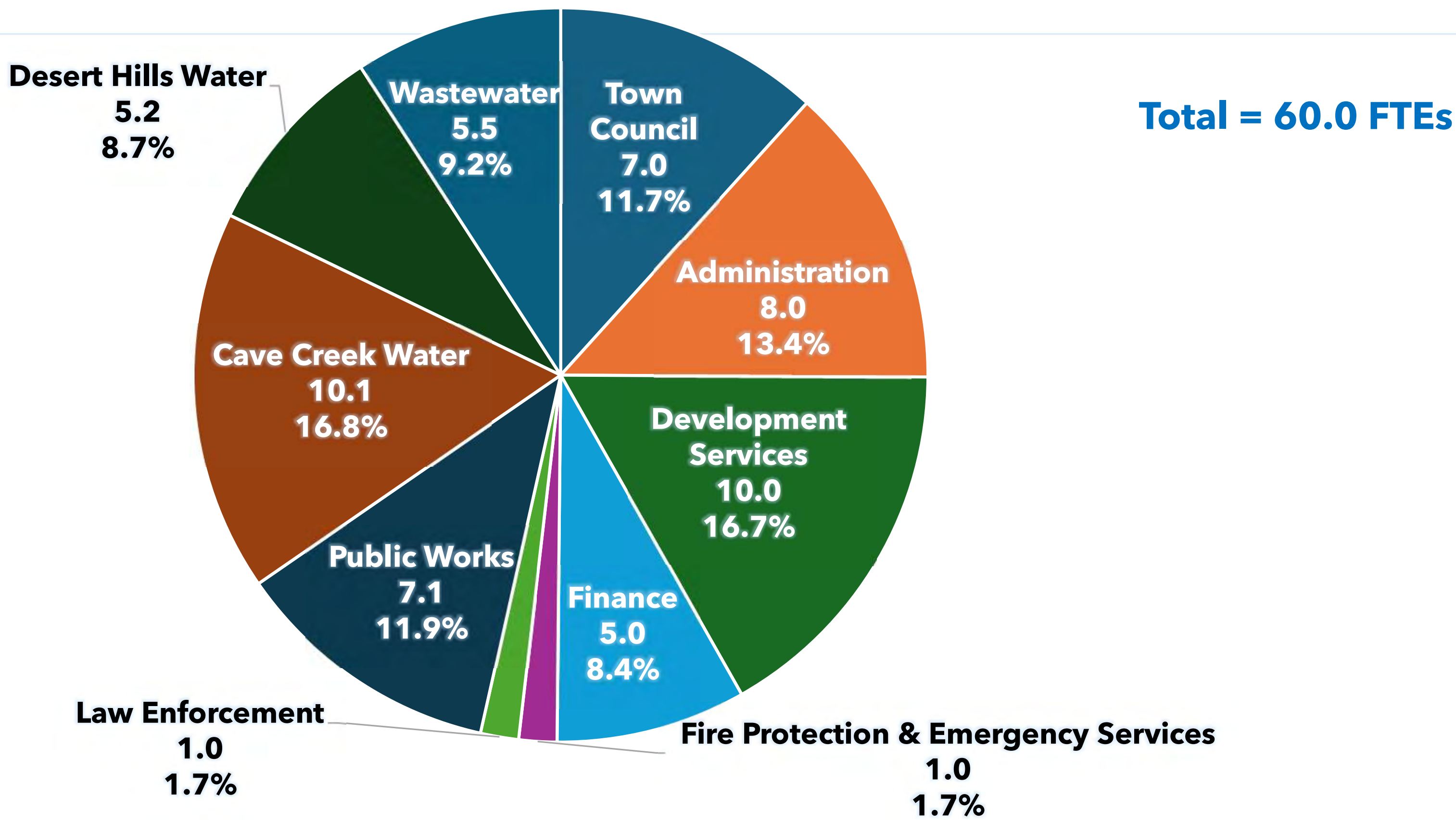


Proposed Expenditure Budget Comparison (pg. Overall-3)

	Operating Budget	CIP Budget	Total
FY2026 Original Adopted	**$37,205,543**	**$38,416,004**	**$75,621,547**
Significant Changes:			
Incr. in CCW CIP projects (placeholder – new water resources)		3,839,990	3,839,990
Decr. for PY one-time grant funded pavement mgmt. projects	(1,354,000)		(1,354,000)
Decr. in placeholder for potential State Land acq.		(3,557,994)	(3,557,994)
Incr. in placeholder for Town Hall remodel/expansion		5,270,000	5,270,000
Incr. in Fire non-personnel ongoing costs (3%)	145,549		145,549
Decr. for PY Fire one-time costs (50% share of regional station added)	(781,249)		(781,249)
Supplemental requests	859,000		859,000
Incr. in personnel costs (total 4% incr., incl. incr. in health insurance rates)	331,005		331,005
Decr. in debt service (WW Series 2021 & CAP water agreement paid off, offset by Utilities Series 2025)	(358,410)		(358,410)
Other miscellaneous changes	132,392	280,540	312,642
FY2027 Proposed Budget	**$36,179,830**	**$44,248,540**	**$80,428,270**
% Change	**-3%**	**15%**	**6%**

FTEs

(Overall-13 through Overall-15)



Staff Turnover

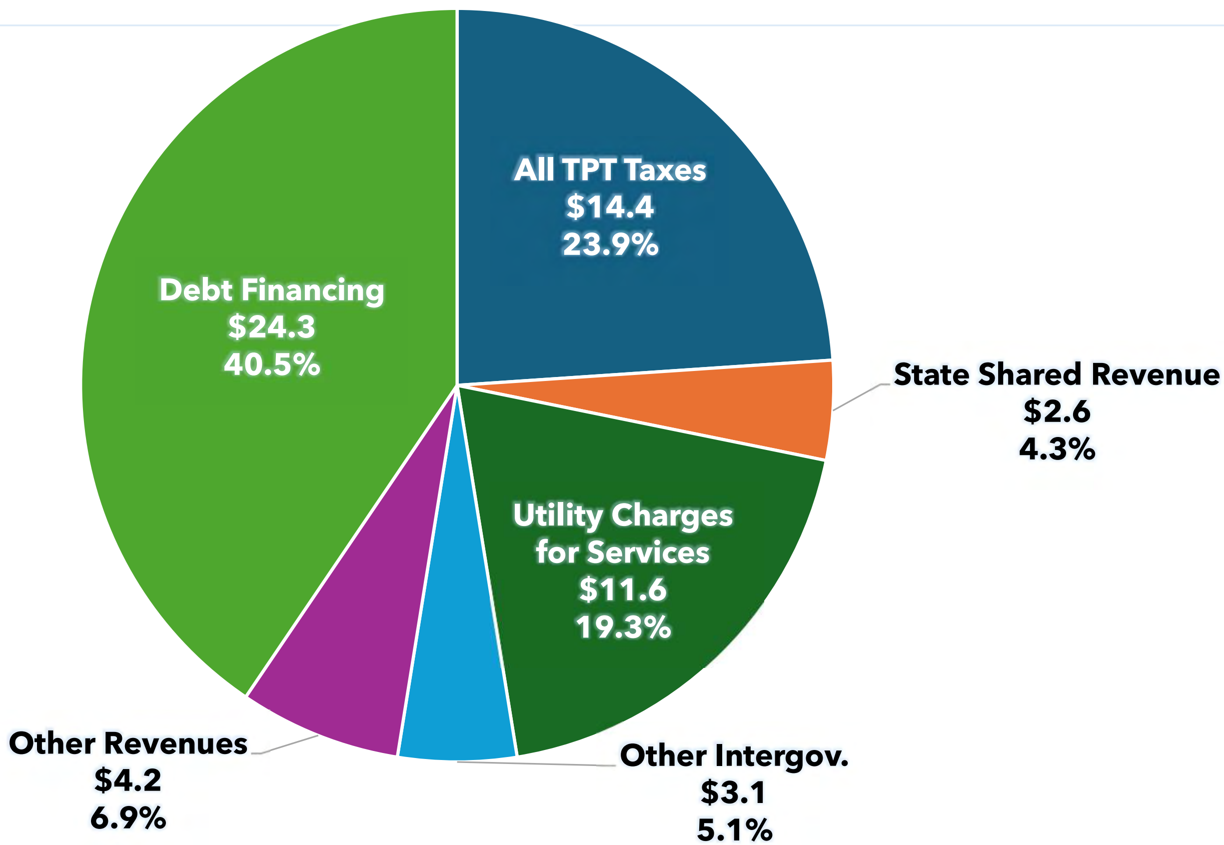
Fiscal Year	% Turnover
FY2021	30%
FY2022	16%
FY2023	36%
FY2024	16%
FY2025	12%
FY2026 to date	17%

Payroll Assumptions

- Cost-of-living adjustment = 3.0%
  - Averages – vacancies, performance, 6 mos to be eligible
- Merit adjustment = average 2.5%
- Health insurance increase= 9.5%
- Vacancy savings offset = $250k

FY 2027 Proposed Budgeted Revenues/Other Sources by Type (in millions)

Total = $60.0M



TPT Revenue Assumptions

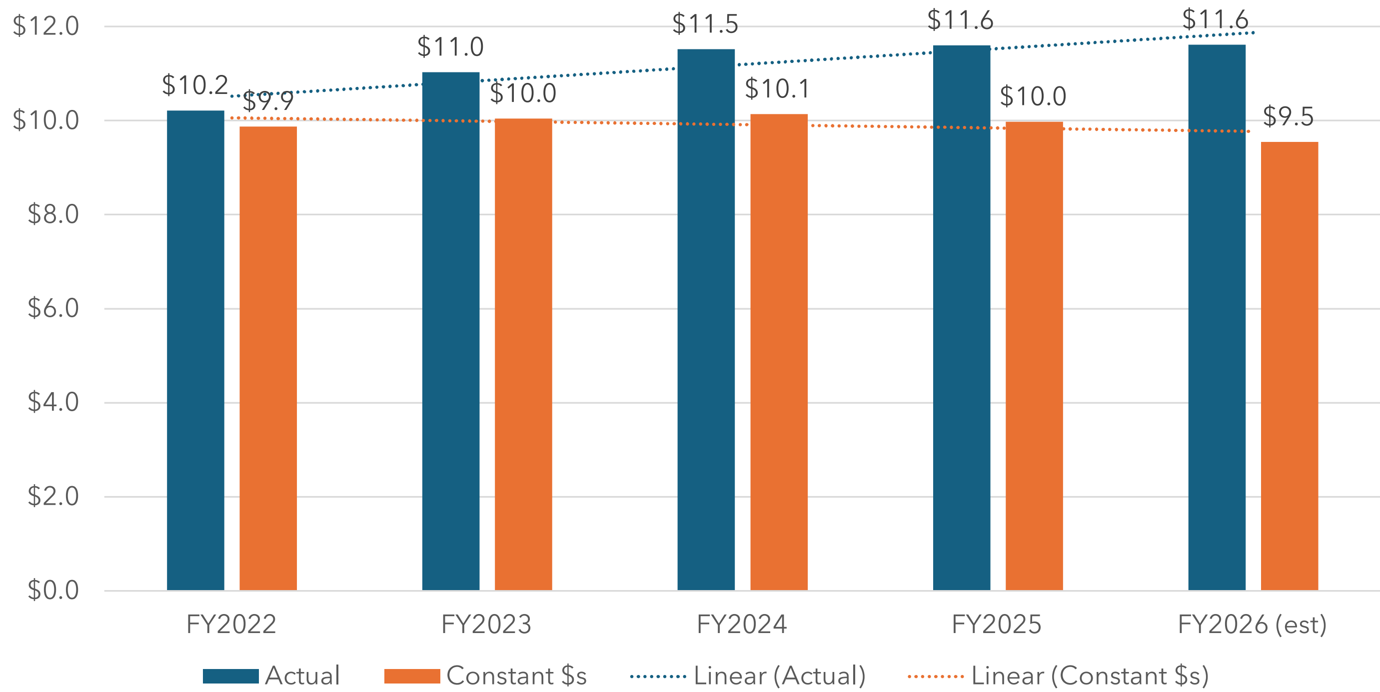
(in thousands)
(Overall-2)

	FY2026 Budget Projections	FY2026 Estimate	FY 2027 Projection
Town Sales Tax	2% incr.	1% incr.	1% incr.
Bed Tax	flat	2.8% incr.	0.6% incr.
Construction Sales Tax	flat	12% decr.	flat

	FY2026 Budget	FY2026 Estimate	FY2027 Budget
Town Sales Tax	$11,946	$11,379	$11,491
Bed Tax	$228	$236	$238
Construction Sales Tax	$2,451	$2,641	$2,641

- Tourism down from prior years
- Residential rental ended Dec 2024
- 2% increase in Hotel TPT rate eff. Feb 2026
- 1% increase in Bed Tax rate eff. Feb 2026
- If approved in Nov 2026 election, food tax grandfathered at 3%

Historical TPT Revenues – without Construction
(in millions)



- Constant $s based on July 2021 CPI
- Assumes CPI remains flat at 2.7% for remainder of FY2026

State Shared Revenue Assumptions

(in thousands)
(Overall-2)

	FY2026 Budget Projections	FY2026 Estimate	FY 2027 Projection
State Sales Tax	1% incr.	0.7% incr.	1% incr.
Urban Revenue Sharing	6% decr.	8% decr.	8% incr.
Vehicle License Tax	flat	3.5% incr.	3% incr.
Highway User Tax	1% incr.	0.1% decr.	1.6% decr.

	FY2026 Budget	FY2026 Estimate	FY2027 Budget
State Sales Tax	$795	$796	$804
Urban Revenue Sharing	$1,025	$1,009	$1,090
Vehicle License Tax	$267	$276	$284
Highway User Tax	$390	$386	$390

- Used State projected increase %s
- Includes est. losses for San Tan Valley incorporation – state sales tax -$11k, HURF -$2k, state income tax -$13.5k
- Includes est. losses for conformity with OBBB – approx. $66k

Utility Revenue Assumptions

(in thousands)
(Overall-9 through Overall-11)

	FY2026 Budget Projections	FY2026 Estimate	FY 2027 Projection
Cave Creek Water	5% incr.	10% decr.	5% incr.
Desert Hills Water	6% incr.	8% decr.	6% incr.
Wastewater	6% incr.	1% decr.	6% incr.

	FY2026 Budget	FY2026 Estimate	FY2027 Budget
Cave Creek Water	$6,192	$5,600	$5,900
Desert Hills Water	$4,087	$3,759	$3,978
Wastewater	$1,605	$1,588	$1,679

- Water usage down – weather, AMI meters
- Assumed continued decrease in water usage
- Decreased approx. $68k for accounts to be transferred to City of Phoenix

Fund Summaries

Governmental Fund Accounting[1]

Town of Cave Creek Funds

- **Governmental**
  - 1. General Fund
  - Special Revenue Funds
    - 2. Streets Fund
    - 3. Grants/Other Restricted Fund
    - 4. Spur Cross Fund
  - Capital Projects Funds
    - 5. Capital Improvements Fund
- **Proprietary**
  - Enterprise Funds
    - 6. Wastewater Fund
    - 7. Cave Creek Water Fund
    - 8. Desert Hills Water Fund
    - 9. Rodeo Grounds Fund

[1] Accounting structure to demonstrate independent accountability over specific resources

Ongoing vs. One-Time

Ongoing

Expenditures

- Typically occurring every year

Revenues

- Typically received every year

One-Time

Expenditures

- Not made annually
- Capital outlay costs
- One-time studies
- Debt costs

Revenues

- Not received annually
- Significant construction related revenues – permit fees, capacity fees, etc.
- Non-recurring grants/donations

General Fund Ongoing Resources vs. Ongoing Costs

(in Thousands)
(pg. Overall-4)

	Ongoing Resources
Ongoing revenues	$ 14,326
Ongoing transfers from Spur Cross	1,499
Total	**$15,825**

	Ongoing Costs
Ongoing expenditures	$ 12,306
Ongoing transfers to Streets Fund	2,019
Ongoing transfers to Trails Fund	116
Total	**$14,441**

Net Ongoing = $1,384k

General Fund One-Time Uses

(in Thousands)
(pg. Overall-4)

	One-Time
Placeholders for contingencies	$ 1,350
Supplementals	244
Miscellaneous one-time	57
One-time Streets transfer	500
Wastewater subsidy	2,165
Cave Creek Water subsidy	2,853
One-time Rodeo transfer	130
Offset by one-time revenues	(1,101)
Net	**$6,198**

	w/o Utilities Subsidies
Net ongoing	$ 1,384
Net one-time	(1,180)
Net accumulation	**$ 204**

	w/ Utilities Subsidies
Net ongoing	$ 1,384
Net one-time	(6,198)
Net reduction	**$(4,814)**

General Fund Reserves/Restricted Balances
(pg. Overall-4)

Operating Reserve - $3.1M
- Based on 25% of operating expenditures

Operating Reserves for Other Funds - $3.3M
- Streets, Utilities, Rodeo Grounds

Equipment Replacement Reserve - $86k
- Annual allocation of 1 year of useful life of IT equipment

Reserve for SW Gas capital - $8k
- Estimated balance in “Capital Expenditures Fund” as of June 30

Reserve for Desert Hills Water Loan - $596k
- Estimated negative cash balance as of June 30

Balance available after reserves - $5.6M

General Fund Budget Carryovers

(pg. Overall-4)

General Government - $30.5k

- Professional services for utilities IFB - $28.5k
- 40th anniversary - $2k

Public Works - $90k

- Match for MAG grant

Streets Fund
(pg. Overall-5)

Operating Reserve to be built up over time with excess budgeted transfers

- Estimated $355k as of 6/30/2026
- Additional $224k as of 6/30/2027 covered by General Fund

Requires transfer from General Fund - $2.5M

Spur Cross Ranch Conservation Fund
(pg. Overall-6)

- Balance after annual maint. costs = $2.0M
- $500k to Capital Improvements Fund for open space
- Balance to General Fund - $1.5M

Grants & Other Restricted Fund
(pg. Overall-7)

- Lottery funding for Foothills Caring Corp
- Prop 207 Smart & Safe funding
- Opioid settlement fund
- Contingencies for unknown grants - $3M

Capital Improvements Fund Transfers & Funding Sources
(pg. Overall-8)

Open Space Acquisition Fund rolled into CIP Fund

- CIP project assumes balance of $1.6M to be spent

Other funding for Open Space Acquisition

- Debt financing - $12.3M
- Donations and other funding $1.0M
- Annual Spur Cross transfer - $1.0M

Half of construction sales tax revenue - $1.3M

Capital Improvements Fund Reserves
(pg. Overall-8)

Equipment Replacement Reserve - $1.5M

- Annual allocation of 1 year of useful life of vehicles/heavy equipment
- Includes replacement of engines, water tanker, and brush truck for Station #1 and Regional Station #144 in 10 years

Capital Reserve - $1.6M

- With projected annual revenues, exceeds projected CIP costs for FY2028

Cave Creek Fund Ongoing Resources vs. Ongoing Costs
(in Thousands)
(pg. Overall-9)

	FY2027 Proposed
Ongoing revenues	$ 6,016
Ongoing expenditures	4,974
Net ongoing	**$1,043**
Debt service	2,826
Net after debt service	**$(1,783)**

- Requires $12.0M of debt financing for new water resources and $2.9M transfer from General Fund to help cover CIP, debt service costs, debt service reserve requirements, and equipment replacement reserve
- Would require cumulative rate increase of 30% to cover $1.8M difference
- Would require cumulative rate increase of 48% to eliminate $2.9M General Fund subsidy

Cave Creek Water Fund Reserves

(pg. Overall-9)

Equipment Replacement Reserve - $119k

- Annual allocation of 1 year of useful life of vehicles/heavy equipment

Debt Service Reserve - $1.7M

- Will require ability to demonstrate future 1.5x coverage to release

Operating Reserve - $0

- 3 months operating expenditures = $1.2M
- Covered by General Fund

Cave Creek Water Fund Budget Carryovers
(pg. Overall-9)

- Set-up of water conservation program- $50k

Desert Hills Fund Ongoing Resources vs. Ongoing Costs
(in Thousands)
(pg. Overall-10)

	FY2027 Proposed
Ongoing revenues	$ 4,018
Ongoing expenditures	3,401
Net ongoing	**$ 617**
Debt service	912
Net after debt service	**$(295)**

- Requires cumulative $596k cash loan from General Fund to help cover debt service, other one-time costs, equipment replacement reserve and ongoing cash deficits
- Would require cumulative rate increase of 7% to cover $295k difference
- Would require cumulative rate increase of 15% to eliminate $596k General Fund cash loan

Desert Hills Water Fund Reserves

(pg. Overall-10)

Equipment Replacement Reserve - $11k

- 1 year of useful life allocation of vehicles/heavy equipment

Capital Reserve - $19k

- Remaining unspent portion of Series 2025 debt proceeds

Debt Service Reserve - $467k

- Will require ability to demonstrate future 1.5x coverage to release

Operating Reserve - $0

- 3 months operating expenditures = $850k
- Would require additional General Fund cash loan

Desert Hills Water Fund Budget Carryovers
(pg. Overall-10)

Set-up of water conservation program- $50k

Wastewater Fund Ongoing Resources vs. Ongoing Costs
(in Thousands)
(pg. Overall-11)

	FY2027 Proposed
Ongoing revenues	$ 1,691
Ongoing expenditures	2,199
Net ongoing	**$ (508)**
Debt service	1,453
Net after debt service	**$(1,960)**

- Requires $2.2M transfer from General Fund to help cover CIP, debt service costs, operating costs, and equipment replacement reserve
- Would require cumulative rate increase of 30% to cover $508k net ongoing
- Would require cumulative rate increase of 117% to cover $2.0M difference
- Would require cumulative rate increase of 129% to eliminate $2.2M General Fund subsidy

Wastewater Fund Reserves

(pg. Overall-11)

Equipment Replacement Reserve - $59k

- Annual allocation of 1 year of useful life of vehicles/heavy equipment

Capital Reserve - $800k

- Remaining unspent portion of Series 2025 debt proceeds

Operating Reserve - $0

- 3 months operating expenditures = $550k
- Covered by General Fund

Rodeo Grounds Fund Ongoing Resources vs. Ongoing Costs
(in Thousands)
(pg. Overall-12)

	FY2027 Proposed
Ongoing revenues	$ 44
Ongoing expenditures	161
Net ongoing	**$(116)**

- Requires $246k transfer from General Fund to help cover CIP and ongoing costs

April 8th Public Information Meeting

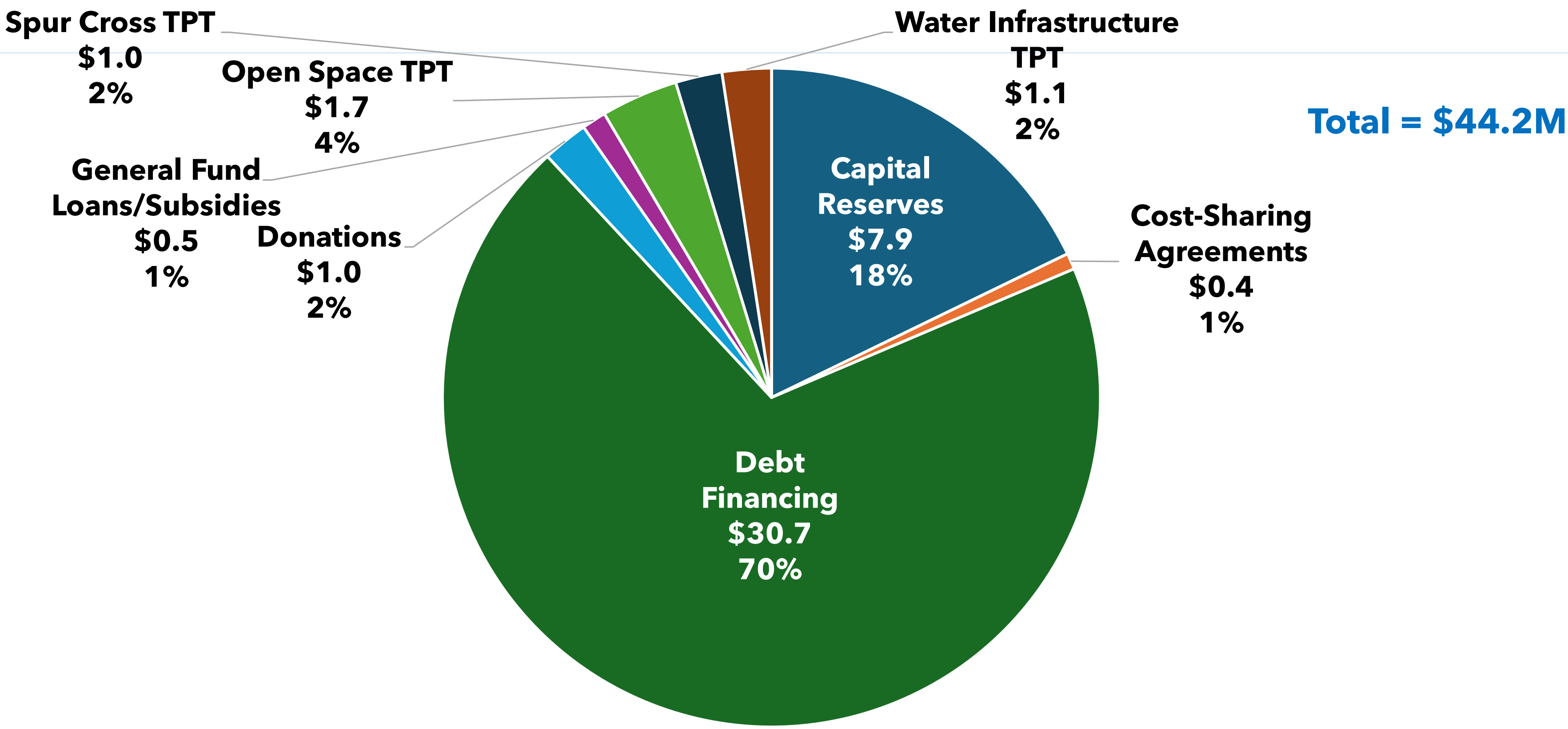
- Presented Preliminary Budget and historical budget information
- Discussed budget structure
- Lists of Supplemental Requests and CIP Projects
- Citizen Recommendations
  - Increase grant contingency from $3M to $4M
  - Greater awareness of public information meetings

CIP Budgets

CIP Projects – FY 2027 Portion
(in Millions)

Fiscal Year	Number of Projects	Budget
Cave Creek Water	17	$18.1
Land Acquisition	1	16.0
Municipal Facilities	2	6.3
Desert Hills Water	5	1.4
Streets	5	1.0
Wastewater	4	0.7
Fleet Replacement Program	1	0.6
Rodeo Grounds	1	0.1
Technology	1	0.1
	37	**$44.2**

FY2027 CIP Funding Sources
(in millions)

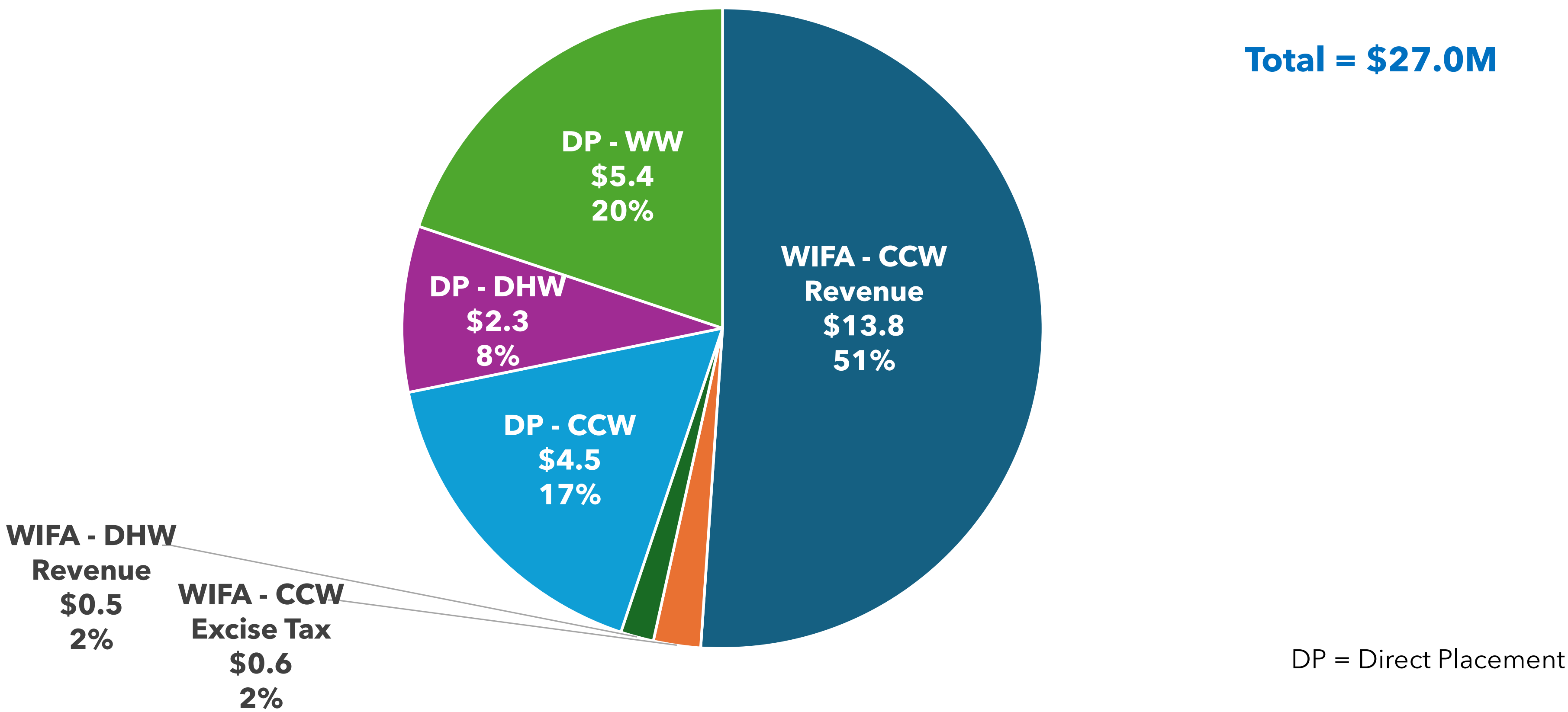


Preliminary New Debt Amounts – FYs 2027-2031

(in thousands)
(CIP-3)

	New Debt	Estimated Debt Service	Revenue Offset	Net
Capital Improvements Fund	$ 12,318	$ 700	$ 500	$ 200
Cave Creek Water Fund	39,426	2,999	-	2,999
Desert Hills Water Fund	8,162	712	-	712
Wastewater Fund	6,525	744	-	744
Totals	**$66,158**	**$5,155**	**$500**	**$4,655**

Outstanding Debt as of July 1, 2026 – Utility Funds
(in millions)



Outstanding Debt as of July 1, 2026
Cave Creek Water

Debt Issuance	Remaining Payment Dates	Interest Rate	Remaining Principal	Remaining Interest	Status
WIFA 2007A	7/1/2027	3.604%	$ 844,258	$ 30,427	**Recommendation:** Pay early using debt service reserves
WIFA 2007B	7/1/2027	3.604%	639,359	23,042	**Recommendation:** Pay early depending on interest rates
WIFA 2008	7/1/2027-2028	3.038%	709,481	32,492	Eligible to pay early
WIFA 2011	7/1/2027-2030	2.625%	346,079	23,006	Eligible to pay early
WIFA 2024	7/1/2027-2053	2.967%	11,892,422	5,558,302	Eligible to pay early
DP Series 2025	7/1/2029-2040	3.975%	4,500,000	1,613,731	Callable 7/1/2030 101% Callable 7/1/2032 100%

Outstanding Debt as of July 1, 2026
Desert Hills Water

Debt Issuance	Remaining Payment Dates	Interest Rate	Remaining Principal	Remaining Interest	Status
WIFA 2007	7/1/2027	3.519%	$ 450,730	$ 15,861	**Recommendation:** Pay early using debt service reserves
DP Series 2021	7/1/2027-2028	1.18%	758,000	13,440	Eligible to be prepaid
DP Series 2025	7/1/2029-2035	3.975%	1,500,000	367,767	Callable 7/1/2030 101% Callable 7/1/2032 100%

Outstanding Debt as of July 1, 2026 Wastewater

Debt Issuance	Remaining Payment Dates	Interest Rate	Remaining Principal	Remaining Interest	Status
DP Series 2021B	7/1/2027-2029	1.25%	$4,106,000	$ 103,075	Eligible to be called without premium
DP Series 2025	7/1/2029-2035	3.975%	1,250,000	306,353	Callable 7/1/2030 101% Callable 7/1/2032 100%

Pledged Revenue Coverage
(ACFR pg. 85)

	FY25 Coverage
Desert Hills WIFA Loans	2.95
Cave Creek WIFA Loans	3.47
Excise Tax WIFA Loans and Direct Placement Obligations	6.69

CIP Prioritization

Priority I: IMPERATIVE (Must-Do) – Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequences.

- Corrects a condition dangerous to public health or safety
- Satisfies a legal obligation
- Alleviates an emergency service disruption or deficiency
- Prevents irreparable damage to a valuable public facility
- If the project can be delayed, it is most likely not Priority I.

Imperative CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Carryover Projects:						
Rodeo Grounds electrical service upgrade (pg. CIP-7)	GF subsidy	$130	$ -	$ -	$ -	$ -
Phoenix Water Interconnect (pg. CIP-18)	Wtr Infra. TPT	550	-	-	-	-
CCW WTP upgrades & impr. (pg. CIP-19)	Debt/GF sub.	325	-	-	-	-
CCW well rehab program (pg. CIP-20)	Debt	500	-	-	-	-
CCW 38th St booster repl.[(1)] (pg. CIP-22)	Debt	500	-	-	-	-
CCW Pressure Zone 9 fire booster[(2)] (pg. CIP-23)	Wtr Infra./ Cost Share	869	-	-	-	-
CCW CAP booster station/pipeline upgrades[(3)] (pg. CIP-24)	Debt	350	250	-	-	-
CCW water system impr. program (ongoing) (pg. CIP-26)	Debt	150	150	150	150	150
Bartlett Dam new storage volume[(4)] (pg. CIP-27)	Debt/GF sub.	44	5,750	5,750	-	-
CCW rebuild Zone 6 PRV/repl. 2" waterline (pg. CIP-29)	Debt	232	-	-	-	-
CCW Neary booster pumps[(5)] (pg. CIP-37)	Debt	250	-	-	-	-

(1) Additional appropriation of $19k – staff capacity delays.
(2) Additional appropriation of $19k – staff capacity delays.
(3) Additional appropriation of $141k – CAP delays.
(4) FY27 is final payment for feasibility study. FY28 and FY29 are future placeholders for construction costs.
(5) Additional appropriation of $25k – staff capacity delays.

Imperative CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Carryover Projects (cont'd):						
CCW rehab 8" waterline-CC wash[6] (pg. CIP-39)	Debt	$ 600	$ -	$ -	$ -	$ -
Steel storage tank reconditioning/upgrades[7] (pg. CIP-43)	Debt	506	524	380	452	-
DHW water meter repl.[8] (pg. CIP-44)	Debt	400	-	-	-	-
DHW service line repl. (ongoing) (pg. CIP-45)	Debt	75	150	150	150	150
Manhole rehab program (ongoing) (pg. CIP-49)	Debt	150	150	150	50	50
WW collection system impr. (ongoing) (pg. CIP-50)	Debt	150	150	150	150	150
WWTP equip. impr. (ongoing) (pg. CIP-51)	Debt	-	100	-	100	-
Total Imperative Carryover Projects		**$5,781**	**$7,224**	**$6,730**	**$1,052**	**$500**

(6) Design completed in FY26.
(7) Additional appropriation of $9k – delayed by emergency well repairs.
(8) Delayed install of purchased meters to FY27.

Imperative CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
New Appropriation Projects:						
Utilities vehicle repl. program[1] (pg. CIP-21)	GF sub./ Reserves	$ 75	$ 165	$ 80	$115	$270
Aeration sys. – Phx Interconnect reservoir (pg. CIP-34)	Debt	1,100	-	-	-	-
New water rights (pg. CIP-35)	Debt/GF sub.	12,100	-	-	-	-
New west CC waterline[2] (pg. CIP-38)	Debt/GF sub./GF loan	300	1,600	1,600	-	-
Rancho Mañana efficiency upgrades[3] (pg. CIP-56)	GF subsidy	100	-	-	-	-
Total Imperative New Appropriation Projects		**$13,675**	**$1,765**	**$1,680**	**$115**	**$270**

	Funding	FY27	FY28	FY29	FY30	FY31
Future Projects:						
Integrated Utility Master Plan (pg. CIP-40)	GF sub./ DHW rev.	$-	$250	$-	$-	$-

(1) FY27 is WW crane truck to be funded from General Fund subsidies.
(2) Includes carryover of $50k for alignment study.
(3) Placeholder for possible efficiency measures based on study to be completed in FY26.

CIP Prioritization

Priority II: ESSENTIAL (Should-Do) – Projects that address clearly demonstrated needs or objectives.

- Rehabilitates or replaces an obsolete public facility or attachment thereto
- Supports the goals of the Strategic Plan
- Maintains existing natural resources
- Reduces future operating and maintenance costs
- Leverages available state or federal funding or other restricted funding with near-term expirations

Essential CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Carryover Projects:						
Land acquisition[1] (pg. CIP-9)	Open Space/ Spur Cross TPT/ Donations/Debt	$16,000	$ -	$ -	$ -	$ -
Impl. ped. safety study (ongoing) (pg. CIP-11)	Reserves	100	100	100	100	100
Carefree Hwy impr.-Scottsdale IGA[2] (pg. CIP-15)	Reserves	300	-	-	-	-
CCW rehab 6" waterline–CC Wash[3] (pg. CIP-25)	Debt	-	-	75	725	-
CCW Zone 9 pipeline impr.[4] (pg. CIP-31)	Debt	150	-	-	400	-
DHW water system impr. program (ongoing) (pg. CIP-42)	Debt	300	150	150	150	150
DHW well head arsenic treatment system[5] (pg. CIP-46)	Debt	75	-	-	-	1,900
WW Rancho Mañana lift station impr.[6] (pg. CIP-57)	Debt	325	-	-	-	-
Total Essential Carryover Projects		**$17,250**	**$250**	**$325**	**$1,375**	**$2,150**

(1) Could be 12-18 months process with ASLD.
(2) Scottsdale delays.
(3) Scope change – evaluation determined liner install not feasible.
(4) Phase 1 in FY27 – staff capacity delays.
(5) Design in FY27 – developer negotiation delays.
(6) Design in FY27 – delays for other operational issues at the site.

Essential CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
New Appropriation Projects:						
Fleet repl. program[1] (pg. CIP-4)	GF sub./ Reserves	$ 600	$ 550	$530	$290	$250
Town Hall remodel/addition (pg. CIP-5)	Reserves	6,200	-	-	-	-
Financial software repl. (pg. CIP-10)	Reserves	50	570	550	-	-
CCW Zone 8 pipeline impr. (pg. CIP-32)	Debt	50	150	500	500	500
Total Essential New Appropriation Projects		**$6,900**	**$1,270**	**$1,580**	**$790**	**$750**

[1] Assumes 50/50 cost-sharing with Utilities for purchase of backhoes in FY28 and FY30. FY27 is road grader to be funded from Capital Reserves.

Essential CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Future Projects:						
CCW Zone 1 waterline impr. (pg. CIP-28)	Debt	$-	$ 631	$ -	$ -	$ -
CCW Carol Heights booster upgrades (pg. CIP-30)	Debt	-	525	-	-	-
CCW WTP upgrades to membranes (pg. CIP-33)	Debt	-	-	-	250	7,500
CCW Rockaway Reservoir aeration system (pg. CIP-36)	Debt	-	500	-	-	-
CCW Cave Creek Rd pipeline impr. (pg. CIP-41)	Debt	-	-	100	400	400
DHW Galvin Well impr. (pg. CIP-47)	Debt	-	-	-	470	-
DHW 3rd Ave well impr. (pg. CIP-48)	Debt	-	-	-	100	1,856
WWTP Process impr.[1] (pg. CIP-54)	Debt	-	-	-	-	150
Repl. WWTP odor control units (pg. CIP-55)	Debt	-	725	-	-	-
Total Essential Future Projects		**$-**	**$2,381**	**$100**	**$1,220**	**$9,906**

[1] Construction in FY32 approx. $2M.

CIP Prioritization

Priority III: IMPORTANT (Could-Do) – Projects that benefit the community but may be delayed without detrimental effects to basic services.

- Provides a new or expanded level of service
- Stimulates economic growth and private capital investment
- Promotes intergovernmental cooperation
- Enhances cultural or natural resources

Important CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Carryover Projects:						
Spur Cross Bathroom/Office[1] (pg. CIP-6)	Reserves/ Cost Share	$ 80	$800	$-	$-	$-
Cave Creek Rd median enhancements (pg. CIP-12)	Reserves	50	-	-	-	-
40th St, Galvin, Via Cassandra[2] (pg. PW-11)	Reserves	400	-	-	-	-
Total Important Carryover Projects		**$530**	**$800**	**$-**	**$-**	**$-**

	Funding	FY27	FY28	FY29	FY30	FY31
New Appropriation Projects:						
ROW safety & aesthetics (pg. CIP-13)	Reserves	$100	$100	$100	$100	$100

(1) Staff capacity delays and time to negotiate IGA with Maricopa County. Will pursue possible grant funding.
(2) Change in scope – acquisition of ROWs dependent on ASLD timelines. Additional appropriation of $150k.

Important CIP Projects

(in thousands)
(CIP-1 through CIP-3)

	Funding	FY27	FY28	FY29	FY30	FY31
Future Projects						
RG impr. to VIP area (pg. CIP-8)	GF sub./ Cost Share	$-	$ -	$ 800	$ -	$ -
Military Rd/southern bypass – new connect. (pg. CIP-16)	Reserves	-	700	-	-	-
Desert Awareness Park Galloway Wash (pg. CIP-1)	Grants/ Reserves	-	500	900	-	-
WW retrofit existing neighborhoods (Phase 1) (pg. CIP-52)	Debt	-	-	150	2,150	-
WW retrofit existing neighborhoods (Phase 2) (pg. CIP-53)	Debt	-	-	-	150	2,000
Total Important Future Projects		**$-**	**$1,200**	**$1,850**	**$2,300**	**$2,000**

Supplemental Requests

Non-Personnel Ongoing Supplemental Requests

Department	Description	Ongoing Costs
Recommended:		
Info. Tech.	Additional IT support (pg. SUPP-2 to 3)	$ 35,000
General Govt	Increase for Community Grants (pg. SUPP-4 to 5)	20,000
Law Enforcement	Additional peak season[1] (pg. SUPP-4 to 5)	60,000
Total Ongoing Recommended		**$115,000**

Department	Description	One-Time Costs
Recommended as One-Time:		
Visitor Center	Digital marketing & advertising[2] (pg. SUPP-4 to 5)	$ 18,000

[1] Estimate based on approx. 3 months. MCSO has since provided an estimate of approx. $124k for 6 months.
[2] Recommended as one-time until evaluation complete.

Total Non-Personnel Ongoing Department Requests = $133,000

Non-Personnel One-Time Supplemental Requests

Department	Description	One-Time Costs
Recommended:		
Info. Tech.	Council Chambers broadcast equip.	$ 50,000
General Govt	Consulting services – CIP projects[1]	96,000
Public Works	Public Works/Utilities equip.	80,000
Public Works	Street maint. catch-up[2]	500,000
Total One-Time Recommended		**$726,000**

Department	Description	One-Time Costs
Not Recommended:		
Communications	Community engagement measurement[3]	$ 25,000
Visitor Center	High-end marketing video[3]	12,000
Total One-Time Not Recommended		**$37,000**

(1) Delay until results of utility analysis complete.
(2) Requested as $1,000,000. Recommendation is to split 50/50 between FY27 and FY28.
(3) Not recommended at this time. May consider in future years.

Total Non-Personnel One-Time Department Requests = $1,263,000

Personnel Supplemental Requests

Department	Description	FTEs	Ongoing Costs
Not Recommended:			
Info. Tech.	Help Desk Technician[1]	0.5	$ 39,860
Dev. Svcs/Public Works	Engineering Plan Review Technician[2]	1.0	124,120
Total Personnel Not Recommended		**1.5**	**$163,980**

[1] Not recommended at this time. Include as part of additional contract support.
[2] Not recommended at this time. May consider in future years.

Departmental Base Budgets

Town Council Summary Base Budget Changes

(pg. TC-2)

FY 2026 Budget	**$119,400**
Decrease in personnel costs (rounding difference)	(30)
Net impact of reallocations (facility rental for retreat, subscriptions, meetings, supplies)	-
FY 2027 Proposed[(1)]	**$119,370**
% Change	<-1%

[(1)] Includes $100k in professional services for placeholder – legislative advocate, other consulting.

Administration Summary Base Budget Changes

(pg. ADMIN-13 to ADMIN-15)

FY 2026 Budget	**$2,167,527**
Increase in personnel costs	89,507
Increase in technology costs	14,650
One-time contract services – records mgmt. system impl.	10,000
Prior year one-time costs	(18,000)
Miscellaneous changes	3,846
FY 2027 Proposed	**$2,267,530**
% Change	5%
% Ongoing Change	5%

Visitor Center Summary Base Budget Changes
(pg. VC-3)

FY 2026 Budget	**$66,038**
Increase in personnel costs (workers comp based on # of volunteers)	412
Transfer of utility costs	2,750
Prior year one-time costs	(15,000)
Miscellaneous changes	1,700
FY 2027 Proposed	**$55,900**
% Change	-15%
% Ongoing Change	10%

General Government Summary Base Budget Changes
(pg. GG-2)

FY 2026 Budget	**$440,849**
Vacancy savings offset	(250,000)
Increase in property & liability insurance premiums	88,070
Carryover for 40th anniversary	2,000
Carryover for consulting services – utilities IFBs	28,500
Prior year one-time costs	(25,000)
Miscellaneous changes	22,251
FY 2027 Proposed	**$306,670**
% Change	-30%
% Ongoing Change	-34%

Legal Services Summary Base Budget Changes

(pg. LEGAL-2)

FY 2026 Budget	**$350,000**
No changes	-
FY 2027 Proposed	**$350,000**
% Change	0%

Magistrate Court Summary Base Budget Changes
(pg. COURT-2)

FY 2026 Budget	**$211,760**
Inflationary increase in IGA	7,130
Miscellaneous changes	(1,150)
FY 2027 Proposed	**$217,740**
% Change	3%

Fire Protection & Emergency Services Base Budget Changes

(pg. FIRE-2 to FIRE-3)

FY 2026 General Fund Budget	**$5,447,326**
Increase in personnel costs	34,134
Municipal FFs Cancer Reimb Fund	13,100
Increase in DMFD Station #147 (excluding any wildfire credit)	183,298
Decrease in DMFD Regional Station #144 ongoing costs (excluding any wildfire credit, net of AFG PPE/radio grant)	(249)
Prior year one-time costs	(781,249)
Miscellaneous changes	(37,500)
FY 2027 General Fund Proposed	**$4,858,860**
% Change	-11%
% Ongoing Change	4%

Fire Protection & Emergency Services Base Budget Changes
(pg. FIRE-3)

FY 2026 Opioid Settlement Fund Budget	**$46,985**
Adjustment based on estimated available funding	(6,175)
FY 2027 Opioid Settlement Fund Proposed	**$40,810**
% Change	-13%

Finance Summary Base Budget Changes

(pg. FIN-3)

FY 2026 Budget	**$969,397**
Increase in personnel costs	71,978
Miscellaneous changes	2,835
FY 2027 Proposed	**$1,044,210**
% Change	8%

Law Enforcement Summary Base Budget Changes
(pg. LE-3)

FY 2026 General Fund Budget	**$1,458,566**
Increase in personnel costs	6,209
Decrease in MCSO contract	(12,915)
Prior year one-time costs	(23,000)
Miscellaneous changes	(16,670)
FY 2027 General Fund Proposed	**$1,412,190**
% Change	-3%
% Ongoing Change	-2%

PSPRS Unfunded Liability (in Thousands)

	As of 6/30/2023	As of 6/30/2024	As of 6/30/2025
Estimated Liabilities[(1)]	$ 941	$1,011	$1,086
Assets[(2)]	730	793	936
Unfunded Liability[(3)]	**$ 211**	**$ 218**	**$ 151**
Funded Status	77.5%	78.4%	86.1%

[(1)] Discounted to present value at assumed rate of return on assets. Represents cumulative effect of previous costs not funded.
[(2)] Represents market value of assets as of actuarial date used to calculate financial statement liability. Actuary uses actuarial value of assets to calculate minimum contribution rate.
[(3)] Reflects the $75,000 paid in FY2025. Does not reflect FY2026 payment of $75,000.

Law Enforcement Summary Base Budget Changes

(pg. LE-4)

FY 2026 Smart & Safe Budget	**$11,849**
Adjustment based on estimated available funding	1,191
FY 2027 Smart & Safe Fund Proposed	**$13,040**
% Change	10%

Special Events Summary Base Budget Changes
(pg. SE-3)

FY 2026 Budget	**$71,500**
No changes	-
FY 2027 Proposed	**$71,500**
% Change	0%

Development Services Base Budget Changes
(pg. DS-5 to DS-7)

FY 2026 General Fund Budget	**$1,767,217**
Increase in personnel costs	157,033
Prior year one-time costs	(36,500)
Miscellaneous changes	(10,990)
FY 2027 General Fund Proposed	**$1,876,760**
% Change	6%
% Ongoing Change	8%

Development Services Base Budget Changes
(pg. DS-7)

FY 2026 Spur Cross Fund Budget	**$216,000**
No changes	-
FY 2027 Spur Cross Fund Proposed	**$216,000**
% Change	0%

Development Services Base Budget Changes
(pg. DS-7)

FY 2026 Grants Fund Budget	**$12,430**
No changes	-
FY 2027 Grants Fund Proposed	**$12,430**
% Change	0%

Development Services Base Budget Changes
(pg. DS-8)

FY 2026 Rodeo Grounds Fund Budget	**$149,333**
Increase in personnel costs	5,650
Increase in utilities	13,200
Increase in contracted services (repair/replace irrigation, phone/internet cabling, dirt work)	8,000
Prior year one-time costs	(23,000)
Miscellaneous changes	7,227
FY 2027 Rodeo Grounds Fund Proposed	**$160,410**
% Change	7%
% Ongoing Change	27%

Public Works Base Budget Changes
(pg. PW-3 to PW-4)

FY 2026 General Fund Budget	**$949,444**
Increase in personnel costs	47,956
Prior year one-time costs	(80,000)
Miscellaneous changes	5,000
FY 2027 General Fund Proposed	**$922,400**
% Change	-3%
% Ongoing Change	6%

Public Works Base Budget Changes
(pg. PW-3 to PW-4)

FY 2026 Streets Fund Budget	**$4,121,258**
Increase in personnel costs	28,342
Decrease in contracted services (base budget based on $1.5M for pavement management program)	(387,000)
Carryover for MAG grant match	90,000
Prior year one-time costs	(1,444,000)
Miscellaneous changes	(5,000)
FY 2027 Streets Fund Proposed	**$2,403,600**
% Change	-42%
% Ongoing Change	-14%

Desert Hills Water Operating Base Budget Changes

(pg. DH-5 to DH-6)

FY 2026 Budget	**$4,094,646**
Increase in personnel costs	42,065
Increase in utilities costs	15,000
Increase in bulk water costs	195,000
Increase in professional and other services (incl. water resource issues)	81,300
Payoff of CAP water agreement	(157,712)
Added debt service for Series 2025	59,630
Increase in indirect cost allocations	26,216
Capacity fee study update	10,000
Carryover for set-up of water conservation program	50,000
Prior year one-time costs	(61,000)
Miscellaneous changes	15,065
FY 2027 Proposed	**$4,370,210**
% Change	7%
% Ongoing Change	7%

Cave Creek Water Operating Base Budget Changes

(pg. CCW-5)

FY 2026 Budget	**$7,307,275**
Increase in personnel costs	85,115
Decrease in utilities costs	(320,000)
Decrease in chemicals	(125,000)
Increase in professional and other services (incl. water resource issues)	56,500
Increase in bulk water costs	595,000
Increase in indirect cost allocations	50,929
Added debt service for Series 2025	178,880
New water resource fee study	15,000
Carryover for set-up of water conservation program	50,000
Prior year one-time costs	(71,000)
Miscellaneous changes	34,711
FY 2027 Proposed	**$7,857,410**
% Change	8%
% Ongoing Change	8%

Wastewater Operating Base Budget Changes

(pg. WW-4 to WW-5)

FY 2026 Budget	**$4,010,000**
Increase in personnel costs	17,343
FY2026 payoff of DP Series 2021	(491,735)
Added debt service for Series 2025	49,690
Increase in utilities	44,000
Increase in indirect cost allocations	28,754
Prior year one-time costs	(11,000)
Miscellaneous changes	968
FY 2027 Proposed	**$3,648,020**
% Change	-9%
% Ongoing Change	-9%

Council Direction

Any changes to Proposed Budget?

- Supplementals
- CIP Projects
- Other?

Upcoming Budget Dates

Date	Description
May 19, 2026	Council Adoption of Tentative Budget
June 16, 2026	Council Adoption of Final Budget

Questions?