

ANNUAL COMPREHENSIVE
**FINANCIAL
REPORT**

Fiscal Year Ended June 30, 2022



Annual Comprehensive Financial Report

Fiscal Year Ended
June 30, 2022

Prepared by the



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Carlsbad, CA 92008
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**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

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March 13, 2023

Honorable Mayor, City Council,
and Residents of the City of Carlsbad
City of Carlsbad
Carlsbad, CA 92008

**LETTER OF TRANSMITTAL
FISCAL YEAR 2021-22 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Honorable Mayor, City Council, and Residents:

I am pleased to present the fiscal year 2021-22 Annual Comprehensive Financial Report for the City of Carlsbad (“city”). The information found in this report is provided by management to the City Council and the public to assist those interested in understanding the fiscal condition of the city as of June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh its benefits, the city’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

State law and the Carlsbad Municipal Code require that an annual financial report is prepared. This report fulfills that obligation. It has been prepared in conformity with generally accepted accounting principles (GAAP) and with the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB). The independent auditing firm, Lance, Soll & Lunghard, LLP, has issued an unmodified (“clean”) opinion on the city’s financial statements for the fiscal year that ended June 30, 2022. The independent auditor’s report is located at the front of the financial section of this Annual Comprehensive Financial Report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

As a recipient of federal and state financial assistance, the city is required to have a “Single Audit” performed by an independent audit firm. The Single Audit is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require that the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports will be completed in March 2023 and made publicly available on the city’s website in the city’s separately issued Compliance Reports and Other Financial Information.

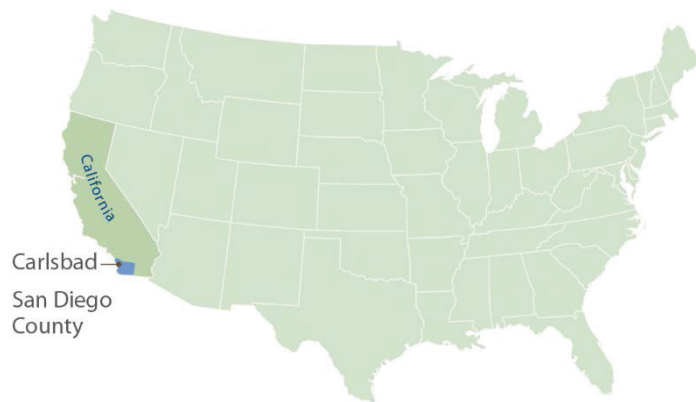
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Profile of the City of Carlsbad

Carlsbad incorporated in 1952 as a General Law City, although its “village” area dates back more than 100 years. In June 2008, the voters of Carlsbad overwhelmingly approved the city to change to a Charter City. Carlsbad is located on the southern California coast, about 35 miles north of the City of San Diego. The city is governed by a five-member City Council under the Council Manager form of government. The City Council is elected by district, on a staggered basis, for a term of four years. The city currently has four districts; however, the mayor is elected at large. The City Clerk and City Treasurer are also elected to four-year terms. The City Council appoints the City Manager and City Attorney.

The city covers approximately 39 square miles and has a population of approximately 115,000, with an expected built out population of 120,000 residents. Commercial activities in the city include: a major regional shopping center, a specialty outlet center, a commercial center with upscale retail shops, 43 hotels offering 5,059 rooms, 325 short-term vacation rentals and 668 timeshares for tourist lodging, over 23 auto dealers, high technology, multimedia and biomedical businesses, electronics, golf apparel and equipment manufacturers, several business and light industry parks, and numerous land developers building single and multi-family housing in a variety of community settings.



This report includes financial statements for the City of Carlsbad, the Housing Authority of the City of Carlsbad, the Carlsbad Public Financing Authority, and the Carlsbad Municipal Water District. Through these entities, Carlsbad provides a full range of services to its citizens and customers including:

- Development services
- Fire and paramedic services
- Housing programs
- Library and arts programs
- Park lands
- Police protection services
- Recreation programming for all ages
- Solid waste services
- Street construction and maintenance
- Water delivery system
- Wastewater system

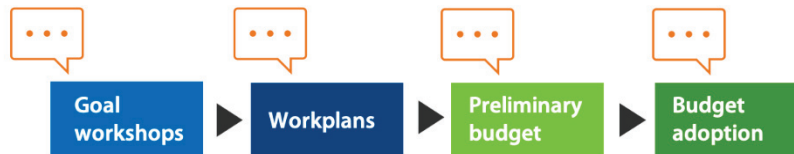
In addition to the full range of services normally associated with a municipality, Carlsbad offers programs to help residents and businesses. The city’s Housing Authority administers federal housing assistance to more than 500 low-income households in Carlsbad, and older residents can take advantage of Carlsbad’s senior citizen programs.

Budget Process

The City Council sets the overall policy direction for Carlsbad and helps staff prioritize programs, projects and services to support that direction. Public input plays a critical role in setting both the long-range policy direction of the city and decisions about day-to-day spending.



Public input specific to the budget process involved four main opportunities: City Council goal setting, presentation of goal work plans, presentation of the preliminary budget and the budget adoption public hearing.



The City Council gathered in the winter and spring of 2022 to **develop goals** for the city’s five-year strategic plan. Taking into account work that was already put in motion through public input into the fiscal year 2021-22 budget, the City Council asked staff to focus on five main goal themes:

- Community Character: maintain Carlsbad’s unique community character and connectedness
- Quality of Life & Safety: prioritize the safety and well-being of the community
- Sustainability & the Natural Environment: protect the environment and natural resources
- Economic Vitality: foster a healthy local economy
- Organization Excellence & Fiscal Health: be a model for effective and efficient local government

Budgetary control for the city is maintained through its accounting systems. Expenditures may not exceed budgeted figures at the fund level. Monthly reports summarizing the results of operations for the city’s more significant funds are provided to the City Council and the public on the city’s website.

Community Vision

These nine core values make up the Carlsbad Community Vision. They were developed in collaboration with the community and drive both the day to day work of the city and its long-term planning.



Small town feel, beach community character and connectedness – Enhance Carlsbad’s defining attributes—its small town feel and beach community character. Build on the city’s culture of civic engagement, volunteerism and philanthropy.



Open space and the natural environment – Prioritize protection and enhancement of open space and the natural environment. Support and protect Carlsbad’s unique open space and agricultural heritage.



Access to recreation and active, healthy lifestyles – Promote active lifestyles and community health by furthering access to trails, parks, beaches and other recreation opportunities.



The local economy, business diversity and tourism – Strengthen the city’s strong and diverse economy and its position as an employment hub in north San Diego County. Promote business diversity, increased specialty retail and dining opportunities, and Carlsbad’s tourism.



Walking, biking, public transportation and connectivity – Increase travel options through enhanced walking, bicycling and public transportation systems. Enhance mobility through increased connectivity and intelligent transportation management.



Sustainability – Build on the city’s sustainability initiatives to emerge as a leader in green development and sustainability. Pursue public/private partnerships, particularly on sustainable water, energy, recycling and foods.



History, the arts and cultural resources – Emphasize the arts by promoting a multitude of events and productions year-round and cutting-edge venues to host world class performances and celebrate Carlsbad’s cultural heritage in dedicated facilities and programs.



High quality education and community services – Support quality, comprehensive education and lifelong learning opportunities, provide housing and community services for a changing population, and maintain a high standard for citywide public safety.



Neighborhood revitalization, community design and livability – Revitalize neighborhoods and enhance citywide community design and livability. Promote a greater mix of uses citywide, more activities along the coastline and link density to public transportation. Revitalize the downtown Village as a community focal point and a unique and memorable center for visitors and rejuvenate the historic Barrio neighborhood.

Economic and Fiscal Issues Facing the City

At the time of developing the Fiscal Year 2022-23 Proposed Budget, the world, nation, state and city continues to grapple with the ongoing economic effects of COVID-19. In the City of Carlsbad, the most profound effects have been concentrated in the restaurant, travel, entertainment, and leisure and hospitality sectors. Hospitality and tourism businesses have been hard-hit over the past two years with fluctuating health order restrictions and consumer confidence impacting travel. Hotel occupancy in January 2022 was significantly lower than January 2019 levels. However, occupancy rose sharply in recent months, with March 2022 occupancy (75.5%) nearly matching March 2019 occupancy levels (76.5%). With the Omicron surge behind us, tourism leaders are optimistic that individual and family travel could continue to rise.

Prior to the pandemic, the city boasted a low unemployment rate of 2.9%. At the height of the pandemic, unemployment spiked to 13.8%. Over the past two years, the unemployment rate has had some correlation to the prevalence of COVID-19 in the region. However, despite the Delta and Omicron surges, which caused an uptick in unemployment at the state level in December 2021 (6.5%), unemployment continued to fall at the county and city level. The unemployment rate in March 2022 was 4.2% at the state level, 3.4% at the county level, and 3.1% in Carlsbad. This is 0.2% above pre-pandemic lows. Currently, many employers are citing difficulty in finding and retaining workers. In March 2022, nationally, there were 1.9 open jobs for every unemployed worker. This is one underlying cause to increased wage pressures and difficulty in retaining employees.

National interest rates, which dropped significantly during the pandemic, have now eclipsed pre-pandemic rates for all categories. One-year rates are currently at 1.63%, ten-year rates are currently at 2.32%, and 30-year rates are at 2.44%. With current inflation concerns, the Federal Reserve has begun to raise interest rates and indicates plans for further rate increases over the next several quarters.

To spawn economic recovery, several federal, state and local programs were approved, providing substantial resources for businesses. These include the American Rescue Plan; the Paycheck Protection Program, for which Carlsbad companies were recipients at a higher rate than any other North County city in the first round; the State of California Small Business Relief Program; and the City of Carlsbad's Economic Recovery and Revitalization Initiative. Most health order restrictions on businesses have now been lifted since the fiscal year 2021-22 budget was adopted on June 8, 2021, and the results have been positive across most of the city's revenue streams. While the city is beginning to have a clearer picture of our revenue outlook, economic uncertainty resulting from inflation and geopolitical conflict has created strong demand for conservative revenue projections into the future.

Maintaining good fiscal health must remain a top priority. Meeting this objective preserves the city's ability to continue providing important programs and services to the community. Past economic challenges and prudent financial planning have provided opportunities for developing solutions to address lost revenues while preserving vital services. Revenues, along with the local economy, are expected to continue to recover as COVID-19 restrictions lessen, but this recovery will be partially offset by the end of federal and state aid that was provided as well as uncertainties surrounding rising inflation and geopolitical conflict. Expenditures and revenues will need to be closely monitored as a result. Disciplined spending and long-term financial planning remain critical to ensuring the future sustainability of important city programs and services.

Long-Term Financial Planning

Strategic planning begins with determining the city's fiscal capacity based upon long-term financial forecasts of recurring available revenues and future financial obligations. Prior to the adoption of the annual budget, the finance department will prepare a Ten-Year Financial Forecast ("Forecast") that evaluates known internal and external issues impacting the city's financial condition. The methodology for preparing the Forecast can be found in the appendix of this document. The Forecast is intended to help the city:

- Attain and maintain financial sustainability;
- Have sufficient long-term information to guide financial decisions;
- Have sufficient resources to provide programs and services for the stakeholders;
- Identify potential risks to on-going operations in the long-term financial planning process and communicate these risks on an annual basis;
- Establish mechanisms to identify early warning indicators; and
- Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the City Council.

It is important to stress that the Forecast is not a budget. The Forecast does not dictate expenditure decisions, but rather highlights the need to prioritize the allocation of the city's limited resources to ensure the continuation of core city services. The purpose of the plan is to provide the City Council, key stakeholders, and the public an overview of the city's fiscal health based on various financial and service level assumptions over the next ten years. It also allows for the discussion of necessary steps to be initiated during the development and implementation of future budgets. The Forecast is intended to look beyond the annual budget cycle and serve as a planning tool to bring a long-term perspective to the budget process. The Forecast also takes into consideration Council Policies that need to be met on an annual basis including General Fund reserve guidelines, pension funding guidelines, etc. Should projected expenditures exceed projected revenues in any given year, the City Manager will need to identify steps to mitigate the shortfalls prior to presenting a balanced budget to the City Council for consideration during the annual budget development process.

It should be noted that the Forecast is a snapshot in time and will change as additional information is made available and incorporated into the fiscal projections. The swift fiscal recovery from COVID-19 paired with economic uncertainty surrounding inflation and recessionary risk has increased the volatility of projecting future revenues.

The city prepares a long-term financial model for both capital and operating needs. It is imperative that the city plan for the impacts of development, the construction and operation of new public facilities, and planning resources needed to build them. The city prepares a ten-year operating forecast for the General Fund, a five-year Strategic Digital Transformation Investment Program, and a fifteen-year Capital Improvement Program. As part of the new Strategic Digital Transformation Investment Program and the Capital Improvement Program, the city annually calculates the amounts needed to pay for the projects and calculates the anticipated operating budget impacts. In this way, the city can anticipate the effects of development from both a capital and an operating perspective.

One important initiative the city has undertaken to ensure its financial health is the development of an Infrastructure Replacement Fund. With this fund, the city sets aside a portion of General Fund revenues on an annual basis for major maintenance and replacement of its infrastructure. Much of the city's infrastructure is relatively new; thus, the city is just now experiencing the impact of maintenance requirements. By setting aside funds now, the city's

residents can be assured that the proper maintenance and replacement will be performed, as needed, on streets, parks and many facilities for which the city is responsible.

Employee retirement costs continue to require ongoing prudent fiscal management. The City Council issued a pension funding policy to codify its commitment to ensure that resources will be available to fulfill the city's contractual retirement promises to its employees, and to minimize the chance that the funding of these benefits will interfere with providing essential services to the community. The policy outlines a funding discipline to ensure that adequate resources will be accumulated in a systematic and disciplined manner to fund the long-term cost of benefits to the plan participants and annuitants. Overall funding levels of the city's plans are reviewed annually to ensure the city's funding level remains at least 80% – the city's minimum targeted level. While this enhances the city's funding position, risks remain in the system. Required employer contributions will continue to increase over the next few years and actual contribution increases could exceed expectations if future investment return rates or other factors are unfavorable.

Revenue and expenditure growth projections

The city's forecast considers the annual growth of all currently known elements of city revenues and expenditures. Projecting revenues is particularly difficult when considering the short-term impacts of COVID-19 on the economy, leaving the timing of an economic rebound and future growth volatility uncertain. When forecasting expenditures, some of the major factors considered are rising healthcare and workers' compensation costs, underperforming pension programs, and general inflation in both personnel and operating expenditures. Currently, the city projects expenditure growth will outpace revenue growth in the near future. To support the increase in ongoing costs, the city will need to consider alternative options, such as ways to increase economic activity that will drive sustainable increases in the city's current revenue base, an expansion of the city's revenue base, or a reduction of the city's current service offerings and associated costs.

American Rescue Plan Act

The American Rescue Plan Act of 2021 was passed on March 11, 2021 which allocated \$12.6 million in COVID-19 recovery funds to the city. The American Rescue Plan Act provides an infusion of resources to help turn the tide on the pandemic, address its economic fallout and lay the foundation for a strong recovery. In accordance with the American Rescue Plan Act, funds are allowed to be used through Dec. 31, 2024 and may be used to:

- Support urgent COVID-19 response efforts,
- Replace lost public sector lost revenue,
- Support immediate economic stabilization, and
- Address systemic public health and economic challenges.

The funds are restricted from being used to offset tax cuts or for pension liabilities. These funds are provided in two tranches: the first tranche, in which \$6.3 million was received in May 2021, and the second tranche, was received in June 2022. The city has appropriately used the funds as a replacement of revenue to partially offset the negative economic impacts from the pandemic. To substantiate the use of these funds for revenue replacement, the American Rescue Plan Act requires the city to demonstrate the extent of revenue reduction. Following the final guidance from the U.S. Department of the Treasury, the city's current projected revenue loss from the COVID-19 pandemic is estimated to be more than the \$12.6 million in funding awarded to the city.

FINANCIAL MANAGEMENT POLICIES

Revenue Policies

The development and maintenance of balanced and reliable revenue streams will be the primary revenue objective of the city. Efforts will be directed to optimize existing revenue sources while periodically reviewing potential new revenue sources. One method to maximize existing revenue sources is to promote a healthy business climate. Revenue estimates will be prepared on an annual basis during the preparation of the budget and major revenue categories will be projected on a ten-year basis. Revenues will be estimated conservatively using accepted standards and estimates provided by the state and other governmental agencies. Alternative revenue sources will be periodically evaluated to determine their applicability to meet identified city needs. Sources of revenue will be evaluated and modified as necessary to assure a diversified and growing revenue base that improves the city's ability to handle fluctuations in individual revenue sources.

Revenues from "one-time" or limited duration revenue sources will not be used for ongoing operating expenses. Fees and charges for services will be evaluated and, if necessary, adjusted annually to ensure that they generate sufficient revenues to meet service delivery costs. The city will establish user charges at a level generally related to the full cost (operating, direct, indirect and capital costs) of providing the service, unless the City Council determines that a subsidy from the General Fund is in the public interest. The city will also consider market rates and charges levied by other municipalities of similar size for like services in establishing rates, fees and charges. Enterprise and internal service funds will be self-supporting.

Expenditure and Budget Policies

Major expenditure categories will be projected on a ten-year basis. The city will operate on a current funding basis. Expenditures will be budgeted and controlled so as not to exceed current revenues plus the planned use of any accumulated fund balances. Annual budgeted operating expenditures shall not exceed annual operating revenues, including budgeted use of reserves, unless directed by the City Council.

The City Manager shall prepare and submit to the City Council annually a proposed operating, strategic digital transformation investment program and capital improvement program budget each year, and the budgets will be adopted by June 30 of each year. Budget status reports are prepared monthly, distributed to all departments and posted on the city's website. Because the budget is based on estimates, from time to time, it is necessary to make adjustments to fine tune the line-items within it. Various levels of administrative control are utilized to maintain the budget's integrity. Program managers are accountable for the line-item level of control of their individual program budgets. Department heads are accountable for the fund level of control for funds within their departments. The Finance Department oversees the general level of accountability related to budgetary integrity through systematic checks and balances and various internal controls.

[Council Policy No. 87 – General Fund Surplus Policy](#) outlines the use of surplus funds resulting from unrestricted General Fund actual revenues exceeding total actual expenditures, encumbrances, and commitments for a given fiscal year. It is the intent of the city to use all surplus funds generated to meet reserve policies, and the reduction or avoidance of long-term liabilities. The city will not use year-end surplus funds to fund ongoing operations unless otherwise approved by the City Council.

The city will use surplus funds to replenish any General Fund deficiencies, up to the minimum level as set forth in [Council Policy No. 74 – General Fund Reserve Policy](#) and then any pension liability deficiencies, as defined in [City Council Policy No. 86 – Pension Funding Policy](#).

The City Manager is authorized to approve the carryforward of any unencumbered and unspent and unencumbered budget for a particular item equal to or less than \$100,000 into the following fiscal year. These items will be one-time expenditures and not for ongoing services, programs or personnel. Any remaining surplus funds in excess of reserve and pension liability deficiencies and items equal to or greater than \$100,000 will be brought forward for City Council approval.

The city adheres to long-range financial planning which forecasts revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Financial planning allows the city to execute overall strategies to support the process of aligning financial capacity with long-term service objectives. Financial forecasts are updated at least once a year, or more often, if unexpected changes in economic conditions or other unforeseen circumstances exist. Any significant changes will be reported to the City Manager and the City Council. Otherwise, these financial forecasts will be used as a tool during the development of the annual budget process and to set utility rates as needed.

Reserve Policies

The city formally mandates the levels at which reserves shall be maintained for the General Fund and informally sets minimum target levels for the enterprise and internal service funds.

[Council Policy No. 74 – General Fund Reserve Policy](#) was most recently updated and approved by the City Council in June 2019. The purpose of the policy is to establish a target minimum level of designated reserves in the General Fund to:

- Reduce the risk of financial impacts resulting from a natural disaster or other catastrophic events;
- Respond to the challenges of a changing economic environment, including prolonged downturns in the local, state or national economy; and
- Demonstrate continued prudent fiscal management and creditworthiness.

The city commits to maintaining General Fund reserves (the term reserve refers to any unassigned fund balance) at a target of 40% of General Fund annual operating expenditures. The total reserve level will be calculated using the prior year's adopted General Fund budgeted expenditures.

At the discretion of the City Council, reserve levels in excess of the 40% target requirement may be used for one-time opportunity cost purposes. Reserve funds will not be spent for any function other than the specific direction in the annual budget or by a separate City Council action.

As a general budget principle concerning the use of reserves, the City Council decides whether to appropriate funds from reserves. Reserve funds will not be spent for any function other than the specific purpose of the reserve account from which they are drawn without specific direction in the annual budget or by a separate City Council action.

The [Wastewater Fund and Water Operating Fund Reserves](#) will target a reserve funding level of 40%. The reserve amount is calculated by dividing unassigned fund balance by total budgeted operating expenses plus replacement transfers plus budgeted debt service payments. The annual budget process and the setting of utility user rates and charges will be used to achieve and maintain the target reserve level.

The city's [Workers' Compensation Fund](#) will maintain a minimum reserve equal to the estimated outstanding claims as calculated by a third-party administrator. Additional reserve amounts may be set aside as deemed appropriate based on a third-party actuarial study completed at two year intervals. During the annual budget process, the target confidence level will be compared with the projected fund balance, and, if the projected fund balance is greater than

or lesser than the target, a plan to adjust the fund balance will be considered, using either or both increasing revenues through interdepartmental charges and one-time cash contributions from those funds contributing to the shortfall.

The [Risk Management Fund \(General Liability\)](#) will maintain a minimum reserve equal to the estimated outstanding claims as calculated by a third-party administrator. Additional reserve amounts may be set aside as deemed appropriate based on a third-party actuarial study completed at two-year intervals. During the annual budget process, the reserve level will be compared with the projected fund balance, and, if the projected fund balance is greater than or lesser than the target, a plan to adjust the fund balance will be considered, using either or both increasing revenues through interdepartmental charges and one-time cash contributions from those funds contributing to the shortfall.

The [Information Technology Asset Replacement Fund](#) shall maintain a minimum reserve level defined as the amount of accumulated depreciation of capitalized assets based on the original cost of each capitalized asset, and up to a maximum reserve level defined as the accumulated depreciation based on the estimated replacement cost of each capitalized asset.

The [Vehicle Asset Replacement Fund](#) shall maintain a minimum reserve level defined as the amount of accumulated depreciation of capitalized Fleet assets based on the original cost of each capitalized asset, and up to a maximum reserve level defined as the accumulated depreciation based on the estimated replacement cost of each capitalized asset.

[Investment Policy](#)

The city has established a formal Investment Policy. It is the policy of the City of Carlsbad to invest public funds not required for immediate day-to-day operations in safe, liquid and medium-term investments that shall yield an acceptable return while conforming to all California statutes. It is intended that the policy cover the investment activities of all contingency reserves and inactive cash under the direct authority of the city. Investments of the city and its component units will be made on a pooled basis; however, investments of bond proceeds will be held separately if required.

[Pension Funding Policy](#)

The city's [Council Policy No. 86 – Pension Funding Policy](#) embodies funding and accounting principles to ensure that resources will be available to fulfill the city's contractual promises to its employees. The policy objectives include using actuarially determined contributions, or ADC, provided by CalPERS, funding the full amount of the ADC each year, maintaining no less than a combined minimum of 80% funded ratio, and demonstrating accountability and transparency by communicating all information necessary for assessing the city's progress toward meeting its pension funding objectives.

In the event the city is unable to meet the minimum combined pension funded ratio of 80% with current resources (i.e., without borrowing or using reserves), the Finance Director will identify a reasonable period to return to a minimum 80% funded ratio status.

[Long Term General Fund Capital Funding Policy](#)

The city's [Council Policy No. 91 – Long Term General Fund Capital Funding Policy](#) ensures the needs of the city are met and demonstrates continued prudent fiscal management by providing a funding source for long-term, large value capital purchases. Many city assets demand large capital expenditures, examples include roads, building, parks, and information technology infrastructure. The city funds the General Fund portion of these necessary investments

by adopting an annual budget that includes a transfer from the General Fund to one or more of the city's long-term capital funds. These long-term capital funds include the General Capital Construction Fund, the Infrastructure Replacement Fund and the Technology Investment Capital Fund. The city commits to targeting a transfer to the city's long-term capital funds of 6% of budgeted General Fund revenues. The transfers are proposed during the annual budget process or on an as needed basis for the City Council's consideration.

Full versions of these policies and other City Council policies are available on the city's website at www.carlsbadca.gov/city-hall/laws-policies/council-policies.

Strategic Digital Transformation Investment Program

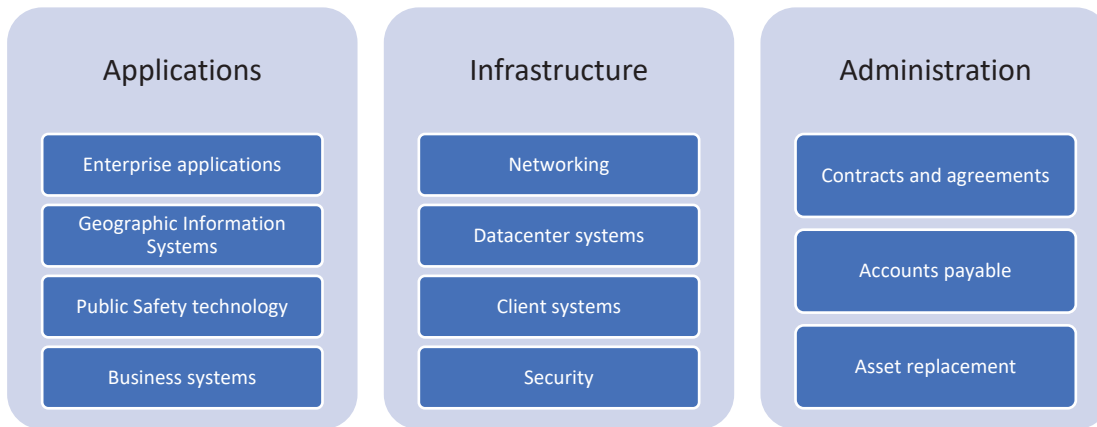
The Strategic Digital Transformation Investment Program, or SDTIP, is a comprehensive approach to planning for and funding digital transformation efforts throughout the city. It is informed by the City Council approved Connected Carlsbad: An Inclusive City Innovation Roadmap, the Internal Digital Information Network Action Plan, the Information Technology Strategy, and complimented by a five-year projected roadmap of digital transformation investments. The SDTIP is the strategic plan for technology and digital transformation combined with project descriptions, costs, funding sources and timelines. The purpose of this program, new for fiscal year 2021-22, is to provide for an annual investment strategy, not a commitment for spending, and outlines a five-year expenditure plan for future digital transformation and technology projects and the corresponding revenues necessary to pay for them.

This investment program is organized into the five primary goal areas approved by the City Council:

- **Pursue Communitywide Digital Transformation** focuses on the foundational elements, including connectivity, up-to-date hardware and software, and a robust security strategy while providing an aspirational vision for the future.
- **Build Capacity for Data-Driven Government** focuses on the policies, procedures and staffing necessary for the city to fully capture the value of emerging models of data analytics.
- **Foster a Vibrant Civic Engagement Culture** builds upon the first two goals with a human-centered perspective that an engaged city that uses data and technology in a way that respects people and their privacy will support a vibrant culture where residents, organizations and businesses are invested in their community and its future.
- **Enhance Accessibility and Transparency** recognizes that open government and approaching problem-solving from an accessibility perspective leads to better outcomes for all.
- **Promote Safety and Sustainability Through Connectivity** leads to understanding the interconnected nature of our communities that can achieve environmental, mobility and sustainability goals when approached in a cross-departmental and community informed manner.

Projects will receive an appropriation that authorizes spending in the amount specified for the adopted fiscal year only. Estimated budget information is shown for a five-year period to provide the most comprehensive information about known future projects. Spending authority in future years is not granted until adoption of the annual proposed SDTIP budget associated with each year.

The Information Technology (IT) Department is organized into five divisions: Enterprise Applications, Infrastructure and Operations, Geographic Information Systems, Public Safety Technology and Administration. These five divisions work together to provide services in three core areas that are crucial to digital transformation efforts:



Investing in Digital Transformation

As the city continues to grow and develop, the use of technology has also grown exponentially over the last two decades. The SDTIP outlines the financial resources needed to ensure that the technology infrastructure is in place to enable the city to provide services to the community. Prudent financial planning will ensure that ongoing funding for investment in technology is available.

SDTIP Project Evaluation

Making decisions on technology implementations is a challenging and complex task. The challenging nature of these decisions is exacerbated by the expanding reach of technology and the increasingly interdisciplinary nature of emerging technologies. A major component of the SDTIP is the establishment of a cross-departmental approach to technology leadership to evaluate, prioritize, budget for and adopt digital transformation efforts. A new administrative order has been developed that provides a collaborative forum for key staff to validate and prioritize technology implementations. This approach also provides a structured venue to explore how particular configurations of a technology implementation may positively or negatively affect others within the organization. The process to evaluate digital transformation initiatives is ongoing and meetings may be held on a monthly, bimonthly or quarterly basis depending on the need.

A number of factors are considered when putting together projects for the five-year program. All digital transformation and technology projects shall be consistent categories on the right.

Proposed projects are evaluated and prioritized by a set of criteria that include:

- Alignment with City Council goals and IT strategic plans, architecture, security and technology standards, including legislative and regulatory mandates, and other goals
- Coordination of IT investments across the enterprise to avoid duplication, maximizing the return on investment and increasing efficiency



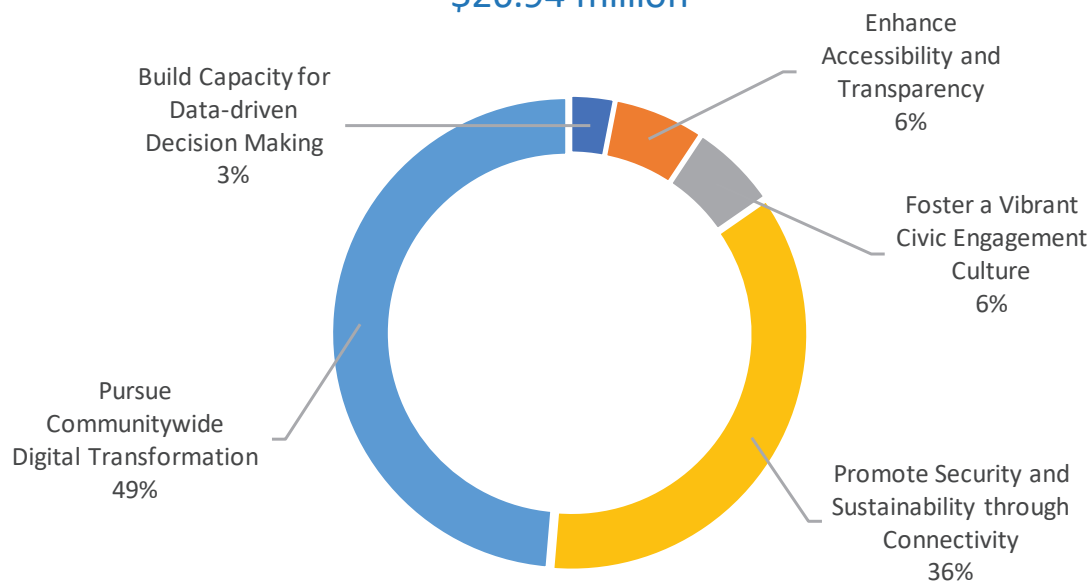
- Effective articulation of the business case including valid operational benefits of the project
- Accuracy and reasonableness of cost and benefit estimates
- Consideration of potential project risks and identification of appropriate means to manage those risks
- Adherence to standard project management practices
- Capacity of staffing resources to implement the project

As the SDTIP is implemented throughout the year, staff will continually re-evaluate projects’ scopes, costs and schedules to responsibly and cost-effectively manage city resources.

SDTIP Fiscal Year 2021-22 Appropriations

In fiscal year 2021-22, there are approximately 33 continuing and new projects planned over the next five years at an estimated total cost of \$26.9 million. Included in the \$26.9 million is approximately \$15.4 million in estimated new costs over the course of the same timeframe to provide additional funding for the continuation of existing projects as well as funding for new projects. Within the \$15.4 million is approximately \$4.9 million of estimated new appropriations for fiscal year 2021-22 for these same projects.

Estimated Total Projects Costs by Goal FY 2021-22 to FY 2025-26 \$26.94 million



Pursue Communitywide Digital Transformation

\$13.1 million

This goal includes updating connectivity, providing up-to-date hardware and software, and a robust security strategy.

Build Capacity for Data-driven Decision Making

\$0.8 million

This goal’s projects include the policies, procedures and staffing necessary for the city to fully capture the value of emerging models of data analytics. It also includes building a comprehensive approach to citywide data management to enable data-rich key performance metrics and effective operation of city departments. A data policy and resources will be created to align departments with standards of data cataloging for compliance ease of data sharing

Foster a Vibrant Civic Engagement Culture

\$1.6 million

The city's civic engagement culture builds upon the first two goals with a human-centered perspective that an engaged city that uses data and technology in a way that respects people and their privacy. Projects in this category will support a vibrant culture where residents, organizations and businesses are invested in their community and its future.

Enhance Accessibility and Transparency

\$1.7 million

This goal recognizes that open government and approaching problem-solving from an accessibility perspective leads to better outcomes for all. Projects in this category include Civic Engagement with Open Data, Online Permitting/Electronic Reviews, Records Management System and a Virtual Permitting Counter.

Promote Security and Sustainability through Connectivity

\$9.7 million

Projects in this goal include the annual replacement of hardware and technology infrastructure, a Facility Security Master Plan, the replacement of the Police Computer Aided Dispatch System and a Unified Communication System to replace the city's aging phone system.

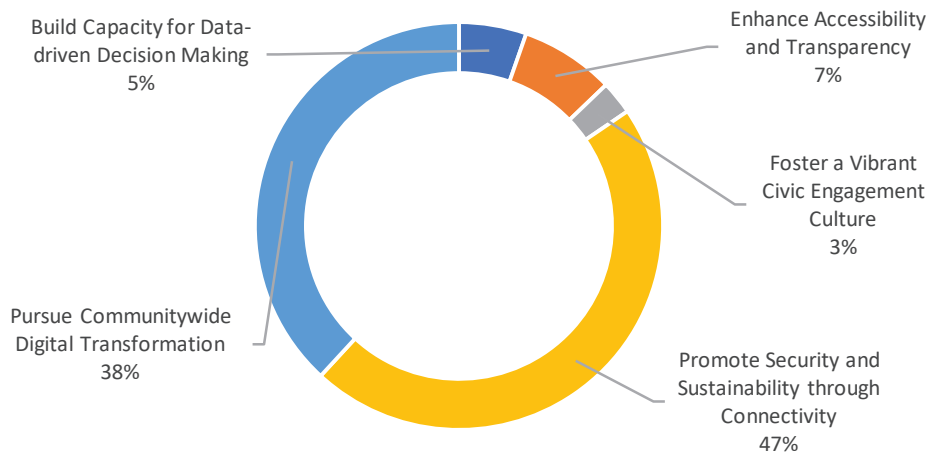
SDTIP Future Appropriations

The City of Carlsbad's SDTIP for fiscal year 2021-22 to fiscal year 2025-26 outlines 33 projects at an estimated total cost of \$26.94 million. Of the \$26.94 million, \$15.41 million is for new or increased funding for projects over the next five years. The information provided for future years reflects the most comprehensive snapshot of known or anticipated future projects as well as associated estimated costs.

Estimated Future Projects Costs by Goal

FY 2021-22 to FY 2025-26

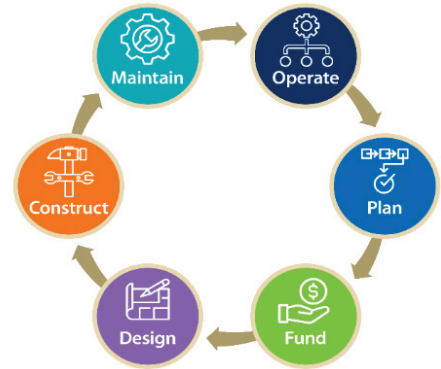
\$15.41 million



Capital Improvement Program

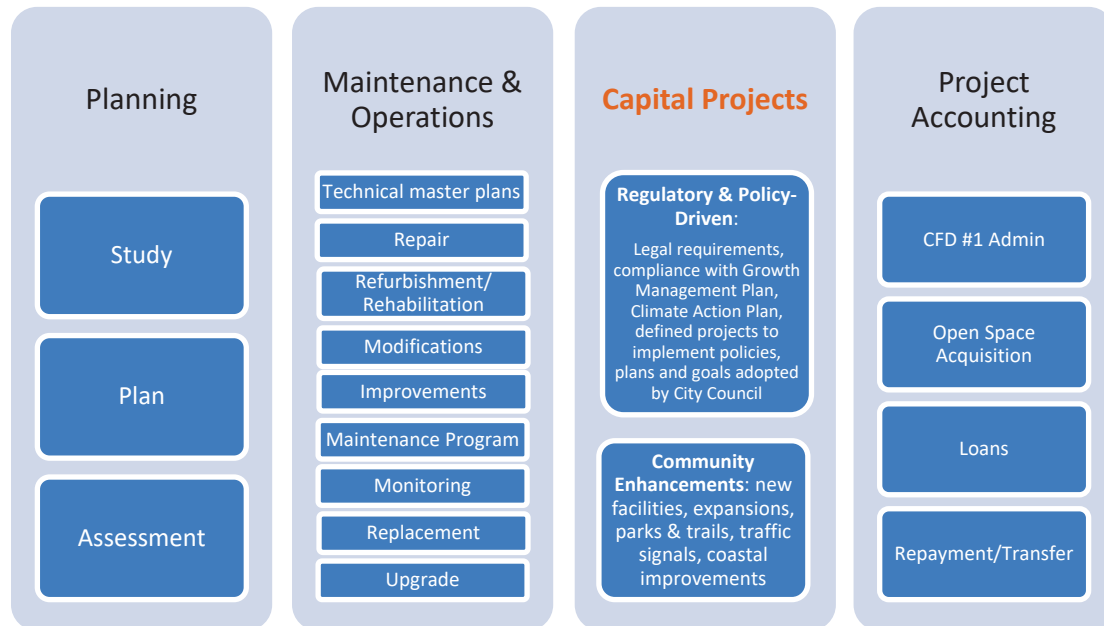
The City of Carlsbad Capital Improvement Program, or CIP, reflects the city’s ongoing commitment to maintaining the highest standards of quality facilities for the community today and in the future. It is a planning document, not a commitment for spending. The 15-year program outlines the expenditure plan for future capital projects and the corresponding revenues to pay for those expenditures.

Projects that are shown in the CIP are generally defined as any construction, rehabilitation or replacement of major infrastructure such as streets, libraries, parks, fire stations and administrative facilities, water, sewer and drainage facilities, and other facilities that are located on or in the ground. In most cases, the total construction cost of each of these assets is recorded and tracked as part of the city’s inventory of capital infrastructure assets and other city-owned property.



Once the City Council adopts the proposed annual CIP budget, projects receive an appropriation that authorizes spending in the amount specified for the adopted fiscal year only. Estimated budget information is shown for a 15-year period to provide the most comprehensive information about known future projects. Spending authority in future years is not granted until adoption of the annual proposed CIP budget associated with each year.

Carlsbad’s philosophy is to take a proactive, long-range planning approach to building high quality facilities and infrastructure that support the needs and priorities of the community. The CIP is organized by the following project classifications:



Investing in Quality of Life

As the city continues to grow and develop, there is a corresponding increase in the demand for development-related services and new facilities. To ensure that the necessary infrastructure and facilities are built on a schedule that meets or exceeds this demand, the citizens of Carlsbad adopted a Growth Management Plan in 1986. The plan was

established to manage development within the city by linking residential, commercial, and industrial development directly to standards for availability of public services and facilities.

The Growth Management Plan states that unless a standard level of facilities is available to meet new demands resulting from the city’s growth, development cannot proceed. Recently, certain actions, such as imposing a moratorium, have been determined to be impermissible by the California Housing and Community Development Department, per Senate Bill 330, Housing Crisis Act of 2019, which became effective on Jan. 1, 2020.

The detailed level of planning required by Growth Management has allowed the city’s CIP to anticipate the funding needed for capital improvements in the next 15 years. Facilities such as community centers, parks and fire stations have been constructed and opened to the public under this program.

The CIP has been designed to specifically address areas where new or expanded facilities will be needed to maintain compliance with the adopted performance standards. With the adoption of the fiscal year 2021-22 CIP, compliance with the Growth Management Plan is continued.

Prudent financial planning has ensured ongoing funding to modernize, repair, and replace existing infrastructure projects through numerous asset management programs, which ensure adequate inspection, maintenance, and replacement of buildings and parks, water, sewer and drainage systems, bridges, and roadways systems.

CIP Project Evaluation

Development of the CIP is a team effort involving all operational departments, the City Manager’s Office, the City Council, and the community. Community feedback on infrastructure needs is considered and incorporated as appropriate. The CIP is fully vetted at multiple levels of the city organization by appropriate staff using an inclusive and transparent process, and reviewed on a quarterly basis.

As the CIP is implemented throughout the year, staff continually re-evaluate projects’ scopes, costs and schedules to responsibly and cost-effectively manage infrastructure assets at the required levels of service throughout their lifecycle. Recommendations for project funding consider current project status, project scheduling and sequencing requirements, project constraints, and current staff capacity. Project charters are updated to include project description, location, summary of need, justification including any legislative or policy citations, cost estimates, and project scores.

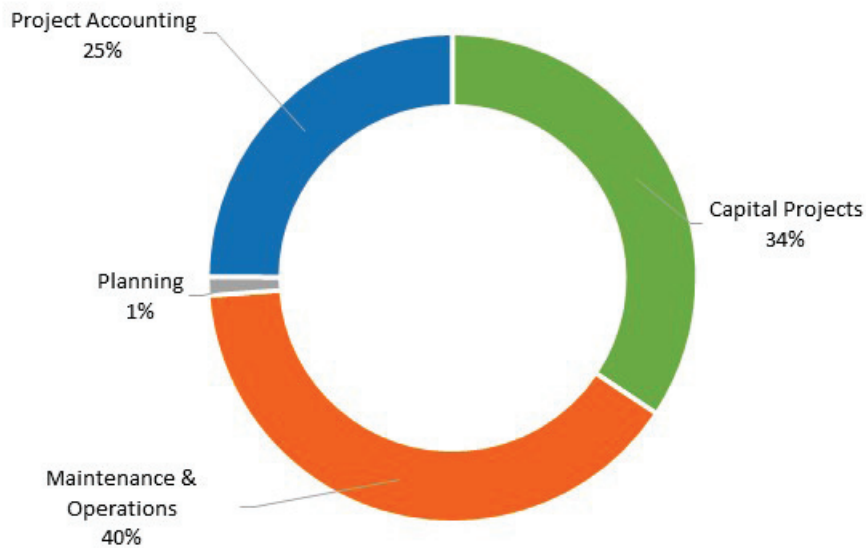


In anticipation of revenue decreases in some capital funding sources, staff recommended funding adjustments in fiscal year 2021-22 that focused on matching existing resources with realistic and achievable project schedules. New project requests were minimized and the city remains committed to continue work on projects that are already underway.

CIP Fiscal Year 2021-22 Appropriations

In the fiscal year 2021-22 CIP, there are approximately 254 continuing and new projects planned over the next 15 years. The fiscal year 2021-22 CIP outlines \$56.2 million in new appropriations to provide additional funding for the continuation of existing projects as well as funding for 21 new projects. Projected revenues during the same fiscal year are estimated at \$65.8 million.

FY 2021-22 Appropriations by Category
\$56.2 million



Civic Buildings and Facility Maintenance
\$8.2 million

This category includes a variety of facilities such as fire stations, libraries and the new City Hall. Costs include repair, maintenance and replacement of civic buildings.



Parks
\$2.6 million

Projects include improvements and enhancements to existing parks, such as playground resurfacing, picnic areas and other needs identified by the community and in recently updated parks master plans.



Drainage
\$7.2 million

The city's drainage infrastructure plays an important role in handling storm water runoff flows, as well as maintaining the water quality of the city's creeks, lagoons and ocean. As the city continues to age, it is increasingly necessary to balance repairing and replacing the existing lines with enhancing the current infrastructure to accommodate future needs.



Wastewater
\$11.5 million

The city’s sewer, or wastewater, projects include numerous pipeline construction and rehabilitation projects, as well as improvements to the Encina Wastewater Treatment facility. Most new lines are built and paid for with impact fees collected with new development.



Water and Recycled Water
\$3.1 million

Future water and recycled water projects include construction of new pipe lines, replacement of existing waterlines and reservoir improvements. The Carlsbad Municipal Water District has been producing and delivering recycled water for over 30 years.



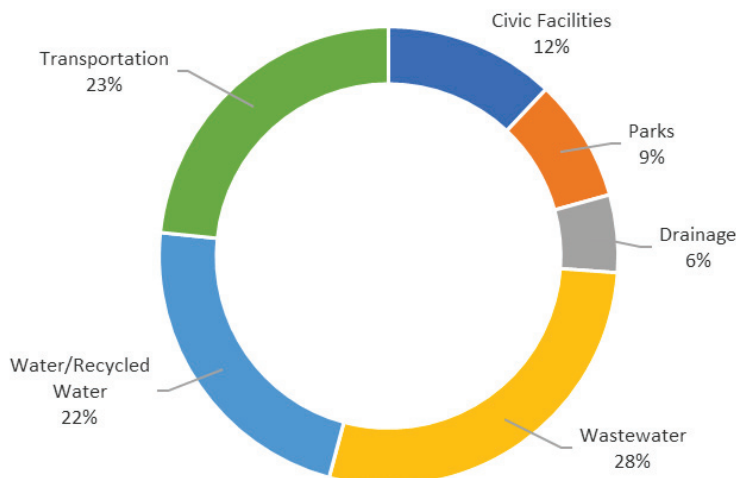
Transportation
\$23.6 million

People of all ages and abilities want to go places safely and conveniently in Carlsbad, whether they drive, walk, bike, or ride a bus or train. Carlsbad continues to invest in modernizing roads, leveraging technology to improve traffic systems, and making timely repairs and rehabilitation of the roadways, bridges, sidewalks and other assets in public rights-of-way throughout the city.

CIP Future Projects

The CIP for fiscal year 2021-22 to fiscal year 2035-36 outlines approximately 254 projects at a cost of \$669 million in new or additional funding. Long-range planning and responsible asset management play key roles in the development of future capital projects. Using data from various infrastructure master plans, ongoing asset condition assessments, technical modelling, field inspections as well as community feedback, the information provided for future years reflects the most comprehensive snapshot of known or anticipated future projects as well as associated estimated costs.

Future Project Costs By Type
FY 2021-22 to FY 2035-36
\$669 million



Unfunded Projects

There are six projects identified in the Capital Improvement Program for which there is no identifiable funding source and, in some cases, where only partial funding has been identified. The city will investigate obtaining possible external funding, such as federal and state grants, loans, or other financing sources. Once funding is identified for these projects, the project costs will have to be reviewed and updated to reflect actual cost estimates. The unfunded projects do not receive annual inflationary increases. Two projects are partially funded by the Traffic Impact Fee Program. The program was planned to generate enough revenue to pay for 20% of the total costs of these projects, leaving the remaining 80% unfunded.

Business Park Recreational Facility (partial funded)	\$	6,600,000
Cannon Lake Park (6.7 acres)		2,243,000
Carlsbad Blvd. Mountain View to Northerly City Limits (partially funded)		6,905,600
Carlsbad Blvd. and Palomar Airport Road (partially funded)		14,109,600
Carlsbad Blvd. Realignment (segments 3-5)		26,100,000
College Boulevard Extension		30,000,000
<u>Total Unfunded Projects</u>	<u>\$</u>	<u>85,958,200</u>

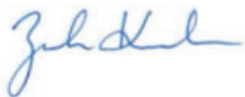
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the city for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 24th consecutive year that the city has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The city strives to annually produce an Annual Comprehensive Financial Report which will continue to meet the Certificate of Achievement Program's requirements. This report will be also submitted to GFOA to determine eligibility for another certificate.

This report has been a comprehensive effort by many people from many different areas of responsibility. It could not have been accomplished without their help and the dedicated efforts of all of the finance staff, especially Roxanne Muhlmeister, Assistant Finance Director and Kim Riboni, Senior Accountant. I also appreciate the staff of Lance, Soll & Lunghard, LLP for the professional way in which the audit of this financial report was conducted. It has been a pleasure to work with them. Additionally, I would like to thank the City Council, the City Manager and the city's Executive Management Team for their leadership and unfailing support in maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,



Zach Korach
Finance Director



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

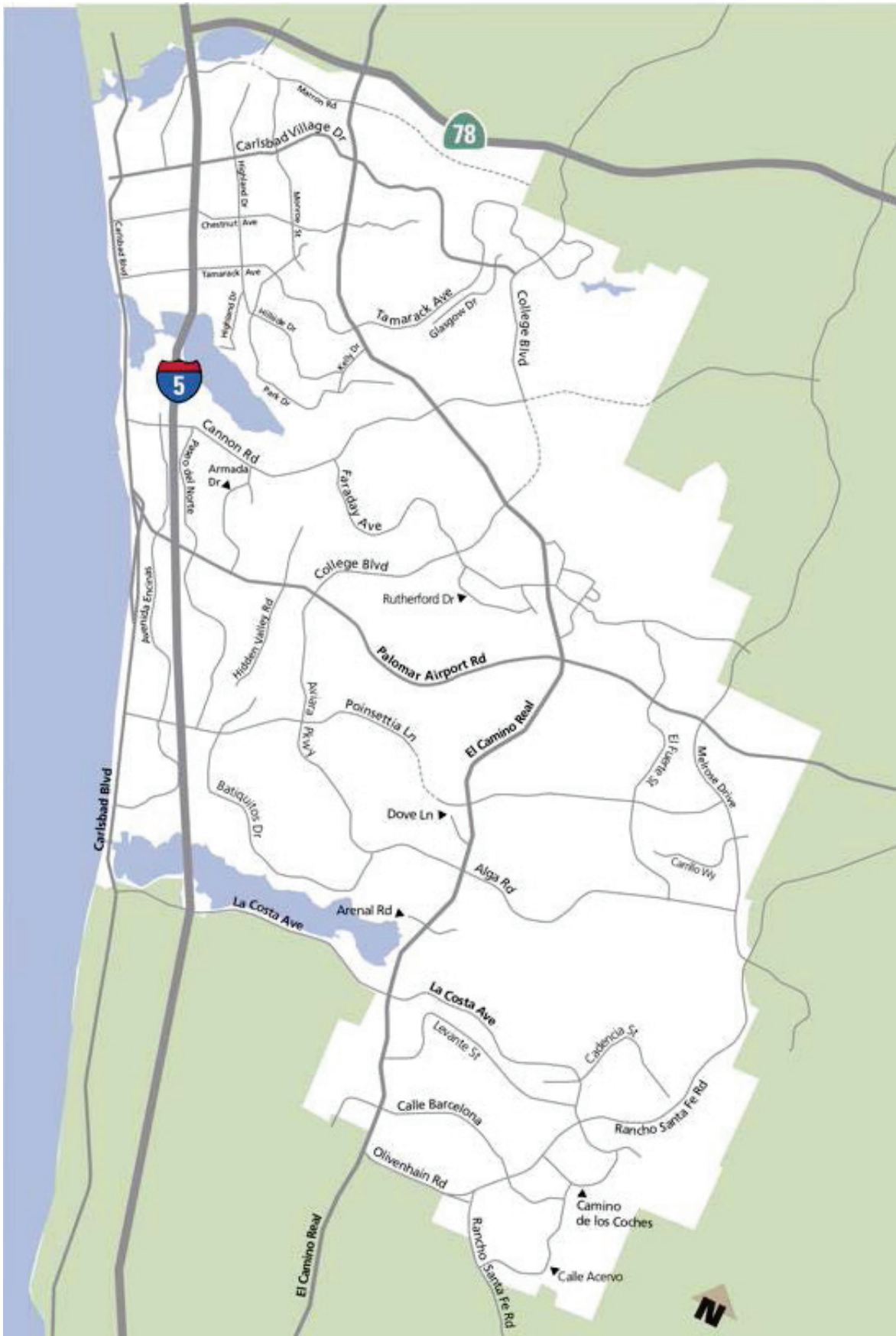
**City of Carlsbad
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Elected Officials

Keith Blackburn, Mayor
Melanie Burkholder, Council Member – District 1
Carolyn Luna, Council Member – District 2
Priya Bhat-Patel, Mayor Pro Tem – District 3
Teresa Acosta, Council Member – District 4
Sherry Freisinger, City Clerk
Craig Lindholm, City Treasurer

Leadership Team

Scott Chadwick, City Manager
Cindie McMahon, City Attorney
Geoff Patnoe, Assistant City Manager

Gary Barberio, Deputy City Manager, Community Services
Paz Gomez, Deputy City Manager, Public Works
Laura Rocha, Deputy City Manager, Administrative Services
Michael Calderwood, Chief, Fire Department
Maria Callander, Director, Information Technology
Sheila Cobian, Director, Legislative and Constituent Services
Tom Frank, Director, Public Works Transportation
Morgen Fry, Management Analyst, Office of the City Manager
David Graham, Chief Innovation Officer, Innovation & Economic Development
Jason Haber, Director, Intergovernmental Affairs
Zach Korach, Director, Finance
Kyle Lancaster, Director, Parks & Recreation
John Maashoff, Public Works Manager, Public Works Fleet & Facilities
Faviola Medina, City Clerk Services Manager, Office of the City Clerk
Mandy Mills, Director, Housing & Homeless Services
Jeff Murphy, Director, Community Development
Vicki Quiram, Director, Public Works Utilities
Kristina Ray, Director, Communication & Engagement
Suzanne Smithson, Director, Library & Cultural Arts
Baq Taj, Engineering Manager, Public Works Construction Mgmt. & Inspections
Judy Von Kalinowski, Director, Human Resources
Mickey Williams, Chief, Police Department
James Wood, Director, Public Works Environmental Sustainability

Boards and Commissions Chairs

Agricultural Mitigation Fee Committee – Peter Merz
Arts Commission – Barbara Chung
Beach Preservation Commission – Kathleen Steindlberger
Carlsbad Golf Lodging Business Improvement District Board – Bill Canepa
Carlsbad Tourism Business Improvement District Board – Bill Canepa
Community Development Block Grant Committee
Growth Management Citizens Committee
Historic Preservation Commission – Chad Majer
Housing Commission – John Nguyen-Cleary
Library Board of Trustees – Sherman DeForest
Parks & Recreation Commission – Michael Luna
Planning Commission – Peter Merz
Senior Commission – Kathryn Rangus
Traffic & Mobility Commission – Josh Coelho
Village & Barrio Design Review Committee

As of 2/22/2023



August 1, 2022



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Carlsbad, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carlsbad, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Honorable Mayor and Members of the City Council
City of Carlsbad, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund, and required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Honorable Mayor and Members of the City Council
City of Carlsbad, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
March 13, 2023



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Management's Discussion and Analysis

Management of the City of Carlsbad ("city") provides readers this overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2022. The intent is to assist the reader of these financial statements in better understanding the impact of financial decisions made by the city. This analysis will focus on the significant changes to explain the city's overall financial condition. The information presented here should be considered in conjunction with the additional information furnished in the letter of transmittal.

Overview of the Financial Statements

The financial statements section of the annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the city.

- The first two statements are *Government-wide Financial Statements* that provide both *long-term* and *short-term* information about the city's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual* parts of the city government, reporting the city's operations in *more detail* than the Government-wide Statements.
 - The Governmental Funds Financial Statements detail how general government services, such as public safety, were financed in the short-term, as well as what remains for future spending.
 - Proprietary Funds Statements offer short- and long-term financial information about the activities the city operates like businesses, such as providing water and wastewater services.
 - Fiduciary Funds Statements provide information about the financial relationships – such as assessment and business improvement districts – in which the city acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide greater detail. The statements are accompanied by *required supplementary information* that further explain and support the information in the financial statements. In addition to these required elements is the *combining fund statements* section that provides financial information about the nonmajor governmental funds, internal service funds, and fiduciary funds, which are added together and presented in single columns in the basic financial statements.

The remainder of this overview section of management's discussion and analysis (MD&A) explains the structure and content of each of the statements.

Government-wide Financial Statements

The Government-wide Financial Statements report information about the city as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes *all* of the city's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide Financial Statements report the city's *net* position and how it has changed. Net position – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or *position*. Over time, increases or decreases in the city's net position are an indicator of whether the city's financial health is improving or deteriorating, respectively. Additional non-financial factors should be considered, such as changes in the city's property tax base and the condition of the city's infrastructure, to assess the overall health of the city.

The Government-wide Financial Statements of the city are divided into two categories:

- *Governmental activities* – Most of the city’s basic services, such as police, fire, public works, community services, and internal services are included here. Taxes, revenues from other governments and agencies, income from property and investments, grants and contributions, and charges for services finance most of these activities.
- *Business-type activities* – The city charges fees to customers to cover the cost of certain services it provides. The city’s water, wastewater, solid waste and municipal golf course operations are the primary business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the city’s most significant *funds* – not the city as a whole. Funds are accounting devices used by the city to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by state law and bond covenants, while the city establishes other funds to control and manage money for particular purposes (such as the developer impact fee funds) or to show that it is properly using certain taxes and grants (such as the Section 8 Rental Assistance Fund).

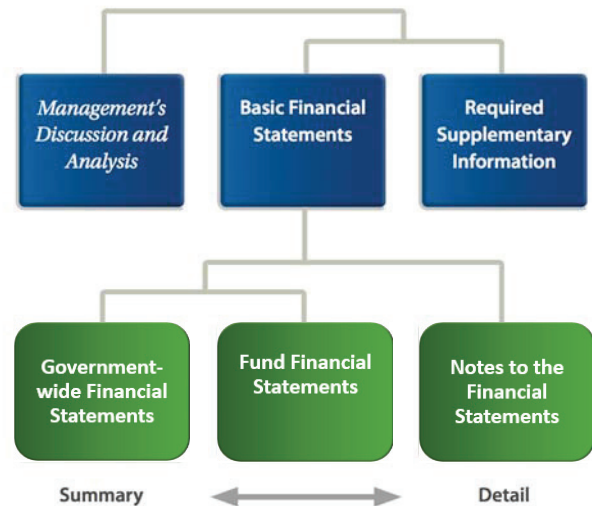
The city has three kinds of funds:

- *Governmental funds* – Most of the city’s basic services are included in governmental funds. These funds are used to account for (1) *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) balances left at year-end that are available for future spending. Consequently, the Governmental Funds Statement provides a detailed *short-term* view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the city’s programs. The statements are presented on a modified accrual basis of accounting. A reconciliation between the long-term and short-term focus of the Government-wide Financial Statements is provided immediately following each statement. There are currently three governmental fund types being used by the city: *the General Fund, special revenue funds, and capital project funds.*
- *Proprietary funds* – Services for which the city charges customers a fee are generally reported in proprietary funds. Proprietary funds, like Government-wide Financial Statements, provide both long- and short-term financial information, and are presented on an accrual basis of accounting.

There are two types of propriety funds, enterprise funds and internal service funds:

- *Enterprise funds are used to report activities that provide business-type services, generally to external customers – such as water, wastewater, solid waste, and golf services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.*
- *Internal service funds are used to report activities that provide services and supplies for the city’s other programs and activities – such as fleet, workers’ compensation, risk/liability, and information technology.*
- *Fiduciary funds – These funds are used to account for situations where the city’s role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. All of the city’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the city’s Government-wide Financial Statements because the city cannot use these assets to finance its operations.*

Required Components of the Annual Financial Report





Financial Analysis of the City as a Whole

Net Position

The city's *combined* net position as of June 30, 2022, as shown below, was \$1.87 billion. The city's net position increased by \$6.6 million as compared to the prior fiscal year. This increase was heavily impacted by revenues exceeding expenses for the year, an \$13.2 million increase in capital assets, and a substantial reduction net pension liability that was offset with an increase in deferred inflows related to pension. The increase in capital assets is discussed in more detail in the capital asset section of this MD&A.

CITY OF CARLSBAD'S NET POSITION (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-22</u>
Current and other assets	\$675.5	\$680.1	\$218.5	\$217.2	\$894.0	\$897.3	0.4%
Net OPEB asset	0.0	0.6	0.0	0.1	0.0	0.7	N/A
Capital assets	789.3	808.5	375.2	367.9	1,164.5	1,176.4	1.0%
Total assets	1,464.8	1,489.2	593.7	585.2	2,058.5	2,074.4	0.8%
Deferred outflows	46.1	39.4	3.5	2.9	49.6	42.3	-14.7%
Other liabilities	44.6	59.7	18.1	14.1	62.7	73.8	17.8%
Net OPEB liability	2.8	0.0	0.4	0.0	3.2	0.0	-100.0%
Net pension liability	154.4	72.8	12.0	4.8	166.4	77.6	-53.4%
Long-term debt outstanding	0.0	0.0	13.7	12.4	13.7	12.4	-9.5%
Total liabilities	201.8	132.5	44.2	31.3	246.0	163.8	-33.4%
Deferred inflows	1.0	74.7	0.1	10.5	1.1	85.2	7645.5%
Net position							
Net investment in							
capital assets	789.3	808.5	361.5	355.5	1,150.8	1,164.0	1.1%
Restricted	269.1	249.3	41.5	38.9	310.6	288.2	-7.2%
Unrestricted	249.7	263.6	149.9	151.8	399.6	415.4	4.0%
Total net position	\$1,308.1	\$1,321.4	\$552.9	\$546.2	\$1,861.0	\$1,867.6	0.4%

As noted earlier, over time, net position may serve as a useful indicator of the city's financial position. For the city, assets and deferred outflows of resources currently exceed liabilities and deferred inflows of resources by \$1.87 billion at the close of the fiscal year.

A large portion of the city's net position, 62%, reflects its net investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the city's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves would not be used to pay for these liabilities. The net investment in capital assets for the city increased slightly during fiscal year 2021-22 due primarily to the progression of existing capital projects netted with a decrease in outstanding debt (primarily Recycled Water).

Of the city's total net position, 15.4% represents resources that are subject to external restrictions on usage. The remaining balance of unrestricted net position (\$415.4 million) may be used to meet the city's ongoing obligations to residents and creditors.



The remaining net position is unrestricted, meaning it can be used for future spending and largely coincided with the decrease in net pension liability offset with an increase in deferred inflows of resources related to pension. Notably, the unrestricted net position of governmental activities increased, largely due to fluctuations with pension activities and the business-type activities balance increased slightly with relatively minimal change over the previous fiscal year.

Changes in Net Position

The condensed summary of activities below shows that net position increased by \$6.6 million during the year. This increase occurs when revenues earned are greater than expenses incurred.

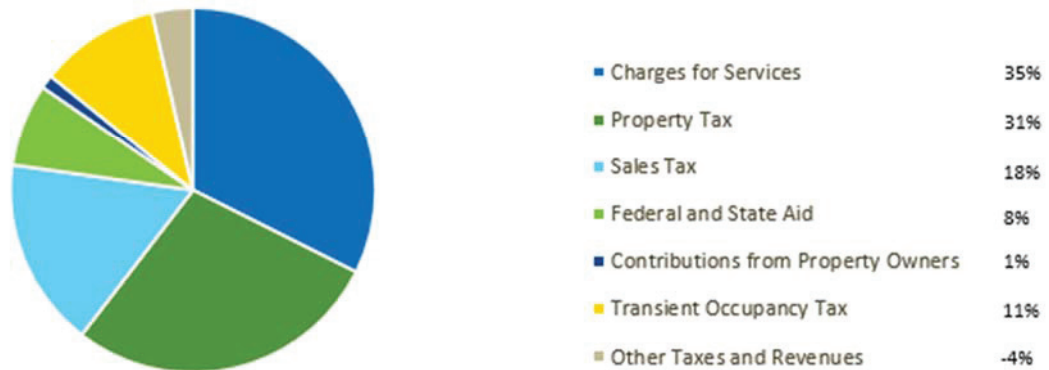
CITY OF CARLSBAD'S CHANGES IN NET POSITION							
(in millions of dollars)							
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Percentage</u>
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-22</u>
Revenues							
Program revenues							
Charges for services	\$20.0	\$19.4	\$75.2	\$79.6	\$95.2	\$99.0	4.0%
Operating grants and contributions	26.5	20.4	3.5	0.2	30.0	20.6	-31.4%
Capital grants and contributions	9.6	9.9	7.6	0.9	17.2	10.8	-37.5%
General revenues							
Property taxes	78.2	81.0	4.5	4.7	82.7	85.7	3.6%
Sales and use taxes	42.6	51.2	-	-	42.6	51.2	20.2%
Other taxes	28.8	47.6	-	2.3	28.8	49.9	73.1%
Income from property and investments	5.1	(22.1)	0.6	(7.7)	5.7	(29.8)	-622.8%
Other	0.5	1.3	-	-	0.5	1.3	160.0%
Total revenues	211.3	208.7	91.4	79.9	302.7	288.6	-4.7%
Expenses							
General government	20.0	14.8	-	-	20.0	14.8	-26.0%
Public safety	80.3	81.1	-	-	80.3	81.1	1.0%
Community services	57.7	59.0	-	-	57.7	59.0	2.3%
Public works	35.5	39.2	-	-	35.5	39.2	10.4%
Carlsbad Municipal Water District	-	-	56.3	53.6	56.3	53.6	-4.8%
Golf course	-	-	10.3	11.7	10.3	11.7	13.6%
Wastewater	-	-	9.0	17.9	9.0	17.9	98.9%
Solid waste	-	-	5.1	4.7	5.1	4.7	-7.8%
Total expenses	193.5	194.1	80.7	87.9	274.2	282.0	2.8%
Excess (deficiency) before transfers	17.8	14.6	10.7	(8.0)	28.5	6.6	-76.9%
Special items - Golf Course debt	(8.4)	-	8.4	-	-	-	0.0%
Transfers	(47.3)	(1.3)	47.3	1.3	-	-	0.0%
Increase (decrease) in net position	(37.9)	13.3	66.4	(6.7)	28.5	6.6	-76.9%
Beginning position	1,346.0	1,308.1	486.5	552.9	1,832.5	1,861.0	1.6%
Ending net position	\$1,308.1	\$1,321.4	\$552.9	\$546.2	\$1,861.0	\$1,867.6	0.4%

There were several reasons for the increase in net position:

- Intergovernmental revenues received from COVID-19 related programs such as the American Rescue Plan Act
- Accelerated recovery from the adverse fiscal impacts of COVID-19, specifically with sales tax and transient occupancy tax
- Fiscal discipline implemented by the city due to uncertainty surrounding COVID-19 restrictions and the economy resulted in budgetary savings
- These resulting increases were significantly offset by investment losses (fair market value adjustments) due to rising inflation and corresponding spikes in interest rates throughout the fiscal year

Approximately 86% of the revenues of the city’s governmental activities are generated through taxes collected (i.e., property tax, sales tax, transient occupancy tax, etc.), and approximately 99% of the city’s business-type revenue is generated through charges for services. The chart below graphically depicts the city’s revenue sources.

Sources of Revenue for Fiscal Year 2021-22
\$288.6 Million



While the city’s revenues, particularly transient occupancy tax, sales tax and recreation related revenues, were projected to recover compared to fiscal year 2020-21, they were still projected to be significantly impacted by COVID-19 related restrictions. Due to pent-up demand and the easing of restrictions related to COVID-19, the fiscal recovery was accelerated, and the city experienced historically high levels of revenues, notably for sales and transient occupancy tax. Sales tax ended the fiscal year with \$51.2 million and the year-over-year increase of \$8.6 million or 20.2% was driven by the city’s transportation, retail, and restaurant industry groups. Transient occupancy tax ended the fiscal year with \$32.4 million, an increase of \$16.8 million or 107%, and was driven by a combination of pent-up demand, easing of COVID-19 restrictions, and an increase in average daily room rates.

The city’s largest revenue source, property taxes, increased due to assessed values increasing in total for all components: residential, commercial and industrial properties. This was the seventh year in a row that the city had growth in all three assessed value components. However, fiscal year 2021-22 was the first time since fiscal year 2016-17 that the maximum increase of assessed values, which was 1.036%, fell below the 2% cap.

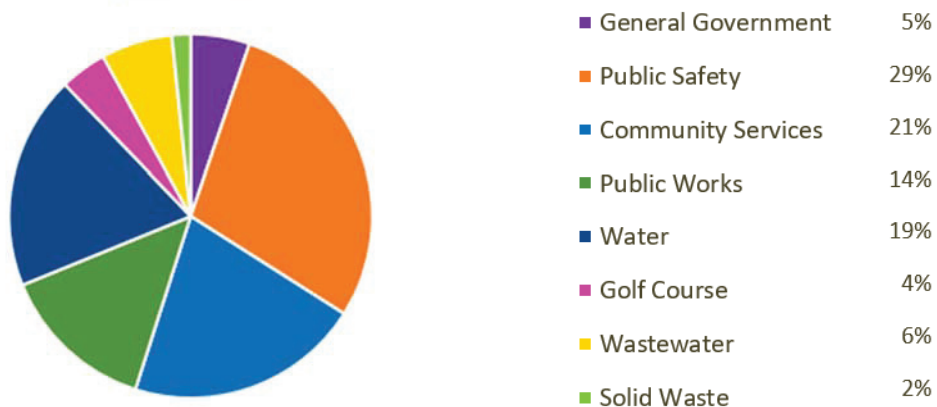
The city experienced an increase in business license revenue driven by an increase in late-payment penalties that resulted from COVID-19 and its impacts on businesses. Development remained relatively strong for the year and increased markedly compared to the previous fiscal year. There was very little commercial and industrial development during the year, similar to the prior fiscal year.

Income from property and investments were heavily impacted by unrealized losses created by adjusting the city’s investments to their fair market value at June 30, 2022. Rising inflation throughout the fiscal year triggered interest rate hikes from the Federal Reserve which had a substantial impact on the market value of the city’s portfolio; however, with rising rates, the city’s portfolio began to see continued increases in its monthly yield.

The primary contributors to the city’s charges for services are water and wastewater customers. A slight decrease in total water revenues was driven primarily by rate increases implemented in January 2021 that were offset by a slight reduction volume. Wastewater charges increased due to rate increases and development throughout the city. Together, these factors led to an overall increase in charges for services for the year for both water and wastewater. Additionally, the city’s municipal golf course experienced an increase in charges for services due to higher demand for allowable recreation activities during the shutdown.

The total cost of all programs and services was \$282.0 million in fiscal year 2021-22 which was moderately higher (2.8%) than prior fiscal year costs of \$274.2 million. The majority of the increase in program costs came from negotiated and contractual salary and benefit cost increases. Increases were also driven by a return of travel and training costs, the resuming of new programs and staff hiring that were reduced and deferred in response to COVID-19. Each year, supplemental budget requests, in addition to the city’s ongoing base budget, are considered. In FY 2021-22, budget items such as the homeless workplan, Growth Management Plan Citizens Committee, Fire Department Standards of Cover implementation, and traffic and mobility efforts contributed to the increase. The city’s water district also saw increases as the cost of water and amount of water purchased increased.

Functional Expenses for Fiscal Year 2021-22
\$282.0 Million



- General Government (5%)
This segment of the city is divided into three major groups: Policy & Leadership, Administrative Services and non-departmental charges. The Policy and Leadership group encompasses all elected officials, the City Manager and City Attorney offices, the Communications & Engagement team, and the Legislative & Constituent Services team. The Administrative Services group includes Finance, Human Resources (including Workers’ Compensation and Risk Management), Information Technology, and Innovation & Economic Development. Non-departmental also includes any special projects directed by the City Council.
- Public Safety (29%)
Public Safety remains a top City Council priority. This major service area includes the Police Department, whose mission is to protect and serve the community with integrity, professionalism and valor. The Fire Department is the other component of this major service area with a mission to enhance the quality of life by delivering exceptional services in safeguarding lives, property, and the environment.



- Community Services (21%)

Community Services consists of Library & Cultural Arts, Parks & Recreation, Community Development and Housing & Homeless Services. These city service areas ensure the city's planning and building policies are carried out, foster lifelong learning, support strong neighborhoods, administer affordable housing and homeless response programs, attend to the community's health and wellness and promote transparency in government. Library & Cultural Arts provides educational, informational and cultural arts services for all community residents, which contribute to quality of life by supporting lifelong learning, the pursuit of knowledge, and creating the availability of community gathering places. Parks & Recreation offers comprehensive opportunities for meeting the recreational and social needs and interests of the community by providing programs for all segments of the population. Community Development's primary roles include the day-to-day administration of the local, state, and federal land use regulations, promoting economic and business development, protecting life and property, enhancing public health, and preserving the environment. Community Development encompasses Land Use Planning, Building, Code Enforcement, and Land Development Engineering.
- Public Works (14%)

Public Works is responsible for building and maintaining all city infrastructure assets. This service area includes Public Works Administration, Facilities & Fleet, Environmental Sustainability, Transportation, Construction Management & Inspection and Utilities. Construction Management & Inspection manages construction of major projects, inspection and oversight of private development grading, stormwater and improvements inspection and oversight of all activity in the public right-of-way. Environmental Sustainability oversees the climate action plan program, the habitat management plan program, the sustainable materials management program, solid waste, and provides coordination of the municipal component of the National Pollutant Discharge Elimination System Municipal Storm Water Permit. Fleet & Facilities supports the maintenance of city vehicles and facilities. The Transportation Department cares for road infrastructure and projects, keeps people and traffic moving, maintains streets and storm drains, maintains street lighting, and provides incident response for city and private property.
- Water (19%)

The Carlsbad Municipal Water District (CMWD), a subsidiary of the city, provides potable and recycled water service to approximately 28,900 customers within a 32.3 square mile service area. CMWD purchases 100% of its potable water, which includes a local supply of desalinated seawater, as treated water from the Metropolitan Water District and the San Diego County Water Authority. CMWD also provides recycled water for irrigation purposes which is produced at the Carlsbad Water Recycling Facility, as well as purchased from the Vallecitos Water District.
- Golf Course (4%)

The city opened a municipal golf course in the summer of 2007, further enhancing the tourist attractions the city offers. The municipal golf course, The Crossings at Carlsbad, is an 18-hole golf course set in the rolling hills and canyons of Carlsbad. With ocean views, a high-quality golf experience, a first-class restaurant and clubhouse, and connections to hiking trails, The Crossings at Carlsbad is a destination for golfers and non-golfers alike.
- Wastewater (6%)

The city operates and maintains a sanitary wastewater collection system that provides wastewater services to approximately two thirds of the city's population, covering approximately 74% of the geographic area of the city. Wastewater is treated by the Encina Wastewater Treatment Plant, a facility jointly owned by the cities of Carlsbad, Vista and Encinitas; the Leucadia Wastewater District; the Vallecitos Water District; and the Buena Sanitation District.
- Solid Waste (2%)

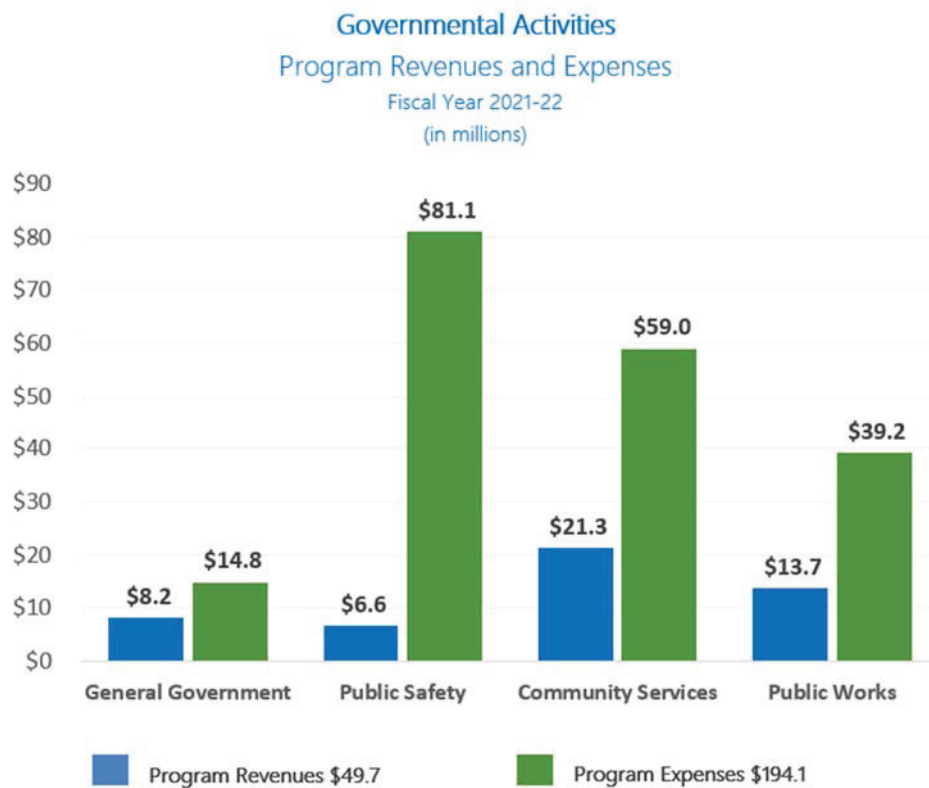
The Solid Waste Division administers and monitors the solid waste contract and the Palomar Transfer Station agreement and is responsible for ensuring the waste reduction and recycling components of the Source Reduction and Recycling Element and Household Hazardous Waste Element comply with state mandated diversion and disposal requirements. Also included in this section is the Storm Water Protection Program, whose goal is to provide leadership and stewardship of the city's resources protecting the city's beaches, creeks and lagoons.

The following sections provide information about the operations of the governmental and business-type activities.

Governmental Activities

The increase in net position for governmental activities was \$13.3 million. This increase was primarily driven by a reduction in net pension liability that was offset by an increase in deferred inflows of resources related to pension. Increased revenues also contributed to the positive change in net position; however, this was tempered by a substantial increase in investment losses. Total revenues from governmental activities were \$208.7 million (\$49.7 million in program revenues and \$159.0 million in general revenues) and were offset by \$194.1 million in total costs of governmental activities and \$1.3 million in transfers out.

The table on the following page presents the total cost of each of the city’s major programs, as well as each program’s revenue (fees generated by the activities, contributions, and intergovernmental funding). The net cost (the difference between adjoining bars in the graph) shows the financial burden that was placed on the city’s taxpayers by each of these programs (costs covered by general revenues).



Revenues are generated through several sources to cover the cost of the city’s programs. Total revenues of \$208.7 million include fees and charges paid by those who directly benefit from the programs (\$19.4 million), grants and contributions from other governments and organizations which subsidize certain programs (\$30.3 million), and taxes and other revenues (such as income from property and investments) received by the city to pay for the “public benefit” portion (\$159.0 million).

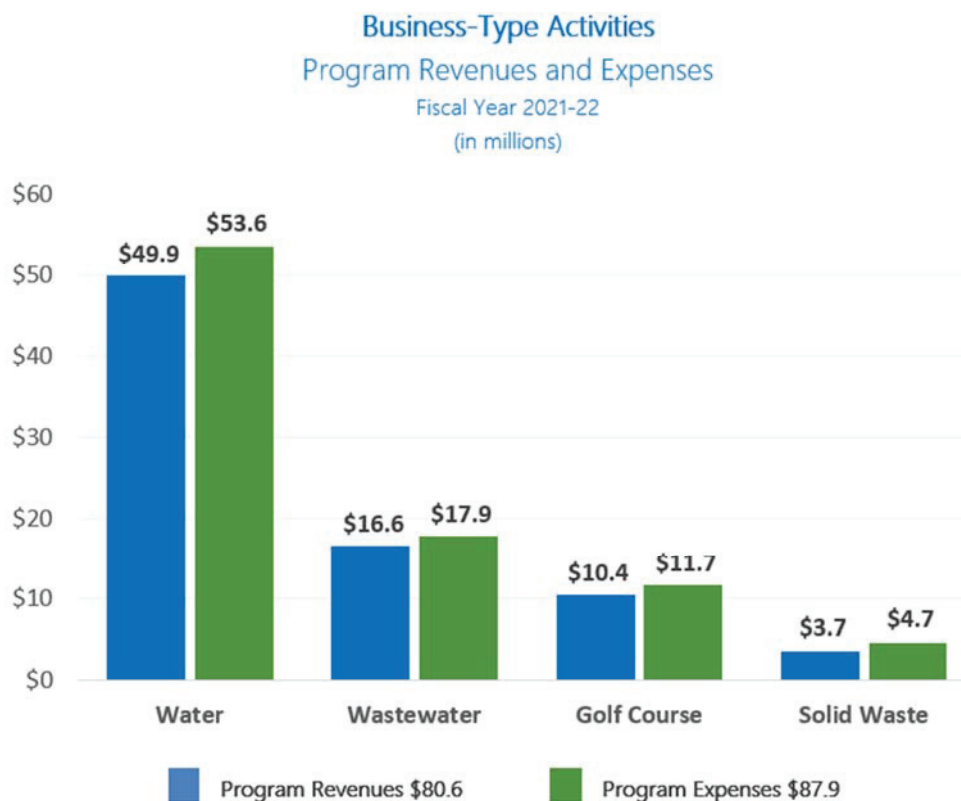
Community Services revenues are derived from development activities throughout the city, housing assistance programs, parks and recreation fees, and library fees. A large portion of Community Services revenues are comprised of housing assistance programs (Section 8 Rental Assistance, affordable housing loan repayments, and developers paying into the Affordable Housing Trust Fund) as well as charges for development related services. As expected, development activity reflected a moderate decrease from the prior fiscal year, offsetting only a portion of the program expenses.



The majority of Public Works revenues are used to acquire and build capital assets (versus covering operating expenses). In addition, the donation of capital assets from developers is reflected in the program revenues for Public Works. Capital assets are generally constructed or purchased once sufficient funds have accumulated to pay for the entire asset cost. Several years ago, the city entered a new stage of its lifecycle, from a developing or growing stage, to a mature and maintenance focused stage. As the city continues to mature and approach buildout, there will be fewer master planned projects. In past years, these projects constructed new facilities, roads, parks, and other city-owned infrastructure. The city is shifting its focus towards maintenance of existing facilities and will use funding sources such as the Infrastructure Replacement Fund to maintain and replace these assets.

Business-type Activities

Program revenues for the city’s business-type activities totaled \$80.6 million for the year, while program expenses equaled \$87.9 million.



Water program revenues are generated primarily from the sale of water, but also from developer donated assets and grants. Program revenues were slightly higher than program expenses driven by increases in water rate in March 2022 that were offset by a 1.6% decrease in water volume sales. Interest earnings increased due to a 22.6% increase in the yield of the investment portfolio combined with a 14.3% increase in the monthly average cash balance. Expenses were driven by increases for the cost of purchased water (7.7%).

Wastewater program revenues finished lower at \$16.6 million than program expenses of \$17.9 million due to increased staffing salary and benefit costs, higher interdepartmental expenses, and additional capital outlay for the procurement of a utility truck. These expenses were largely offset by program revenues driven by a 20% rate increase that went into effect March 2022.



The city’s golf course enterprise was in its 15th full year of operation and finished the fiscal year with a net loss of \$1.3 million. The demand for golf, an outdoor activity largely excluded from COVID-19 related restrictions, experienced historical highs across the nation, in the region and at the city’s municipal course. The course witnessed over 79,000 rounds played which significantly contributed to the golf course revenues sufficiently funding normal golf course operating expenses (i.e., excluding depreciation expense).

Solid waste revenues are primarily generated from fees charged to waste removal services customers to support the city’s integrated waste management plan which include recycling efforts and proper waste disposal programs. Expenses were planned to surpass revenues as many waste management programs have increased in level of effort and cost, such as solid waste, recycling, and organics management services, household hazardous waste collection and disposal, and environmental outreach and education. Despite the current year loss of \$1 million, the fund has sufficient reserves.

Capital construction expenses are spread over the life of an asset as annual depreciation charges (program expenses) and are not reflected as an expense in the year acquired.

A more detailed discussion of each of the enterprises can be found in the Proprietary Funds Section.

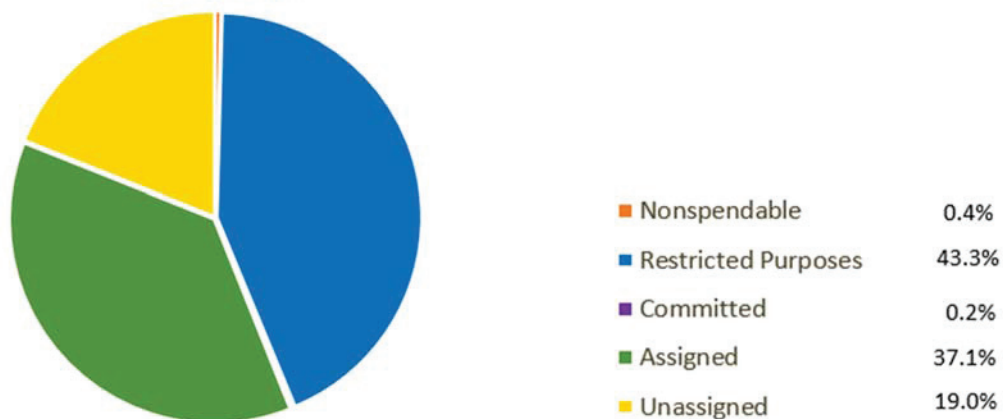
Financial Analysis of the City’s Funds

As noted earlier, the city uses fund accounting to ensure compliance with finance related legal requirements. In the current Annual Comprehensive Financial Report, the city implemented GASB Statement No. 84, Fiduciary Activities, and GASB Statement No. 98, The Annual Comprehensive Financial Report.

Governmental Funds

The focus of the city’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the city’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Governmental Fund Balances for Fiscal Year 2021-22
\$575.0 Million



There are five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned. These fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. At the end of the current fiscal year, the city’s governmental funds reported combined ending fund balances of \$575.0 million, down \$19.9 million from the year before. Approximately 0.4% (\$2.4 million) constitutes nonspendable fund balances, mostly comprised of advances and loans to other funds. Restricted fund balances can only be spent for a specific purpose stipulated by law and make



up about 43% (\$249.3 million). Assigned fund balances are intended to be used by the city for specific purposes, but do not meet the criteria to be classified as restricted or committed. These make up over 37% (\$213.3 million) of the city's fund balance. Unassigned fund balance is 19% (\$109.0 million) of the overall fund balance, which is available for spending at the City Council's discretion.

The General Fund is the main operating fund of the city, and at the end of the fiscal year had a total fund balance of \$162.1 million, an increase of \$2.3 million from the prior fiscal year. This resulted from an accelerated recovery from COVID-19 as property, sales, and transient occupancy tax revenues reached historical levels; however, this increase was significantly neutralized by unrealized investment losses on the city's portfolio.

The unassigned fund balance portion of the General Fund was \$109.9 million, an increase of \$10.7 million from last fiscal year. This increase resulted from (before transfers out) revenues in excess of expenditures of approximately \$29.2 million. In September 2021, City Council approved additional transfers to fund capital projects that were previously halted in response to COVID-19's adverse fiscal impacts. In total, \$24.2 million were transferred out of the General Fund to fund current and future capital projects at the city.

The city's General Fund Reserve Policy, outlined in City Council Policy No. 74, commits the city to maintaining General Fund reserves at a target of 40% of General Fund annual operating expenditures. The total reserve level is to be calculated using the prior fiscal year's adopted General Fund budgeted expenditures and is outlined below:

GENERAL FUND RESERVE BALANCE
(in millions of dollars)

	Actual	Target
Unassigned General Fund balance	\$ 109.9	\$ 73.8
Fiscal year 2021-22 adopted General Fund budgeted expenditures	\$ 184.6	\$ 184.6
General Fund reserve percentage	60%	40%

General Fund revenues increased by \$18.7 million or 10.5% compared to the prior year. The increase was largely driven by increases in all major taxes: property, sales, and transient occupancy. In total, taxes collected were \$29.4 million higher. The city also saw relatively consistent levels in intergovernmental revenues, a result of the second and final \$6.3 million received in American Rescue Plan Act funding. The city applied the entire American Rescue Plan Act funding received towards general governmental services as the city's revenue losses associated with the COVID-19 pandemic exceeded the city's total allotment. These increases were largely offset by a significant decline in income from property and investments. The city's investment portfolio experienced a substantial increase in unrealized losses as a result of the Federal Reserve continuing to increase interest rate targets to mitigate inflation.

Due to the uncertainties in revenue the city experienced as a result of the pandemic, costs were closely monitored, and expenditures were deferred throughout much of fiscal year 2020-21. In fiscal year 2021-22, the city's spending continued to be closely monitored; however, with anticipated recovery taking place, expenditures began to return to normal levels. Increases in personnel costs for salaries and benefits were a primary driver for expenditure increases. Increases in capital outlay for the purchase of vehicles and equipment also contributed to the increase over the prior year. Another factor in the increase was the additional \$6.4 million CalPERS discretionary payment made during the fiscal year, that will have lasting effects and lower the city's future retirement costs

A summary of the General Fund's revenues, expenditures and changes in fund balance is shown on the following page.



GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(in millions of dollars)

	Total		Increase (Decrease)	Total Percentage Change
	2021	2022	2021-22	
Revenues				
Taxes	\$149.4	\$178.8	\$29.4	19.7%
Intergovernmental	10.1	7.9	(2.2)	-22.1%
Licenses and permits	2.4	3.2	0.8	34.7%
Charges for services	7.5	9.8	2.3	31.0%
Fines and forfeitures	0.4	0.3	(0.1)	-14.3%
Income from property and investments	5.6	(5.6)	(11.2)	-199.5%
Miscellaneous	1.6	1.2	(0.4)	-25.8%
Total revenues	177.0	195.7	18.7	10.5%
Expenditures				
General government	22.0	22.0	0.0	0.0%
Interdepartmental charges	(5.1)	(5.3)	(0.2)	3.9%
Public safety	78.3	82.0	3.7	4.7%
Community services	40.5	45.0	4.5	11.0%
Public works	18.5	20.1	1.6	8.4%
Capital outlay	0.0	2.7	2.7	100.0%
Total expenditures	154.2	166.4	12.2	7.9%
Excess (deficiency) before transfers	22.8	29.3		
Transfers in	0.0	0.0		
Transfers out	(57.0)	(27.0)		
Increase (decrease) in fund balance	(34.2)	2.3		
Beginning fund balance	194.0	159.8		
Ending fund balance	\$159.8	\$162.1		

The Community Facilities District No. 1 Fund continues to collect assessments for the future construction of city infrastructure and facilities.

The General Capital Construction Fund used a portion of its existing fund balance towards improvements at City Hall, Fire Station No. 2, the Calavera Park Gateway, and various other projects. The expenditures were partially offset by a transfer from the General Fund for future projects.

The fund balance in the Infrastructure Replacement Fund increased as the city continued the annual transfer of funds from the General Fund for the future replacement of existing infrastructure and facilities. Projects for the year included the Police and Fire Headquarters refurbishment and various other projects.

During the year, the city continued to set aside money for the construction of various projects within these and other governmental funds. Historically, the city has not issued debt to fund the construction of capital projects and sets aside funds on an annual basis until sufficient funds have been collected for the construction of specific projects. In addition, projects will not be constructed until anticipated annual operating costs can be absorbed into the city's budget without creating a deficit.



Proprietary Funds

The purpose of the city's proprietary fund sections is to provide short-term and long-term financial information about the city's business-type activities. The analysis focuses on the determination of operating income, changes in net position (cost recovery), financial position, and cash flows.

The Carlsbad Municipal Water District (CMWD) funds experienced an operating loss of approximately \$2.2 million for the year. Operating revenues were approximately \$51.1 million and operating expenses were approximately \$53.3 million. Water purchases was one of the larger factors in the operating loss and caused by cost increases of water purchased from the Metropolitan Water District and the San Diego County Water Authority (suppliers of the CMWD's potable water). The loss was offset by an increase in volume of water sales, which was primarily attributable to lower than expected rainfall in the current year and a 2% increase in CMWD's water rates effective January 2021, and a \$1.8M settlement agreement received from the water authorities. Nonoperating income included property and investments of (\$5.4) million and property taxes of \$4.7 million. Income before transfers, capital contributions and special items for the year was (\$2.9) million.

The Wastewater Fund had an annual operating loss of \$1.5 million for the fiscal year. Total revenues from operations were up \$1.2 million from the prior year, due primarily to rate increases. Operating expenses were up \$8.8 million and were primarily the result of the increased administration and capital improvements compared to the previous fiscal year. Nonoperating revenues resulted in a \$1.8 million loss driven by a negative market value adjustment for the city's investment.

In the fifteenth year of operation, the Golf Course Fund had an operating loss of \$1.3 million. Excluding depreciation of the enterprise's assets (\$3.4 million), the Golf Course Fund's income was \$2.1 million. Revenues exceeded expectations in the current year due to increased demand in participation in outdoor activities. This increase in revenue driven by higher rounds played was combined with an increase in green fees during the year. While revenue increased, golf related costs are generally fixed in nature and did not increase at the same rate.

Solid Waste Operations and Storm Water Programs are combined on the city's financial reports and showed a net operating loss of \$0.8 million for the year. Revenues were slightly higher than the previous fiscal year, and expenses increased due to planned outside professional service costs: for solid waste, recycling, and organics management services; household hazardous waste collection and disposal; and environmental outreach and education. Nonoperating revenues resulted in a \$0.5 million reduction to the \$0.8 million operating loss before transfers and capital contributions.

The unrestricted net position for the Water, Golf Course, Wastewater and Solid Waste Operations at the end of the year amounted to \$150.1 million, or approximately 28% of the total enterprise funds net position. This unrestricted balance increased mostly from positive operating performance excluding depreciation. Each fund's unrestricted net position may be used for rate stabilization for the respective fund's services, fluctuations in operating expenses, and unforeseen repairs and maintenance. Approximately \$38.9 million, or 7%, of the net position of all the proprietary funds are restricted for future capital construction of new and replacement water and wastewater infrastructure assets. Since funding for the replacement of infrastructure assets is not restricted, it is reflected in the Statement of Net Position as unrestricted. The city does, however, account for and monitor these amounts in separate funds to ensure that water and wastewater assets can be replaced when needed.



General Fund Budgetary Highlights for Fiscal Year 2021-22

Management monitors revenues during the year and updates estimated revenue figures when new information is received. General Fund revenue estimates were revised minimally during the year, as compared to the originally budgeted estimates. Some of the factors that led to the \$0.6 million increase in revenue estimates included:

- Adult literacy and family literacy grant funds received during the year
- Developer deposits received during the year

The increase from the total original expenditure and transfers budget to the final budget amounted to \$39.8 million primarily due to:

- Transfers of \$19.8 million to primarily fund the General Capital Construction Fund and Strategic Digital Transformation Investment Program
- \$1.5 million for license plate reader cameras for the Police Department
- \$6.4 million appropriation for an Additional Discretionary Payment (ADP) to CalPERS
- Outstanding purchase orders at June 30, 2021 totaling \$11.3 million carried forward into fiscal year 2021-22
- The carryforward of other unspent funds at June 30, 2021 planned to be used for:
 - Housing Element
 - Motel/Hotel Voucher Program
 - Public Art Funds
 - Homeless Outreach Team vehicles
 - COVID Economic Revitalization
- The appropriation of grant money received
- Developer funded studies

The difference of \$25.7 million between the final budgeted expenditures plus transfers and the actual expenditures plus transfers for the year, on a budgetary basis, can be generally summarized as follows:

- \$12.2 million in outstanding encumbrances as of June 30, 2022 that were carried forward to fiscal year 2022-23
- Interdepartmental charges were \$0.2 million above estimates, which are offset against expenditures for reporting purposes in the financial statements.
- Savings by various major service areas within the city making up the remaining difference. Current year savings were generated from:
 - The closure of purchase orders that had no activity during the past 12 months
 - Unspent program appropriations in Housing and Homeless Services
 - Unfilled staff vacancies
 - Overall awareness of fiscal responsibility throughout the city

For purposes of budgetary presentation, actual revenues have been adjusted to exclude unrealized gains and losses in investments pursuant to GASB; actual expenditures have been adjusted to include remaining encumbrances.



Capital Asset and Debt Administration

Capital Assets

CITY OF CARLSBAD'S CAPITAL ASSETS (in millions of dollars)

	Governmental		Business-Type		Total		Total Percentage	
	Activities		Activities				Change	Change
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-22</u>	<u>2021-22</u>
Land	\$160.6	\$160.6	\$9.3	\$9.3	\$170.0	\$169.9	(\$0.1)	-0.1%
Construction in progress	18.1	36.9	21.4	17.4	39.5	54.3	14.8	37.5%
Buildings and other structures	138.3	138.3	41.2	41.4	179.5	179.7	0.2	0.1%
Improvements other than buildings	98.9	103.9	53.5	56.2	152.4	160.1	7.7	5.1%
Machinery and equipment	52.2	56.3	14.0	14.0	66.2	70.3	4.1	6.1%
Infrastructure	738.3	752.7	402.5	404.2	1,140.7	1,157.0	16.2	1.4%
Wastewater treatment facility	-	-	62.4	64.4	62.4	64.4	2.0	3.2%
Intangibles	6.5	6.5	-	-	6.5	6.5	-	0.0%
	1,212.9	1,255.1	604.3	606.9	1,817.1	1,862.1	45.0	2.5%
Accumulated depreciation	(423.6)	(446.6)	(229.0)	(239.0)	(652.6)	(685.6)	(32.9)	5.0%
Total	\$789.3	\$808.5	\$375.3	\$367.9	\$1,164.5	\$1,176.6	\$12.1	1.0%

At the end of fiscal year 2021-22, the city had recorded investments of over \$1.1 billion in a broad range of capital assets, including park facilities, land, buildings, roads, bridges, drainage facilities, water and wastewater lines, Police and Fire vehicles, and other maintenance equipment. This number includes infrastructure assets of the general government which are required per GASB.

Some of this year's major capital asset additions included:

- College Boulevard Extension
- Barrio Street Lighting
- Fire Station No. 2
- Temporary Fire Station No. 7
- Calavera Hills Community Park Gateway Improvements
- Poinsettia Park
- Veteran's Memorial Park
- Village H South Off Leash Dog Area and Trail Segment 5B
- Police and Fire Headquarters Renovation
- Beach Access Repair and Upgrades – Pine Avenue to Tamarack
- Miscellaneous City Building Improvements
- Library Fire Alarm Panel Upgrades
- Lake Calavera Outlet Improvements
- Traffic Monitoring Program
- Avenida Encinas Coastal Rail Trail and Pedestrian Improvements
- Retro reflectivity Sign Replacement Program
- El Camino Real and Cannon Road Intersection Improvements
- ADA Improvement Program
- El Camino Real Widening – Arenal Road to La Costa Avenue
- Terramar Area Coastal Improvements
- El Camino Real and Agua Hedionda Creek Bridge Railing and Sidewalk
- Traffic Improvement Program
- El Camino Real and College Boulevard Intersection Improvements
- City Facility Safety and Parking Lot Lighting Assessment
- Roadway Slope Stabilization
- El Camino Real Widening – Sunny Creek to Jackspar
- Traffic Signal – Tamarack Avenue and Valley Street
- Storm Drain System Rehab and Repair Program
- Citywide Drainage Improvement Program
- Park Drive Street and Drainage Improvement
- Headwall Replacement Program

In addition to carrying forward appropriations of \$246.4 million for previously budgeted projects, the city's fiscal year 2021-22 capital improvement budget appropriated an additional \$56.2 million for capital projects.



These additional appropriations were principally for the following projects: Avenida Encinas widening south of Palomar Airport Road; Carlsbad Boulevard waterline replacement at Terramar; Carlsbad Water Recycling Encina capital projects; citywide drainage improvement program; Desalinated Water Flow Facility No. 5 projects; El Camino Real widening from Poinsettia Lane to Camino Vida Roble; Encina capital projects; fleet fuel island upgrade; Kelly Drive and Park Drive complete street improvements; Leo Carrillo Ranch roof repairs; Park Drive street and drainage improvements; pavement management program; SCADA improvements; sewer lift station repairs and upgrades; Terramar area coastal improvements; Veterans Memorial Park; water system rehabilitation and replacement; and the transfer of Fire Station No. 4 funds to the General Fund.

These projects will be financed by development fees, infrastructure and replacement transfers from the General Fund, special district fees and taxes, water and wastewater replacement reserves and other sources, including grants and contributions from other agencies. More detailed information about the city’s capital assets is presented in Note 6 of the financial statements and in the city’s Capital Improvement Program (CIP) document, which can be found on the city’s website or obtained from the Administrative Services Department.

Long-term Debt

CITY OF CARLSBAD'S OUTSTANDING DEBT

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2021	2022	2021	2022	2021	2022	Change
Leases	\$0	\$22,377	\$0	\$0	\$0	\$22,377	N/A
Loans	0	0	13,749,899	12,443,537	13,749,899	12,443,537	-9.5%
Total	\$0	\$22,377	\$13,749,899	\$12,443,537	\$13,749,899	\$12,465,914	-9.3%

At fiscal year-end, the city had \$12.5 million in loans and leases, a decrease of \$1.3 million from last year, as shown in the table above. Regular payments were made on all the city’s outstanding loans and leases. More detail about the city’s long-term liabilities is presented in Note 6 of the financial statements.

Economic Factors and Next Year’s Budgets and Rates for Fiscal Year 2022-23

The Carlsbad economy is diverse, has strong industry clusters and is a leader in innovation. According to the most recent biennial business survey of Carlsbad businesses, released in January 2022, five key industry clusters are driving growth:

- Life sciences
- Information, communications and technologies
- Cleantech
- Sports innovation and design
- Hospitality and tourism

The gross regional product for Carlsbad is \$14.6 billion, indicating that Carlsbad is the largest economy in the county behind the City of San Diego. Companies that call Carlsbad home are at the forefront in areas of technology and innovation, and the city’s hospitality and tourism industry generate the second-highest amount of transient occupancy tax among the county’s 18 cities.

The COVID-19 pandemic took a toll on the city’s businesses, with unemployment spiking to 13.8% in April 2020. Many businesses were forced to reduce or suspend operations temporarily at various times throughout the pandemic and corresponding public health orders.

However, because of the diversity of industries, strategic engagement by the city of Carlsbad to attract and grow innovation businesses and rapid allocation of financial resources to respond to the pandemic, the economic impact on Carlsbad was less than surrounding cities. Many businesses recovered rapidly and resumed growth.



Unemployment continued its downward trend reaching a low of 2.4% in May 2022, before rising slightly to 3% in August 2022. In September 2022, Carlsbad unemployment dipped back down to 2.7%. The unemployment rate in September was 3.9% at the state level and 3.1% at the county level.

Ongoing inflation and concerns of a recession are impacting the labor market. While it remains tight for now, some employers have noted a slight easing in their ability to find workers. Going into the holidays, many national retailers have projected slower seasonal hiring than previous years. This may affect unemployment rates in the second quarter.

Global disruptions also continue to impact our local, state, and national economy due to supply chains, oil supplies, energy costs, and inflation. Employers cite worker shortages, supply chain issues and rising costs as the biggest challenges to doing business today.

The importance of monitoring economic trends at global as well as local levels becomes increasingly important as the city navigates these uncertain times. Below are budgetary expectations and highlights from the fiscal year 2022-23 adopted budget.

- Property tax, the largest source of General Fund revenues, is expected to grow by 6% over last year's adopted budget and 2.3% over the fiscal year 2021-22 estimated amount. While the residential real estate market in Carlsbad has seen significant increases in values, commercial property assessed values are still expected to remain relatively flat. Due to the uncertainty and slowdown of economic activity created from the COVID-19 pandemic, commercial property transactions have been limited during the prior year. Proposition 8 allows owners to have their property temporarily revalued if market value is lower than the factored base year value, posing a risk that commercial property values could temporarily decrease. While recovery from the pandemic has commenced, new uncertainties have grown surrounding the economy, specifically inflation and impacts on disposable income and the housing market. Commercial property prices are not anticipated to increase significantly on an annual basis. Assessed values on the residential real estate are expected to grow modestly, capped by California's Proposition 13. Proposition 13, adopted in 1978, limits the annual increase in assessed values for property. Under this proposition, assessed values (and the related property tax) can grow by no more than 2% per year. The value upon which the tax is based is only increased to the full market value upon the sale of a property. The maximum increase of assessed values when properties are not sold is by the change in California's Consumer Price Index, which was 1.036% in 2021-22 – below the 2% cap for the first time since 2016-17. Residential activity has been driven by low interest rates on mortgages, pent-up demand that built during the shutdown and an increase in the ability to work remotely. Increasing rates and diminishing pent-up demand as we exit the pandemic will have an impact compared to past experience. The median price of a single-family residence in Carlsbad based on resale data from Zillow is \$1.4 million, up by 28.5% year over year in March 2022.
- Sales Tax revenues generally move in step with economic conditions and overall Carlsbad's economy has been neutral during the pandemic. The restrictions resulting from the COVID-19 pandemic have led to increases in segments like auto sales, construction, drug store sales, chemical products, food markets and recreational products, while others like restaurants and general retail took a major hit. The city has also benefitted from sales tax revenues on internet sales generated as a result of the Wayfair or AB147 law that went into effect in October 2019.

Until fiscal year 2019-20 sales tax revenues had improved markedly, peaking in fiscal year 2018-19 at \$40.8 million. The onset of the pandemic in March 2020 resulted in swift reductions in sales tax revenues and the city ended the year with \$38 million in sales tax revenues. During fiscal year 2020-21, impacts of COVID-19 on sales tax generally correlated with shelter-in-place mandates. As restrictions were lifted, recovery was realized as fiscal year 2020-21 ended with \$44 million in sales tax revenues. However, fiscal year 2021-22 experienced the most accelerated recovery—the city is estimated to end the year at a historic high of \$50 million in sales tax revenues. Much of this



recovery resulted from the easing of restrictions and pent-up demand. As we move forward into fiscal year 2022-23, much uncertainty remains surrounding market and economic conditions like inflation and impacts to disposable income. As a result, a conservative estimate of \$49.1 million is budgeted for fiscal year 2022-23 which represents a decrease of \$0.9 million, or 2%, over fiscal year 2021-22 estimates.

- Transient Occupancy Tax (TOT, or hotel tax) was the revenue category most adversely impacted by COVID-19. From historic highs of \$26 million in fiscal year 2018-19, year-over-year decreases of 27% and 16% were experienced. As of last year, TOT was expected to increase approximately 47%, marking the beginning of an anticipated 3-year recovery. However, this recovery was accelerated with the easing of restrictions and pent-up demand which resulted in TOT revenues reaching new historic highs. In fiscal year 2021-22 TOT is estimated at approximately \$28 million. While group business travel has yet to fully return to pre-pandemic levels, uncertainty around rising inflation and diminishing pent up demand drive a more conservative estimate in fiscal year 2022-23. TOT has historically increased as new hotels—such as the two hotels at the Legoland California Resort, Cape Rey Carlsbad Beach Resort and the Westin Hotel—have opened. The city saw the opening of the Home2Suites and the Springhill Suites hotels during fiscal year 2021-22, but the impact of new openings has been overshadowed by the COVID-19 disease containment and suppression measures. As we navigate through the pandemic, TOT revenues are anticipated to increase. According to a report from Tourism Economics, San Diego County tourism will see significant growth in visitation demand of around 36% in calendar year 2022 and another 9% in calendar year 2023. The projected rebound is driven by lifted travel restrictions and the regions attractiveness for leisure travel, offset by weak group and business travel. The following few years are expected to increase steadily as group and business travel become more prevalent and increases in available rooms continue. The City of Carlsbad currently has approximately 4,812 hotel rooms, 668 timeshares, and over 357 registered vacation rentals.
- The city approved 24 new full-time positions and 3.4 full-time equivalent positions in the General Fund, primarily in the areas of Parks and Recreation lifeguards and Fire Department Emergency Medical Technicians.
- As part of CalPERS' strategy to ensure the plan's sustainability, and as a result of their investment performance in fiscal year 2020-21, CalPERS reduced its discount rate from 7.0% to 6.8% which increases the amount the city is required to contribute on an annual basis. In support of CalPERS strategies for plan sustainability, and as part of the city's strategic, long-term approach to financial management, the city actively manages its unfunded pension liability. The City Council approved an additional discretionary contribution of \$6.4 million to decrease future costs of the city's unfunded actuarial liability. This active management helps ensure resources are available to fulfill the city's contractual promises to its employees and minimizes the chance that funding these pension benefits will interfere with the city's ability to provide essential public services.

These factors were considered when preparing the city's General Fund budget for fiscal year 2022-23. Budgeted expenditures increased by 7.5% to \$198.4 million. The total personnel budget for fiscal year 2022-23 is \$124.1 million, which is 6.7% more than the previous year's personnel budget of \$116.3 million. The total maintenance and operations budget for fiscal year 2022-23 is \$59.2 million, which is 1.8% less than the previous year's budget of \$60.3 million. The total capital outlay budget for fiscal year 2022-23 is \$1.5 million, \$0.6 million more than the previous year. The fiscal year 2022-23 budget reflects the plan to reinstate city services back to pre-pandemic levels and operationalize the City Council's goals. The increase includes \$6.1 million in one-time costs associated with the goals and the addition of 24 new full-time employees which are mostly associated with the goals.

Transfers out of the General Fund are budgeted at \$13.6 million, a \$6.5 million increase from the prior fiscal year. This increase resulted from a temporary halt on the annual capital project funding transfers in fiscal year 2020-21 due to uncertainty surrounding the pandemic.



Adding to the adopted budget of \$198.4 million for the General Fund, funds will be carried over to fiscal year 2022-23: approximately \$14.7 million in unspent fiscal year 2021-22 budgeted expenditures and approximately \$12.2 million in open encumbrances as of June 30, 2021.

During the current fiscal year, the unassigned fund balance in the General Fund increased by \$11.4 million to \$110.7 million.

Projected revenues are currently sufficient to build the approved projects listed in the fiscal year 2021-22 CIP. The city's business-type activities reflect the following:

Water revenues are expected to increase from rate increase starting March 2022 in addition to a slight increase in demand due to customer growth which may decrease based on water conservation efforts.

The effective increase in purchase costs for CMWD is projected to be approximately 5.5%. The cost of water purchased from the San Diego County Water Authority is projected to increase due to increases in Metropolitan Water District's water rates. This was offset by a refund from share of damages awarded for unlawfully assessed rates of \$1.8 million combined with maintaining reserve balances during fiscal year 2021-22. A recent cost of service study set rate increases beginning in March 2022 through 2024 based on increased purchase rates, capital repair costs and increases to cost of materials.

Wastewater rates increased 20% beginning in March 2022 with planned increases based on a recent cost study. The increases are needed to invest in maintaining wastewater infrastructure that has reached the end of its expected life and increases in cost of materials and supplies needed to operate systems.

Solid Waste revenues are projected to increase moderately, and the fund expects to run a slight deficit due to increasing waste management requirements imposed by the state. Sufficient reserves are able to sustain the increase costs without significant price increases in the short term.

The Golf Course Fund projected a slight increase in revenues from an increase in rates in July 2022 further driven continued demand and a return of private events. As a result, the operation expected to continue to see improvements in their cash flows going forward.

[Contacting the City's Financial Management](#)

This financial report is designed to provide the residents, taxpayers, customers, investors, and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Department, 1635 Faraday Avenue, Carlsbad, California 92008, 442-339-2430, or find additional information at www.carlsbadca.gov.



CITY OF CARLSBAD

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 614,626,048	\$ 193,144,796	\$ 807,770,844
Receivables:			
Accounts	1,838,626	12,951,740	14,790,366
Taxes	14,756,103	38,120	14,794,223
Notes and loans	24,430,300	-	24,430,300
Accrued interest	5,948,421	737,441	6,685,862
Leases	12,818,490	5,227,767	18,046,257
Other	1,410,454	658,697	2,069,151
Internal balances	(1,624,476)	1,624,476	-
Prepaid costs	2,611,446	138,167	2,749,613
Deposits	200,432	-	200,432
Due from other governments	1,135,702	1,703,213	2,838,915
Inventories	270,831	940,963	1,211,794
Land held for resale	1,633,816	-	1,633,816
Net OPEB asset	611,298	71,367	682,665
Capital assets:			
Land	160,619,596	9,330,718	169,950,314
Construction in progress	36,891,555	17,436,454	54,328,009
Buildings and other structures	138,281,470	41,391,888	179,673,358
Improvements other than buildings	103,902,694	56,202,412	160,105,106
Machinery and equipment	56,253,190	14,007,845	70,261,035
Infrastructure	752,669,574	404,212,142	1,156,881,716
Wastewater treatment facility	-	64,373,642	64,373,642
Intangible assets	6,483,648	-	6,483,648
Right-of-use assets	25,067	-	25,067
Less accumulated depreciation/amortization	(446,589,445)	(239,024,221)	(685,613,666)
Total capital assets	808,537,349	367,930,880	1,176,468,229
Total Assets	1,489,204,840	585,167,627	2,074,372,467
Deferred Outflows of Resources:			
Deferred outflows of resources - pension related items	36,590,345	2,396,626	38,986,971
Deferred outflows of resources - OPEB related items	2,776,216	521,162	3,297,378
Total Deferred Outflows of Resources	39,366,561	2,917,788	42,284,349
Liabilities:			
Accrued liabilities	33,406,616	4,063,846	37,470,462
Accrued interest	-	36,886	36,886
Unearned revenue	966,676	220,670	1,187,346
Deposits payable	8,344,345	1,101,216	9,445,561
Due to other governments	4,377	8,658,806	8,663,183
Estimated claims payable	16,909,815	-	16,909,815
Noncurrent liabilities:			
Net pension liability	72,807,703	4,815,423	77,623,126
Due within one year	2,331	1,698,146	1,700,477
Due in more than one year	20,046	10,745,391	10,765,437
Total Liabilities	132,461,909	31,340,384	163,802,293
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related items	59,156,694	5,000,382	64,157,076
Deferred inflows of resources - OPEB related items	2,904,470	405,483	3,309,953
Deferred inflows of resources - lease related items	12,631,620	5,137,227	17,768,847
Total Deferred Inflows of Resources	74,692,784	10,543,092	85,235,876
Net Position:			
Net investment in capital assets	808,514,972	355,487,343	1,164,002,315
Restricted for:			
Affordable housing	41,413,098	-	41,413,098
Community services	4,800,600	-	4,800,600
Lighting and landscape districts	9,635,449	-	9,635,449
General government	806,261	-	806,261
Public safety	646,543	-	646,543
Capital projects	191,966,807	38,948,782	230,915,589
Unrestricted	263,632,978	151,765,814	415,398,792
Total Net Position	\$ 1,321,416,708	\$ 546,201,939	\$ 1,867,618,647

See Notes to Financial Statement.

CITY OF CARLSBAD

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 14,806,007	\$ 626,894	\$ 7,250,233	\$ 301,514
Public safety	81,129,635	5,899,478	653,447	-
Community services	58,953,827	8,670,737	12,259,274	342,149
Public works	39,204,155	4,246,837	218,816	9,278,762
Interest on long-term debt	14,535	-	-	-
Total Governmental Activities	194,108,159	19,443,946	20,381,770	9,922,425
Business-Type Activities:				
Carlsbad Municipal Water District	53,597,583	49,193,720	170,432	499,460
Golf Course	11,708,230	10,424,281	-	-
Wastewater	17,905,503	16,282,173	2,287	358,072
Solid Waste	4,737,745	3,684,383	10,265	-
Total Business-Type Activities	87,949,061	79,584,557	182,984	857,532
Total Primary Government	\$ 282,057,220	\$ 99,028,503	\$ 20,564,754	\$ 10,779,957

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Real property transfer taxes
- Business license taxes
- Use of money and property
- Other

Transfers

**Total General Revenues,
and Transfers**

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (6,627,366)	\$ -	\$ (6,627,366)
(74,576,710)	-	(74,576,710)
(37,681,667)	-	(37,681,667)
(25,459,740)	-	(25,459,740)
(14,535)	-	(14,535)
(144,360,018)	-	(144,360,018)
-	(3,733,971)	(3,733,971)
-	(1,283,949)	(1,283,949)
-	(1,262,971)	(1,262,971)
-	(1,043,097)	(1,043,097)
-	(7,323,988)	(7,323,988)
(144,360,018)	(7,323,988)	(151,684,006)
81,012,174	4,715,280	85,727,454
32,402,771	-	32,402,771
51,175,423	-	51,175,423
6,370,942	-	6,370,942
2,178,717	-	2,178,717
6,619,296	-	6,619,296
(22,062,942)	(7,656,356)	(29,719,298)
1,261,864	2,257,871	3,519,735
(1,315,748)	1,315,748	-
157,642,497	632,543	158,275,040
13,282,479	(6,691,445)	6,591,034
1,308,134,229	552,893,384	1,861,027,613
\$ 1,321,416,708	\$ 546,201,939	\$ 1,867,618,647

CITY OF CARLSBAD

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Capital Projects Funds		
		Bridge Thoroughfare Districts (BTD)	Community Facilities District #1	Infrastructure Replacement Fund
Assets:				
Pooled cash and investments	\$ 158,349,259	\$ 12,127,754	\$ 92,158,241	\$ 113,950,826
Receivables:				
Accounts	365,966	1,429,966	6,892	-
Taxes	14,754,343	-	1,760	-
Notes and loans	947,196	-	-	-
Accrued interest	818,174	46,248	353,108	434,546
Leases	8,294,960	-	1,425,458	-
Other	1,158,590	-	-	-
Prepaid costs	50,968	-	-	-
Deposits	200,432	-	-	-
Due from other governments	162,706	-	-	-
Advances to other funds	1,203,163	-	1,397,070	-
Inventories	10,113	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 186,315,870	\$ 13,603,968	\$ 95,342,529	\$ 114,385,372
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accrued liabilities	\$ 7,234,929	\$ 13,059,041	\$ 110,788	\$ 1,220,866
Unearned revenues	964,728	-	-	-
Deposits payable	7,827,395	-	13,000	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	16,027,052	13,059,041	123,788	1,220,866
Deferred inflows of resources:				
Unavailable revenues	11,563	1,429,966	-	-
Lease related items	8,138,644	-	1,395,219	-
Total Deferred inflows of Resources	8,150,207	1,429,966	1,395,219	-
Fund Balances:				
Nonspendable:				
Inventory	10,113	-	-	-
Prepaid costs	50,968	-	-	-
Notes and loans	947,196	-	-	-
Advances to other funds	1,203,163	-	-	-
Restricted for:				
Affordable, low and moderate income housing	-	-	-	-
Community services	-	-	-	-
Lighting and landscaping districts	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	-	93,823,522	-
Committed to:				
Community activity grants	1,000,000	-	-	-
Assigned to:				
Capital Projects	-	-	-	113,164,506
General government	1,845,805	-	-	-
Public safety	7,474,873	-	-	-
Community services	5,043,458	-	-	-
Public works	3,269,071	-	-	-
Deposits	9,103,528	-	-	-
Fleet maintenance	1,400,000	-	-	-
Risk management	1,000,000	-	-	-
Workers' compensation	8,208,252	-	-	-
Safer streets local emergency	2,000,000	-	-	-
Economic uncertainty	9,635,909	-	-	-
Unassigned	109,946,275	(885,039)	-	-
Total Fund Balances	162,138,611	(885,039)	93,823,522	113,164,506
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 186,315,870	\$ 13,603,968	\$ 95,342,529	\$ 114,385,372
See Notes to Financial Statement.				

CITY OF CARLSBAD

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 187,128,465	\$ 563,714,545
Receivables:		
Accounts	22,996	1,825,820
Taxes	-	14,756,103
Notes and loans	23,483,104	24,430,300
Accrued interest	4,124,581	5,776,657
Leases	3,098,072	12,818,490
Other	251,864	1,410,454
Prepaid costs	157,235	208,203
Deposits	-	200,432
Due from other governments	972,996	1,135,702
Advances to other funds	5,650,000	8,250,233
Inventories	3,460	13,573
Land held for resale	1,633,816	1,633,816
Total Assets	\$ 226,526,589	\$ 636,174,328
Liabilities, Deferred inflows of Resources, and Fund Balances:		
Liabilities:		
Accrued liabilities	\$ 4,291,259	\$ 25,916,883
Unearned revenues	1,948	966,676
Deposits payable	501,982	8,342,377
Due to other governments	4,377	4,377
Advances from other funds	8,250,233	8,250,233
Total Liabilities	13,049,799	43,480,546
Deferred inflows of resources:		
Unavailable revenues	3,605,550	5,047,079
Lease related items	3,097,757	12,631,620
Total Deferred inflows of Resources	6,703,307	17,678,699
Fund Balances:		
Nonspendable:		
Inventory	3,460	13,573
Prepaid costs	157,235	208,203
Notes and loans	-	947,196
Advances to other funds	-	1,203,163
Restricted for:		
Affordable, low and moderate income housing	41,413,098	41,413,098
Community services	4,800,600	4,800,600
Lighting and landscaping districts	9,635,449	9,635,449
General government	806,261	806,261
Public safety	646,543	646,543
Capital projects	98,143,285	191,966,807
Committed to:		
Community activity grants	-	1,000,000
Assigned to:		
Capital Projects	51,184,119	164,348,625
General government	-	1,845,805
Public safety	-	7,474,873
Community services	-	5,043,458
Public works	-	3,269,071
Deposits	-	9,103,528
Fleet maintenance	-	1,400,000
Risk management	-	1,000,000
Workers' compensation	-	8,208,252
Safer streets local emergency	-	2,000,000
Economic uncertainty	-	9,635,909
Unassigned	(16,567)	109,044,669
Total Fund Balances	206,773,483	575,015,083
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 226,526,589	\$ 636,174,328
See Notes to Financial Statement.		



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CITY OF CARLSBAD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 575,015,083
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	197,360,455	
Capital assets, being depreciated	1,017,231,025	
Right to use leased assets	25,067	
Less: accumulated depreciation/amortization	<u>(427,334,988)</u>	787,281,559
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Net pension liability	(70,084,572)	
Net OPEB asset	558,119	
Lease liability	<u>(22,377)</u>	(69,548,830)
Difference between expected and actual experiences, assumptions changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of position.		
Deferred outflows - pension related	35,235,047	
Deferred outflows - OPEB related	2,626,883	
Deferred inflows - pension related	(56,328,967)	
Deferred inflows - OPEB related	<u>(2,687,301)</u>	(21,154,338)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		
		5,047,079
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
		<u>44,776,155</u>
Net Position of Governmental Activities		<u>\$ 1,321,416,708</u>

CITY OF CARLSBAD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects Funds			
	General	Bridge Thoroughfare Districts (BTD)	Community Facilities District #1	Infrastructure Replacement Fund
Revenues:				
Taxes	\$ 178,762,522	\$ -	\$ 996,801	\$ -
Licenses and permits	3,233,321	-	-	-
Intergovernmental	7,868,957	-	-	-
Contribution from property owners	-	-	459,861	-
Charges for services	9,828,529	-	-	-
Use of money and property	(5,570,530)	(518,574)	(3,743,035)	(4,882,683)
Fines and forfeitures	342,948	-	-	-
Contributions	26,226	-	-	-
Miscellaneous	1,187,314	-	-	-
Total Revenues	195,679,287	(518,574)	(2,286,373)	(4,882,683)
Expenditures:				
Current:				
General government	21,995,629	-	58,064	-
Less: interdepartmental charges	(5,314,617)	-	-	-
Public safety	81,961,117	-	-	-
Community services	44,972,128	-	-	-
Public works	20,131,996	-	-	-
Capital outlay	2,719,612	13,059,041	542,022	6,701,080
Debt service:				
Principal retirement	2,690	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	166,468,555	13,059,041	600,086	6,701,080
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,210,732	(13,577,615)	(2,886,459)	(11,583,763)
Other Financing Sources (Uses):				
Transfers in	10,000	-	-	383,800
Transfers out	(26,927,804)	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Proceeds from leases	25,067	-	-	-
Total Other Financing Sources (Uses)	(26,892,737)	-	-	383,800
Net Change in Fund Balances	2,317,995	(13,577,615)	(2,886,459)	(11,199,963)
Fund Balances, Beginning of Year	159,820,616	12,692,576	96,709,981	124,364,469
Fund Balances, End of Year	\$ 162,138,611	\$ (885,039)	\$ 93,823,522	\$ 113,164,506

CITY OF CARLSBAD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 5,073,071	\$ 184,832,394
Licenses and permits	-	3,233,321
Intergovernmental	13,064,283	20,933,240
Contribution from property owners	2,739,702	3,199,563
Charges for services	5,130,988	14,959,517
Use of money and property	(5,403,362)	(20,118,184)
Fines and forfeitures	2,672	345,620
Contributions	354,157	380,383
Miscellaneous	74,550	1,261,864
Total Revenues	<u>21,036,061</u>	<u>209,027,718</u>
Expenditures:		
Current:		
General government	378,918	22,432,611
Less: interdepartmental charges	-	(5,314,617)
Public safety	263,971	82,225,088
Community services	14,519,101	59,491,229
Public works	1,924,494	22,056,490
Capital outlay	23,992,646	47,014,401
Debt service:		
Principal retirement	-	2,690
Interest and fiscal charges	14,535	14,535
Total Expenditures	<u>41,093,665</u>	<u>227,922,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,057,604)</u>	<u>(18,894,709)</u>
Other Financing Sources (Uses):		
Transfers in	25,579,968	25,973,768
Transfers out	(260,912)	(27,188,716)
Proceeds from sale of capital asset	199,679	199,679
Proceeds from leases	-	25,067
Total Other Financing Sources (Uses)	<u>25,518,735</u>	<u>(990,202)</u>
Net Change in Fund Balances	5,461,131	(19,884,911)
Fund Balances, Beginning of Year	<u>201,312,352</u>	<u>594,899,994</u>
Fund Balances, End of Year	<u>\$ 206,773,483</u>	<u>\$ 575,015,083</u>



CITY OF CARLSBAD

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ (19,884,911)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation expense in the current period.</p>		
Capital outlay	\$ 41,874,701	
Loss on disposal of capital assets	(1,487,736)	
Depreciation/amortization	<u>(22,824,158)</u>	17,562,807
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</p>		
Changes in pension liabilities and related deferred outflows and inflows of resources	15,729,318	
Changes in OPEB assets and related deferred outflows and inflows of resources	<u>507,949</u>	16,237,267
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		382,169
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The net revenues of the internal service funds are reported with governmental activities.</p>		
		<u>(1,014,853)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 13,282,479</u></u>

CITY OF CARLSBAD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Carlsbad Municipal Water District	Wastewater	Other Enterprise Funds	Totals	
Assets:					
Current:					
Cash and investments	133,925,207	41,795,736	\$ 17,423,853	\$ 193,144,796	\$ 50,911,503
Receivables:					
Accounts, net of allowances	8,878,454	3,065,451	1,007,835	12,951,740	12,806
Taxes	38,120	-	-	38,120	-
Accrued interest	517,111	159,386	60,944	737,441	171,764
Lease	154,627	-	55,813	210,440	-
Other	-	-	658,697	658,697	-
Prepaid costs	54,666	-	83,501	138,167	2,403,243
Due from other governments	1,060,813	642,400	-	1,703,213	-
Inventories	747,478	17,366	176,119	940,963	257,258
Total Current Assets	145,376,476	45,680,339	19,466,762	210,523,577	53,756,574
Noncurrent:					
Net OPEB asset	43,801	23,776	3,790	71,367	53,179
Lease receivable	3,716,647	-	1,300,680	5,017,327	-
Capital assets					
Land	1,914,871	2,629,102	4,786,745	9,330,718	-
Construction in progress	2,586,907	14,842,916	6,631	17,436,454	150,696
Buildings and other structures	21,221,437	-	20,170,451	41,391,888	-
Improvements other than buildings	5,006,736	7,134,824	44,060,852	56,202,412	-
Machinery and equipment	10,989,380	1,081,858	1,936,607	14,007,845	37,203,714
Infrastructure	263,641,244	140,570,898	-	404,212,142	-
Wastewater treatment facility	-	64,373,642	-	64,373,642	-
Intangible assets	-	-	-	-	3,155,837
Less accumulated depreciation	(102,391,484)	(89,373,278)	(47,259,459)	(239,024,221)	(19,254,457)
Total capital assets (net of accumulated depreciation)	202,969,091	141,259,962	23,701,827	367,930,880	21,255,790
Total Noncurrent Assets	206,729,539	141,283,738	25,006,297	373,019,574	21,308,969
Total Assets	352,106,015	186,964,077	44,473,059	583,543,151	75,065,543
Deferred Outflows of Resources:					
Deferred outflows of resources - pension related items	1,428,557	629,681	338,388	2,396,626	1,355,298
Deferred outflows of resources - OPEB related items	373,738	86,954	60,470	521,162	149,333
Total Deferred Outflows of Resources	1,802,295	716,635	398,858	2,917,788	1,504,631

CITY OF CARLSBAD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Carlsbad Municipal Water District	Wastewater	Other Enterprise Funds		
Liabilities:					
Current:					
Accrued liabilities	1,474,092	811,377	1,778,377	4,063,846	7,489,733
Accrued interest	36,886	-	-	36,886	-
Due to other governments	7,599,425	1,059,381	-	8,658,806	-
Accrued claims and judgments	-	-	-	-	16,909,815
Loans payable	1,698,146	-	-	1,698,146	-
Total Current Liabilities	10,808,549	1,870,758	1,778,377	14,457,684	24,399,548
Noncurrent:					
Unearned revenues	-	10,000	210,670	220,670	-
Deposits payable	102,157	271,671	727,388	1,101,216	1,968
Net pension liability	2,870,329	1,265,187	679,907	4,815,423	2,723,131
Loans payable	10,745,391	-	-	10,745,391	-
Total Noncurrent Liabilities	13,717,877	1,546,858	1,617,965	16,882,700	2,725,099
Total Liabilities	24,526,426	3,417,616	3,396,342	31,340,384	27,124,647
Deferred Inflows of Resources:					
Deferred inflows of resources - pension related items	2,980,577	1,313,783	706,022	5,000,382	2,827,727
Deferred inflows of resources - OPEB related items	256,825	82,167	66,491	405,483	217,169
Deferred inflows of resources - lease related items	3,802,242	-	1,334,985	5,137,227	-
Total Deferred Inflows of Resources	7,039,644	1,395,950	2,107,498	10,543,092	3,044,896
Net Position:					
Invested in capital assets	190,525,554	141,259,962	23,701,827	355,487,343	21,255,790
Restricted for capital projects	34,962,767	3,986,015	-	38,948,782	-
Unrestricted	96,853,919	37,621,169	15,666,250	150,141,338	25,144,841
Total Net Position	322,342,240	182,867,146	39,368,077	544,577,463	46,400,631

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds	\$ 544,577,463
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	1,633,391
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	8,915
Net Position per Statement of Net Position	\$ 546,219,769

CITY OF CARLSBAD

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Carlsbad Municipal Water District	Wastewater	Other Enterprise Funds	Totals	
Operating Revenues:					
Sales and service charges	\$ 48,678,034	\$ -	\$ -	\$ 48,678,034	\$ -
Wastewater service charges	-	16,282,173	-	16,282,173	-
Miscellaneous	1,893,698	90,514	272,404	2,256,616	1,016,078
Golf course operations	-	-	10,424,281	10,424,281	-
Other charges for services	515,686	-	3,684,383	4,200,069	29,216,246
Total Operating Revenues	51,087,418	16,372,687	14,381,068	81,841,173	30,232,324
Operating Expenses:					
Administration and general	17,415,553	9,583,926	5,016,534	32,016,013	13,719,853
Encina plant operations	1,322,840	3,734,928	-	5,057,768	-
Purchased water	28,108,107	-	-	28,108,107	-
Claims expense	-	-	-	-	10,988,610
Depreciation expense	6,489,394	4,584,296	3,401,019	14,474,709	3,412,501
Golf course operations	-	-	8,027,121	8,027,121	-
Fuel and supplies	-	-	-	-	1,716,709
Small equipment purchases	-	-	-	-	722,307
Total Operating Expenses	53,335,894	17,903,150	16,444,674	87,683,718	30,559,980
Operating Income (Loss)	(2,248,476)	(1,530,463)	(2,063,606)	(5,842,545)	(327,656)
Nonoperating Revenues (Expenses):					
Taxes	4,715,280	-	-	4,715,280	-
Intergovernmental	170,432	2,287	10,265	182,984	1,072
Interest revenue	80,162	-	27,183	107,345	-
Interest expense	(256,428)	-	-	(256,428)	-
Contributions	-	-	-	-	1,040,506
Income (loss) from property and investments	(5,393,462)	(1,798,526)	(579,906)	(7,771,894)	(1,944,758)
Gain (loss) on disposal of capital assets	-	-	-	-	307,868
Total Nonoperating Revenues (Expenses)	(684,016)	(1,796,239)	(542,458)	(3,022,713)	(595,312)
Income (Loss) Before transfers and capital contributions	(2,932,492)	(3,326,702)	(2,606,064)	(8,865,258)	(922,968)
Transfers in	1,048,262	-	322,000	1,370,262	-
Transfers out	-	(46,534)	(7,980)	(54,514)	(100,800)
Capital contributions					
Capital restricted fees and grants	237,254	221,836	-	459,090	-
Developer constructed assets	262,206	145,684	-	407,890	-
Changes in Net Position	(1,384,770)	(3,005,716)	(2,292,044)	(6,682,530)	(1,023,768)
Net Position:					
Beginning of Year	323,727,010	185,872,862	41,660,121	551,259,993	47,424,399
End of Fiscal Year	\$ 322,342,240	\$ 182,867,146	\$ 39,368,077	\$ 544,577,463	\$ 46,400,631
Reconciliation of Changes in Net Position to the Statement of Activities:					
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ (6,682,530)	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				(8,915)	
Changes in Net Position of Business-Type Activities per Statement of Activities				\$ (6,691,445)	

CITY OF CARLSBAD

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Carlsbad Municipal Water District	Wastewater	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 48,710,496	\$ 17,756,279	\$ 14,142,996	\$ 80,609,771	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	-	29,208,546
Cash paid to suppliers for goods and services	(36,346,795)	(14,769,890)	(8,244,715)	(59,361,400)	(2,643,809)
Cash paid to employees for services	(12,283,385)	(2,511,154)	(5,009,676)	(19,804,215)	(14,613,111)
Claims and premiums paid	-	-	-	-	(8,224,816)
Cash received from (payments to) others	1,893,698	90,514	272,404	2,256,616	1,016,078
Net Cash Provided (Used) by Operating Activities	1,974,014	565,749	1,161,009	3,700,772	4,742,888
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	1,048,262	-	322,000	1,370,262	(100,800)
Cash transfers out	-	(46,534)	(7,980)	(54,514)	-
Repayment received from other funds	1,048,262	-	-	1,048,262	-
Repayment made to other funds	-	(46,534)	(7,980)	(54,514)	-
Contributions	170,432	-	-	170,432	-
Net Cash Provided (Used) by Non-Capital Financing Activities	2,266,956	(93,068)	306,040	2,479,928	(100,800)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital debt	352,459	-	-	352,459	-
Capital contributions	262,206	367,520	-	629,726	1,061,329
Acquisition and construction of capital assets	(4,542,892)	(2,594,621)	(38,118)	(7,175,631)	(5,032,311)
Principal paid on capital debt	(1,658,821)	-	-	(1,658,821)	-
Interest paid on capital debt	(263,818)	-	-	(263,818)	-
Capital grants	1,783,823	-	10,265	1,794,088	1,072
Property taxes received	4,707,134	-	-	4,707,134	-
Proceeds from sales of capital assets	-	-	-	-	307,868
Lease items	(69,032)	-	(21,508)	(90,540)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	571,059	(2,227,101)	(49,361)	(1,705,403)	(3,662,042)
Investment earnings	(5,357,851)	(1,799,891)	(558,765)	(7,716,507)	(1,974,277)
Net Cash Provided (Used) by Investing Activities	(5,357,851)	(1,799,891)	(558,765)	(7,716,507)	(1,974,277)
Net Increase (Decrease) in Cash and Cash Equivalents	(545,822)	(3,554,311)	858,923	(3,241,210)	(994,231)
Cash and Cash Equivalents at Beginning of Year	134,471,029	45,350,047	16,564,930	196,386,006	51,905,734
Cash and Cash Equivalents at End of Year	\$ 133,925,207	\$ 41,795,736	\$ 17,423,853	\$ 193,144,796	\$ 50,911,503
Income (Loss) Before transfers and capital contributions					
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (2,248,476)	\$ (1,530,463)	\$ (2,063,606)	\$ (5,842,545)	\$ (327,656)
Capital contributions					
Cash Flows from Investing Activities:					
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	6,489,394	4,584,296	3,401,019	14,474,709	3,412,501
(Increase) decrease in accounts receivable	(482,691)	(744,148)	(148,011)	(1,374,850)	(7,700)
(Increase) decrease in inventories	(89,481)	(2,848)	(35,407)	(127,736)	74,810
(Increase) decrease in due from other governments	-	2,302,760	-	2,302,760	-
(Increase) decrease in prepaid expense	(12,763)	171	(20,961)	(33,553)	(276,247)
Increase (decrease) in accrued liabilities	(8,136,444)	(2,410,448)	(161,226)	(10,708,118)	109,223
Increase (decrease) in due to other governments	7,511,993	(1,085,495)	-	6,426,498	-
Increase (decrease) in deposits payable	(533)	(84,506)	246,382	161,343	-
Increase (decrease) in unearned revenue	-	-	182,343	182,343	-
Increase (decrease) in OPEB liability	167,050	231,804	72,389	471,243	383,419
Increase (decrease) in pension liability	(1,224,035)	(695,374)	(311,913)	(2,231,322)	(1,389,256)
Increase (decrease) in claims and judgments	-	-	-	-	2,763,794
Total Adjustments	4,222,490	2,096,212	3,224,615	9,543,317	5,070,544
Net Cash Provided (Used) by Operating Activities	\$ 1,974,014	\$ 565,749	\$ 1,161,009	\$ 3,700,772	\$ 4,742,888

See Notes to Financial Statement.

CITY OF CARLSBAD

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2022

	<u>Custodial Funds</u>	<u>Private Purpose Trust Fund</u>
Assets:		
Current assets:		
Pooled cash and investments	\$ 9,286,471	\$ 1,180,420
Receivables:		
Assessments	27,806	-
Accrued interest	54,510	4,501
Noncurrent assets:		
Loans receivable	-	4,504,261
Restricted assets:		
Cash and investments	4,683,715	-
Total Assets	<u>14,052,502</u>	<u>5,689,182</u>
Liabilities:		
Accrued liabilities	31,988	-
Accrued interest	-	34,450
Long-term liabilities:		
Due in one year	-	950,000
Due in more than one year	-	1,000,000
Total Liabilities	<u>31,988</u>	<u>1,984,450</u>
Net Position:		
Restricted for:		
Individuals, organizations and other governments	14,020,514	-
Redevelopment obligation retirement purposes	-	3,704,732
Total Net Position	<u>\$ 14,020,514</u>	<u>\$ 3,704,732</u>

CITY OF CARLSBAD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2022

	Custodial Funds	Private Purpose Trust Fund
Additions:		
Taxes	\$ 1,373,266	\$ 848,207
Interest on housing loans	-	112,502
Income (loss) from property and investments	(346,443)	(57,857)
Assessment district collections	10,374,305	-
Total Additions	11,401,128	902,852
Deductions:		
Distributions to beneficiaries	3,151,352	-
Administrative expenses	163,951	7,284
Bond interest expense and fees	1,662,438	113,515
Principal expense	3,610,000	-
Total Deductions	8,587,741	120,799
Changes in Net Position	2,813,387	782,053
Net Position - Beginning of the Year	11,207,127	2,922,679
Net Position - End of the Year	\$ 14,020,514	\$ 3,704,732



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Note 1: Summary of Significant Accounting Policies

The City of Carlsbad, California (“city”), was incorporated on July 16, 1952. The city was a general law city until 2008, when the citizens in Carlsbad voted and approved the city to become a charter city. The city operates under a Council-Manager form of government and provides the following services: general government, public safety, community services and public works.

The accounting policies of the city and its component units conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

a. Description of the Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position of the city and its component units, entities for which the city is considered to be financially accountable. The city is considered to be financially accountable for an organization if the city appoints a voting majority of that organization’s governing body and the city is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the city. The city is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the city (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the city). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the city are such that their exclusion would cause the city’s financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the city are the Housing Authority of the City of Carlsbad, the City of Carlsbad Public Improvement Corporation, the Carlsbad Public Financing Authority and the Carlsbad Municipal Water District. The city does not issue separate financial statements for these component units.

Since the City Council serves as the governing board for these component units and there is either a financial benefit/burden relationship between the component unit and city or the management of the city has the operational responsibility for the component unit, all of the city’s component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance part of the city’s operations, and so data from these units is reported with the interfund data of the primary government.

b. Government-wide and Fund Financials Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the city and its blended component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

Note 1: Summary of Significant Accounting Policies (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the Fund Financial Statements.

c. Measurement focus, basis of accounting, and financial statement presentation

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Private Purpose Trust Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, as long as the expenditure reflects a near-term cash outflow. Principal and interest on long-term debt are recorded as fund liabilities when due.

Revenues that are accrued generally include real property taxes, sales tax, transient occupancy taxes (TOT), franchise taxes, highway users tax, interest, and some state and federal grants.

Real property taxes are levied on October 15 against property owners of record on January 1 of that year. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Under the provisions of NCGA (National Council on Government Accounting) Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

Custodial funds, which are a type of fiduciary fund, account for assets held by the city for other governments or individuals. These funds report using an economic resources measurement focus and include all inflows, outflows and balances reflecting the fund's net position.

Note 1: Summary of Significant Accounting Policies (Continued)

The city reports the following major governmental funds:

- The **General Fund** is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Bridge Thoroughfare Districts (BTD)** capital project fund is used to account for the receipts and expenditures for development related projects.
- The **Community Facilities District (CFD) No. 1** capital project fund is used to account for the receipt of taxes and fees charged to developers that are restricted for civic facilities, parks, and road segments.
- The **Infrastructure Replacement (IRF)** capital project fund is used to account for transfers from the General Fund and expenditures for the replacement of major infrastructure throughout the city.

The city reports the following major enterprise funds:

- The **Carlsbad Municipal Water District (CMWD)** enterprise funds are used to account for the operation, maintenance, and capital facility financing of the city's potable and recycled water systems.
- The **Wastewater** enterprise funds are used to account for the operation, maintenance, and capital facility financing of the city's wastewater system.

Additionally, the city reports the following fund types:

- **Internal Service funds** account for fleet maintenance and replacement, self-insured benefits, information technology, risk management and workers' compensation services provided to other departments or agencies of the city.

Note 1: Summary of Significant Accounting Policies (Continued)

- The **Custodial funds** account for assets held by the city for other governments or individuals. These funds include debt service transactions on assessment district bonds for which the city is not obligated and the city's two Business Improvement Districts: the Carlsbad Tourism Business Improvement District and the Carlsbad Golf Lodging Business Improvement District.
- The **Private-Purpose Trust fund** accounts for the activities of the Redevelopment Obligation Retirement Fund, which accumulates resources for obligations previously incurred by the former City of Carlsbad Redevelopment Agency (RDA).

As a general rule, the effect of interfund activity has been eliminated from the Government-wide Financial Statements. An exception to this general rule is the charges between the Carlsbad Municipal Water District and various other functions of the city. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's proprietary funds are charges to customers for sales and services. The city also recognizes new account charges, late fees and contributions from other agencies as operating revenues. Operating expenses for enterprise and internal service funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, restricted revenue will be applied first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the policy is to apply committed fund balance first, then assigned fund balance and finally unassigned fund balance.

d. Change in accounting principles

The city implemented Government Accounting Standards Board (GASB) Statement No. 87, Leases during fiscal year 2021-22. Prior to the implementation of this statement the leases held by the city as lessee or lessor were not required to report an asset or liability.

Note 1: Summary of Significant Accounting Policies (Continued)

e. Cash and Investments

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as income from property and investments reported for that fiscal year. Income from property and investments includes interest earnings; changes in fair value; any gains or losses realized upon the liquidation, maturity, or sale of investments; property rentals and the sale of city owned property.

The city pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds on a monthly basis, based on each fund's average cash and investments balance.

Restricted cash and investments represent amounts that are restricted under the terms of debt agreements.

f. Inventories

Inventories consist of materials and supplies that are valued at cost and are recorded as expenses or expenditures on a first-in, first-out basis when consumed.

g. Compensated Absences

Compensated absences are comprised of vacation payable for all city employees and banked overtime (comp time). Vacation pay and comp time are payable to employees at the time used or upon termination of employment. For governmental funds, the cost of accumulated vacation and comp time expected to be paid in the next 12 months is recorded as a liability in the Self-Insured Benefits internal service fund. Since the city caps the amount of vacation and comp time employees are allowed to have on the books at any point in time, for compensated absences recorded at June 30, 2022, all balances are expected to be paid within the following 12 months. For proprietary funds, the cost of vacation and comp time is recorded as a liability when earned.

h. Risk Management

The city accounts for its general liability and workers' compensation activities in internal service funds. The funds are responsible for collecting premiums from other city funds and departments and paying claims, settlements and insurance premiums. Interfund premiums are based on the insured fund's claims experience. Incurred but not reported claims are accrued at year-end, if material.

i. Unbilled Services

Unbilled water, wastewater and solid waste revenues of the enterprise funds are recognized as earned when the services are used.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Capital Assets

Capital assets, which include land (including right-of-way), buildings, equipment, right-to-use leased assets, and infrastructure assets (e.g., roads, bridges, traffic signals, water and wastewater systems, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements. Capital assets are defined by the city as machinery and equipment and capital construction with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year; and intangible assets such as computer software with an initial cost of more than \$100,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Construction in progress costs are transferred to their respective capital asset category upon completion.

Depreciation and amortization on right-to-use leased assets is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

	<u>Years</u>
Buildings and other structures	10 – 50
Improvements other than buildings	10 – 50
Infrastructure	10 – 100
Intangible assets	5 – 10
Machinery and equipment	5 – 20
Wastewater treatment facility (including equipment)	5 – 75

The city has capitalized all general infrastructure assets acquired or constructed. In addition, the land upon which the streets and roads are constructed (right-of-way) has also been valued and capitalized.

k. Unearned Revenue

The unearned revenue reported in the city's financial statements represents money received during the current or previous fiscal years that has not been earned by the city as of the end of the fiscal year. These monies will be recognized as revenues in subsequent fiscal years, once the revenue has been earned.

l. Deferred Outflows

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The city has pension-related and other postemployment benefits related items in this category.

Note 1: Summary of Significant Accounting Policies (Continued)

m. Deferred Inflows

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has two types of items that qualify for reporting in this category.

The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: interest on advances, loans and grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The second item is reported in the proprietary funds balance sheet and the Statement of Net Position. The city has pension related and other postemployment benefits related items in this category.

The third item is reported in the proprietary funds balance sheet and the Statement of Net Position. The city has lease related items in this category.

n. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (short-term interfund loans), “advances to/from other funds” (long-term interfund loans) or “due from Successor Agency” (long-term trust fund loan). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide Financial Statements as “internal balances.”

The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term interfund advances have been classified as nonspendable unless the funds associated with repayment of the advance are otherwise restricted for a specific purpose.

o. Receivables and Payables

All trade, service and tax receivables are shown net of an allowance for uncollectibles. The utility billing receivable allowance is equal to 2% of outstanding billings at June 30, 2022, the ambulance billing receivable allowance is equal to 40% of outstanding billings at June 30, 2022, and the trade and false alarm receivable allowance is equal to 18% of the total of all outstanding receivable balance at June 30, 2022. The only exceptions to these rules are receivables that were subsequently paid or were known to be collectible at year-end, which were not reserved for at June 30, 2022, and any receivables due from other public agencies.

p. Loan and Reimbursement Receivable

The accompanying financial statements reflect the recording of certain loans receivable that represent loans made to various organizations and individuals. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property, including the obligation to the city. All loan and reimbursement receivables are shown net of an allowance for uncollectibles.

Note 1: Summary of Significant Accounting Policies (Continued)

q. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Unexpended and unencumbered appropriations lapse at fiscal year-end unless City Council takes action in the form of a resolution to continue the appropriation into the following fiscal year.

r. Net Position

Net position represents the differences between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the city's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

s. Cash Flows

Statements of cash flows are presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the city's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

t. Long-term Obligations

In the Government-wide Financial Statements, and proprietary fund types in the Fund Financial Statements, long- term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

u. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the city's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)**v. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the city's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to and deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

w. Compensated absences, OPEB obligation and net pension liability

The obligations for compensated absences, the OPEB obligation and net pension liability are primarily liquidated from the General Fund. There is no fixed payment schedule for these liabilities.

x. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Note 1: Summary of Significant Accounting Policies (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the city's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the city's own data.

y. General Fund Balance Policy

Pursuant to Council Policy 74, the city is committed to maintaining General Fund reserves at a target of 40% of General Fund annual operating expenditures. The total reserve level is calculated using the prior fiscal years adopted General Fund budgeted expenditures. This reserve is for unforeseen emergencies or catastrophic impacts upon the city. Reserves are evaluated annually in conjunction with the development of the city's annual operating budget process. Staff report to the City Council annually on the status of the reserve levels relative to this policy.

z. Fund Balances

Nonspendable Fund Balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the City Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. It includes legislation (council action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the City Council action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The city considers a resolution to constitute the formal action of the City Council that is necessary to commit fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the City Council but does not require a formal action like a resolution or ordinance. The City Council has delegated the authority for the City Manager to carry forward certain unspent budget amounts for specific purposes if the amount is equal to or less than \$100,000 to the next fiscal year. The City Council has authorized, through a resolution, that all outstanding encumbrances at the end of the fiscal year and certain unspent budgeted amounts above \$100,000 to be carried forward into the next fiscal year. The assigned fund balance also includes an assignment for economic uncertainty and an assignment of General Fund budget surplus for Fleet Maintenance, Risk Management and Workers' Compensation Internal Service Funds, all of which were approved by the City Council through a resolution and deposits that are required to be returned to developers. These amounts are shown as assigned fund balance at the end of the fiscal year:

Note 1: Summary of Significant Accounting Policies (Continued)

- General Government – unspent funds for declaration of a local emergency for traffic safety (Safer Streets Plan) and FEMA claim related consulting services and cost recovery policy consulting services. Encumbrances rolled forward include grant writing services, website content and social media management services for economic development and various professional services for communications, human resources, finance and city manager's office.
- Public Safety – unspent funds for license plate reader installation, new vehicle purchases for the police take home vehicle program, the replacement of self-contained breathing apparatus equipment, portable radios for the Emergency Operations Center, boat dock installation at temporary Fire Station No. 6, urban search and rescue apparatus equipment, the purchase of two reserve gurneys for ambulances, fire decontamination units, vehicle outfitting for the fire replacement apparatus with updated equipment and the purchase of a police K9 and academy costs. Encumbrances rolled forward include license plate reader replacements, one new vehicle for the homeless outreach program, mobile shelving for police evidence and five portable radios for police.
- Community Services – unspent developer deposits, unspent planning grant funds, unspent Library & Cultural Arts grant funds, consultant costs for a parking in-lieu and park in-lieu program updates, a regional sand replenishment study. Encumbrances rolled forward include public art maintenance services, Leo Carrillo Ranch exhibit costs, Library Learning Center and State Street mural artists, recreation fee study consultant costs, citizens' committee management and facilitation services and consultant services for a housing element update, objective design housing standards, and an accessory dwelling unit permit program.
- Public Works – unspent funds for a comprehensive Climate Action Plan update, an EV charging station and unspent grant funds on a Climate Action Plan state grant. Encumbrances rolled forward include electrical maintenance services agreement, mechanical/HVAC agreement, citywide facility custodial maintenance services, Urban Corps of San Diego citywide litter removal and storm drain inspection and cleaning services, private development inspection services, habitat management outreach services and Safe Routes to School program services.
- Deposits to be reimbursed to developers.
- Fleet Maintenance – City Council assigned general fund surplus budget from fiscal year 2021-22 to the city's Fleet Maintenance Internal Service Fund to establish a healthy minimum fund balance.
- Risk Management – City Council assigned general fund surplus budget from fiscal year 2021-22 to the city's Workers' Compensation Internal Service Fund in order to address the fund's unanticipated current fund deficit and absorb unanticipated cost increases in fiscal year 2022-23.
- Workers' Compensation – City Council assigned general fund surplus budget from fiscal year 2021-22 to the city's Workers' Compensation Internal Service Fund in order to increase the estimated claims liability to a higher confidence level as reported in the most recent actuarial report.

Note 1: Summary of Significant Accounting Policies (Continued)

- Safer Streets Local Emergency – City Council assigned general fund surplus budget from fiscal year 2021-22 to address traffic safety. The City Council declared a local emergency via City Council resolution.
- Economic Uncertainty – City Council assigned reserve that can be utilized via City Council resolution to mitigate general revenue losses during times of economic downturns.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount.

It is the city's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Note 2: Budgetary Data

The city follows these procedures in establishing its budgetary data:

- During May or June, the City Manager submits a proposed operating, strategic digital transformation investment program and capital improvement program budgets for the fiscal year commencing the following July 1 to the City Council. The budget includes estimated revenues and proposed expenditures on a departmental and/or project basis.
- In June, a public hearing is conducted at a City Council meeting to obtain citizens' comments.
- Prior to July 1, the budget is enacted legally through passage of an appropriation resolution.

The City Manager is authorized to make transfers of appropriated amounts from one department to another within a fund. The legal level of budgetary control is at the fund level. Revisions that alter the total appropriations of any fund must be approved by the City Council with the exception of budget adjustments that involve offsetting revenues and expenditures, increases in General Liability and Workers' Compensation Fund claims expenses, and increases in Encina Wastewater Authority expenses. The City Manager is authorized to increase or decrease an appropriation for a specific purpose where the appropriation is offset by unbudgeted revenue, which is designated for said specific purpose. Monthly financial reports are provided to the City Council during the year, and any changes to the adopted budget are approved by the City Council as necessary. During the year, several supplementary appropriations were necessary.

Budgets for governmental type funds are adopted on the modified accrual basis except that encumbrances are treated as budgeted expenditures in the year purchases are committed. Expenditures may not exceed budgeted appropriations at the fund level. All appropriations lapse at fiscal year-end unless the City Council takes action in the form of a resolution to continue the appropriation into the following fiscal year or, if the appropriation is less than \$100,000, the City Manager may approve to continue the appropriation into the following fiscal year.

Note 3: Deposit and Investment Risk

For purposes of budgetary presentation, actual revenues have been adjusted to exclude unrealized gains and losses pursuant to GASB. Actual expenditures have been adjusted to include encumbrances outstanding. Annual budgets are adopted for the General Fund, special revenue funds except for the Tyler Court Apartments Fund, and a portion of the Parking-in-Lieu Capital Project Fund (Grants and Other Capital Project Funds). Accordingly, the revenues and expenditures for the Tyler Court Apartments Fund have been excluded from the budget basis financial statements. Annual operating budgets are not adopted for the capital projects funds except for the Parking-in-Lieu Fund; therefore, budget basis financial statements have not been prepared because a comparison of such budgetary amounts to annual revenues and expenditures is not meaningful.

Cash resources of the individual funds are combined to form a pool of cash and investments. The city maintains a formal Investment Policy Statement, which is reviewed by the Investment Review Committee and adopted annually by the City Council. All investments held in the Treasurer's Pool are consistent with the city's Investment Policy Statement objectives of safety of principal, adequacy of liquidity, and achievement of an average market rate of return. The risk disclosures on the next page apply to the city's internal investment pool. Portfolio investments are exposed to five types of risk: custodial (investments and cash deposits), concentration, default, event, and market or interest rate risk.

The city and its agencies invest a portion of the funds in an external investment pool known as the Local Agency Investment Fund (LAIF). Management and oversight are the responsibility of the California State Treasurer. As of June 30, 2022, the LAIF performance report shows a fair value factor of 0.987125414. The city's position in the LAIF pool is calculated as a percentage of the fair value of the city's shares to the fair value of the pooled shares.

The city and its agencies invest a portion of the funds in an external investment pool known as the California Asset Management Program (CAMP). CAMP is a California Joint Powers Authority directed by a Board of Trustees, which is made up of local government finance directors and treasurers.

Investments held outside the Treasurer's Pool consist mainly of required reserve funds for various bond issues. They are held by trustees and are not available for the city's general expenditures.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 3: Deposit and Investment Risk (Continued)

As of June 30, 2022, the city had the following investments in its portfolio:

	Fair Value	% of Total
Treasurer's Pool investments		
U.S. agencies:		
United States Treasury Bills & Notes	\$ 83,743,025	10.2%
Federal Home Loan Mortgage Corporation	41,443,190	5.1%
Federal National Mortgage Association	43,308,904	5.3%
Federal Home Loan Bank	117,112,289	14.3%
Federal Farm Credit Bank	81,029,664	9.9%
Federal Agricultural Corporation	19,952,440	2.4%
Tennessee Valley Authority	995,510	0.1%
Subtotal U.S. agencies	<u>387,585,022</u>	47.4%
Agency backed passthrough securities		
Federal Home Loan Mortgage Corporation	9,366,240	1.1%
Federal National Mortgage Association	18,353,318	2.2%
Subtotal agency backed passthrough securities	<u>27,719,558</u>	3.4%
Corporate Notes:		
Medium-term corporate notes	215,454,876	26.4%
Subtotal corporate notes	<u>215,454,876</u>	26.4%
Municipal bonds:		
Municipal bonds	58,336,841	7.1%
Subtotal municipal bonds	<u>58,336,841</u>	7.1%
CAMP	1,009,015	0.1%
LAIF	76,536,347	9.4%
Certificates of deposit	20,470,981	2.5%
Cash accounts	22,944,185	2.8%
Other fixed income securities	7,231,480	0.9%
Total Treasurer's Pool	<u>817,288,305</u>	100.0%
Investments held outside the Treasurer's Pool		
Money market funds	4,683,715	
Guaranteed investment contracts	942,770	
Subtotal debt service funds/bond proceeds	<u>5,626,485</u>	
Petty cash funds	6,660	
Total cash and investments	<u>\$ 822,921,450</u>	
Statement of Net Position, Primary Government Cash and investment	\$ 807,770,844	
Statement of Net Position, Fiduciary Funds Cash and investments	10,466,891	
Restricted cash and investments	<u>4,683,715</u>	
Total Cash and Investments	<u>\$ 822,921,450</u>	

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 3: Deposit and Investment Risk (Continued)

a. Fair Value Measurement

The city categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The city has the following recurring fair value measurements as of June 30, 2022:

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
U.S. Treasury Bills & Notes	\$ 83,743,025	\$ -	\$ -	\$ 83,743,025
U.S. Agencies & Supranational	-	303,841,996	-	303,841,996
Agency Backed Passthrough	-	27,719,558	-	27,719,558
Medium-Term Corporate Notes	-	215,454,876	-	215,454,876
Municipal Bonds	-	58,336,841	-	58,336,841
Certificates of Deposit	-	20,470,981	-	20,470,981
Subtotal Investments Reported at	<u>\$ 83,743,025</u>	<u>\$ 625,824,252</u>	<u>\$ -</u>	<u>\$ 709,567,277</u>
Cash and investments not reported at fair value				
Cash accounts				22,944,186
CAMP				1,009,015
LAIF				76,536,347
Money Market Funds				4,683,715
Guaranteed Investment Contracts				942,770
Other fixed income securities				7,231,480
Petty Cash Funds				6,660
Total Cash and Investments				<u>\$ 822,921,450</u>

b. Custodial Credit Risk (Investments)

The city uses a third-party bank for its custody and safekeeping service for its investment securities. Custodial credit risk is the risk that the city will not be able to recover the value of its investments in the event of the custodian's failure. All city investments held in custody and safekeeping are held in the name of the city and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure. Investments are settled on Delivery vs. Payment (DVP) in accordance with the third-party custodial agreement.

c. Custodial Credit Risk (Deposits)

The city maintains cash accounts at one major banking institution. At the conclusion of each business day and if advantageous to the city, balances in these accounts are "swept" into overnight pooled investments, which are pooled into funds collateralized with U.S. government securities (guaranteed) or U.S. agency securities (government-sponsored). The California Code authorizes both of these types of investments. Amounts up to \$250,000 are Federal Deposit Insurance Corporation (FDIC) insured. All funds in non-interest-bearing transaction accounts are fully insured under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Note 3: Deposit and Investment Risk (Continued)

d. Custodial Credit Risk (Deposits)

Concentration credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. The California state code and the city's Investment Policy Statement require that total investments in medium-term corporate notes of all issuers not exceed 30% of the portfolio. For concentration of investments, the city's Investment Policy Statement requires that no more than 5% of investments in corporate notes or passthrough securities be in any one issuer. There is no similar requirement in either the state code or the city's Investment Policy Statement for U.S. agencies. As of June 30, 2022, the portfolio was in compliance with this requirement.

e. Default Credit Risk

Default credit risk is the risk that the issuer of the security does not pay either the interest or principal when due. Debts of most U.S. agencies are not backed by the full faith and credit of the federal government. These agencies are U.S. government sponsored. In August 2011, Standard and Poor's Investor's Service downgraded U.S. long-term debt one step to AA+. Competing agencies, Moody's Investors Service, and Fitch Ratings, maintained their AAA rating on U.S. debt. Although the default credit risk of these investments has increased, the city believes the risk of default remains low.

California state code limits investments in medium-term corporate notes to the top three credit ratings (AAA, AA, and A). However, it is the city's policy to limit investments to the top two credit ratings (AAA and AA). As of June 30, 2022, approximately 18% of the investments in medium-term corporate notes did not have one of these two credit ratings. These investments were initially made when the credit ratings were AA or higher. California state code and the city's Investment Policy Statement allow the city Treasurer to determine the course of action to correct exceptions to the Investment Policy Statement. It is the intent of the city treasurer to hold these investments in the portfolio until maturity unless events indicate they should be sold. The default credit risk for corporate notes with a credit rating of single A is considered by the city Treasurer to be within acceptable limits for purposes of holding to maturity. A credit rating of single A is within state code purchase requirements.

The Local Agency Investment Funds (LAIF) is an external investment pool managed by the California State Treasurer. The California Asset Management Program (CAMP) is an external investment pool managed by PFM Asset Management LLC. These investments are short-term and follow the investment requirements of the State. LAIF is not rated; however, the city Treasurer considers the default credit risk to be minimal. CAMP is rated AAA by Standard and Poor's Investor Services.

Money market funds held by bond trustees are rated AAA. Investment contracts held by bond trustees are not rated by rating agencies.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 3: Deposit and Investment Risk (Continued)

The table below is the minimum rating (where applicable) of the California state code, the city’s investment policy, or debt agreements, and the actual rating at June 30, 2022 for each investment type by S&P Investor’s Service:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End			
				AAA	AA	A	Not Rated
Treasury Securities	83,743,025	N/A	83,743,025	-	-	-	-
Federal Agency Securities	303,841,996	N/A	-	-	-	-	303,841,996
Agency backed passthrough securities	27,719,558	AA	-	-	-	27,719,558	-
Medium Term Notes	215,454,876	AA	-	56,911,277	64,645,959	93,897,640	-
Municipal Bonds	58,336,841	AA	-	10,215,556	48,121,285	-	-
California Asset Management Program (CAMP)	1,009,015	N/A	-	1,009,015	-	-	-
Local Agency Investment Fund (LAIF)	76,536,347	N/A	-	-	-	-	76,536,347
Certificates of Deposit	20,470,981	N/A	-	-	-	-	20,470,981
Cash Accounts	22,944,186	N/A	-	-	-	-	22,830,995
Other fixed income securities	7,231,480	N/A	-	-	-	-	7,231,480
Petty Cash Funds	6,660	N/A	-	-	-	-	6,660
Investments with Fiscal Agent		N/A	-	-	-	-	-
Money Market Funds	4,683,715	AA-m	-	-	-	-	4,683,715
Guaranteed Investment Contracts	942,770	N/A	-	-	-	-	942,770
	<u>822,921,450</u>		<u>83,743,025</u>	<u>68,135,848</u>	<u>112,767,244</u>	<u>121,617,198</u>	<u>436,544,944</u>

Notes for this schedule:

- Certificates of Deposit are FDIC insured.
- As of June 30, 2022, five investments in medium term notes had a credit rating of a single A (A) which is below the double A (AA) rating required by the Investment Policy. These investments were initially made in accordance with the city's Investment Policy. California state code and the city's Investment Policy allow the city Treasurer to determine the course of action to correct exceptions to the policy. It is the intent of the city Treasurer to hold these assets in the portfolio until maturity unless events indicate a sale should be made. These investments are paying interest at the required times and their principal is considered secure.

f. Interest Rate Risk

Interest rate risk is the risk that investments will lose market value because of increases in market interest rates. A rise in market interest rates will cause the market value of investments made earlier at lower interest rates to lose value. The reverse will cause a gain in market value. As of June 30, 2022, the portfolio had a 4.9% loss in market value based on cost.

The city’s Investment Policy Statement has adopted two means of limiting its exposure to market value losses caused by rising market interest rates: (1) limiting total portfolio investments to a maximum modified duration of 2.2; and requiring liquid investments (LAIF and bank accounts) and investments maturing within one year to be equal to an amount that is not less than two-thirds of the current fiscal year’s operating budget. The city met those requirements as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 3: Deposit and Investment Risk (Continued)

1. As of June 30, 2022, the modified duration of the portfolio was 2.030. Modified duration is a prospective measure of the sensitivity of a fixed-income security's value to changes in market rates of interest. Modified duration identifies the potential gain/loss in value before it actually occurs. For example, a modified duration of 1.5 indicates that when and if a 1.0% change in market interest rates occurs, a 1.5% change in the security's value will result. Investments with modified durations of one to three are considered to be relatively conservative.
2. As of June 30, 2022, maturities within one year exceeded the required minimum of \$211,200,000 (two-thirds of current year operating budget for the city per the Fiscal Year 2021-22 operating budget adopted by the City Council).
3. As of June 30, 2022, the weighted average maturity of the LAIF underlying debt securities was 311 days. As of June 30, 2022, LAIF had a 0.0129% loss in market value.

Note 4: Advances to and from Other Funds

The following table shows amounts advanced from governmental funds within the city to other funds within the city at June 30, 2022:

<u>Advances From</u>	<u>Advances to</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,203,163 (1)
CFD No. 1	Other Governmental Funds	1,397,070 (2)
Other Governmental Funds	Other Governmental Funds	<u>5,650,000 (3)</u>
		<u>\$ 8,250,233</u>

Advances to and from other funds are primarily long-term advances used to fund capital projects in advance of related revenues.

1. The advance between the General Fund and the Habitat & Agricultural Management Fund, a non-major governmental fund, is estimated to be repaid from future Habitat Mitigation Fees. Interest on the advance will compound annually at the average interest rate earned by the Treasurer's Pool during the fiscal year.
2. The advance between the CFD No. 1 Fund and the Traffic Impact Projects Fund, a non-major governmental fund is estimated to be repaid over a 10-15 year period as Traffic Impact Fees are collected.
3. The advance between the Public Facilities Fees Fund and the Park Development Funds, both non-major governmental funds, is estimated to be repaid at build-out.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2022:

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
Governmental Activities				
Capital assets, not being depreciated:				
Land (including right-of-way)	\$ 160,619,596	\$ -	\$ -	\$ 160,619,596
Construction in progress	18,154,248	28,039,165	(9,301,858)	36,891,555
Total Capital Assets, not being depreciated	<u>178,773,844</u>	<u>28,039,165</u>	<u>(9,301,858)</u>	<u>197,511,151</u>
Capital Assets, being depreciated:				
Buildings	138,281,470	-	-	138,281,470
Improvements, other than buildings	98,889,725	5,012,969	-	103,902,694
Machinery and Equipment	52,220,679	7,390,096	(3,357,585)	56,253,190
Infrastructure	738,257,324	14,412,250	-	752,669,574
Intangible Assets	6,483,648	-	-	6,483,648
Right-to-use assets	-	25,067	-	25,067
Total Capital Assets, being depreciated:	<u>1,034,132,846</u>	<u>26,815,315</u>	<u>(3,357,585)</u>	<u>1,057,615,643</u>
Less accumulated depreciation/amortization for:				
Buildings	48,641,774	2,853,632	-	51,495,406
Improvements, other than buildings	39,646,043	3,677,429	-	43,323,472
Machinery and Equipment	29,948,762	3,885,488	(3,219,160)	30,615,090
Infrastructure	302,007,556	15,119,790	-	317,127,346
Intangible Assets	3,327,811	698,649	-	4,026,460
Right-to-use assets	-	1,671	-	1,671
Total Accumulated depreciation	<u>423,571,946</u>	<u>26,236,659</u>	<u>(3,219,160)</u>	<u>446,589,445</u>
Total Capital Assets being depreciated, net	<u>610,560,900</u>	<u>578,656</u>	<u>(138,425)</u>	<u>611,026,198</u>
Governmental Activities Capital Assets, net	<u>\$ 789,334,744</u>	<u>\$ 28,617,821</u>	<u>\$ (9,440,283)</u>	<u>\$ 808,537,349</u>

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5: Capital Assets (Continued)

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
Business-Type Activities:				
Capital assets, not being depreciated:				
Land (including right-of-way)	\$ 9,330,718	\$ -	\$ -	\$ 9,330,718
Construction in progress	21,380,351	11,283,945	(15,227,842)	17,436,454
Total Capital Assets, not being depreciated	<u>30,711,069</u>	<u>11,283,945</u>	<u>(15,227,842)</u>	<u>26,767,172</u>
Capital Assets, being depreciated:				
Buildings	41,175,467	216,421	-	41,391,888
Improvements, other than buildings	53,509,748	2,692,664	-	56,202,412
Machinery and Equipment	13,963,957	43,888	-	14,007,845
Infrastructure	402,470,807	1,741,335	-	404,212,142
Wastewater treatment facility	62,425,149	1,948,493	-	64,373,642
Total Capital Assets, being depreciated:	<u>573,545,128</u>	<u>6,642,801</u>	<u>-</u>	<u>580,187,929</u>
Less accumulated depreciation for:				
Buildings	13,152,933	935,787	-	14,088,720
Improvements, other than buildings	44,094,550	3,088,781	-	47,183,331
Machinery and Equipment	5,199,753	1,513,576	-	6,713,329
Infrastructure	127,382,848	7,791,071	-	135,173,919
Wastewater Treatment Facility	39,198,440	1,145,494	(4,479,012)	35,864,922
Total Accumulated depreciation	<u>229,028,524</u>	<u>14,474,709</u>	<u>(4,479,012)</u>	<u>239,024,221</u>
Total Capital Assets being depreciated, net	<u>344,516,604</u>	<u>(7,831,908)</u>	<u>4,479,012</u>	<u>341,163,708</u>
Business-Type activities Capital Assets, net	<u>\$ 375,227,673</u>	<u>\$ 3,452,037</u>	<u>\$ (10,748,830)</u>	<u>\$ 367,930,880</u>

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 827,704
Public Safety	1,148,219
Community Services	5,503,104
Public Works	15,345,131
Capital Assets held by the internal service funds (charged to various functions based on their usage of the assets)	<u>3,412,501</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 26,236,659</u>
Business-type activities:	
Carlsbad Municipal Water District	\$ 6,489,394
Wastewater	4,584,296
Nonmajor enterprise funds	<u>3,401,019</u>
Total Depreciation/amortization expense - Business- type activities	<u>\$ 14,474,709</u>

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5: Capital Assets (Continued)

Net Investment in Capital Assets

	Governmental Activities	Water Fund	Golf Fund	Wastewater Fund
Capital assets, not being depreciated	\$ 197,511,151	\$ 4,501,778	\$ 4,793,376	\$ 17,472,018
Capital assets, net of depreciation	611,026,198	198,467,313	18,908,451	123,787,944
Less: Loans payables	(22,377)	(12,443,537)	-	-
Net investment in capital assets	\$ 808,514,972	\$ 190,525,554	\$ 23,701,827	\$ 141,259,962

	Internal Service Funds		
	Fleet Management	Information Technology	Total Internal Service
Capital assets, not being depreciated	\$ -	\$ 150,696	\$ 150,696
Capital assets, net of depreciation	16,216,487	4,888,607	21,105,094
Net investment in capital assets	\$ 16,216,487	\$ 5,039,303	\$ 21,255,790

Note 6: Long-term Debt

The following is a summary of changes in the principal balance of long-term debt for the year ended June 30, 2022:

	Principal Balance at July 1, 2021	Increases	Decreases	Principal Balance at June 30, 2022	Due within one year
Governmental Activities					
Lease liability	\$ -	\$ 25,067	\$ 2,690	\$ 22,377	\$ 2,331
Total Governmental Activities	<u>\$ -</u>	<u>\$ 25,067</u>	<u>\$ 2,690</u>	<u>\$ 22,377</u>	<u>\$ 2,331</u>

	Principal Balance at July 1, 2021	Increases	Decreases	Principal Balance at June 30, 2022	Due within one year
Business-type Activities					
Loans Payable	\$ 13,749,899	\$ 352,459	\$ 1,658,821	\$ 12,443,537	\$ 1,698,146
Total Business type Activities	<u>\$ 13,749,899</u>	<u>\$ 352,459</u>	<u>\$ 1,658,821</u>	<u>\$ 12,443,537</u>	<u>\$ 1,698,146</u>

Governmental long term debt at June 30, 2022 is comprise of the following:

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6: Long-term Debt (Continued)

On November 1, 2021, the city entered into a 120 month lease as Lessee for the use of 2550 Carlsbad Blvd. An initial lease liability was recorded in the amount of \$25,067. As of June 30, 2022, the value of the lease liability is \$22,377. The City is required to make annual fixed payments of \$2,690. The lease has an interest rate of 1.6040%. The value of the right to use asset as of June 30, 2022 of \$25,067 with accumulated amortization of \$1,671.

Year ended June 30:	Governmental Activities	
	Principal	Interest
2023	\$ 2,331	\$ 359
2024	2,368	322
2025	2,406	284
2026	2,445	245
2027	2,484	206
2028-2032	10,343	418
	<u>\$ 22,377</u>	<u>\$ 1,834</u>

Business-type long term debt at June 30, 2022 is comprised of the following issues:

Business-type long-term debt	Balance at June 30, 2022
2005 Carlsbad Municipal Water District loan agreement with the State Water Resources Control Board totaling \$9,694,504. Principal is due in varying amounts ranging from \$586,023 to \$631,082 on June 1 of each year through 2025, interest payable on June 1 each year at 2.5% per annum. Payable from recycled water user fees.	\$ 1,847,445
2006 Carlsbad Municipal Water District loan agreement with the State Water Resources Control Board totaling \$19,382,546. Principal is due in varying amounts ranging from \$1,072,798 to \$1,201,977 on April 1 of each year through 2027, interest payable on April 1 of each year at 2.3% per annum. Payable from recycled water user fees.	5,745,655
2014 Carlsbad Municipal Water District loan agreement, as revised, with the State Water Resources Control Board authorized to \$22,150,500. Principal and interest will not be due until Dec. 2023. Interest is payable on Dec. 31 of each year at 1.0% per annum. Principal due under the current amortization schedule ranges from \$129,308 to \$172,563. Payable from recycled water user fees.	<u>4,850,437</u>
Subtotal business-type long-term debt	12,443,537
Less current portion	<u>(1,698,146)</u>
Total Long-term portion of business-type debt	<u>\$ 10,745,391</u>

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6: Long-term Debt (Continued)

The aggregate maturities of long-term debt are as follows:

Year ended June 30:	Business-type Activities	
	Principal	Interest
2023	\$ 1,698,146	\$ 178,336
2024	1,738,405	138,077
2025	1,963,890	144,906
2026	1,314,448	101,331
2027	1,342,867	72,912
2028-2032	725,868	204,916
2033-2037	762,894	167,890
2038-2042	801,810	128,974
2043-2047	842,710	88,074
2048-2052	885,697	45,087
2053-2054	366,802	5,511
	<u>\$ 12,443,537</u>	<u>\$ 1,276,014</u>

The aggregate maturities for the business-type activities reflect a recent \$352,459 increase in the state water loan. The city is currently drawing down loan proceeds from an authorized \$22.1 million for the expansion of the recycled water facility. The loan amount will continue to adjust as future draws are made.

Note 7: Lease Receivable and Deferred inflows – lease related items

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease receivable				
Land	\$ 2,071,887	\$ -	\$ 123,571	\$ 1,948,316
Buildings	11,342,798	-	472,624	10,870,174
Total lease receivable	<u>\$ 13,414,685</u>	<u>\$ -</u>	<u>\$ 596,195</u>	<u>\$ 12,818,490</u>

BUSINESS-TYPE ACTIVITIES:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease receivable				
Buildings	\$ 4,734,694	\$ 700,709	\$ 207,636	\$ 5,227,767
Total lease receivable	<u>\$ 4,734,694</u>	<u>\$ 700,709</u>	<u>\$ 207,636</u>	<u>\$ 5,227,767</u>

GOVERNMENTAL ACTIVITIES:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Deferred inflows of resources				
Land	\$ 2,071,887	\$ -	\$ 159,786	\$ 1,912,101
Buildings	11,342,798	-	623,279	10,719,519
Total deferred inflows of resources	<u>\$ 13,414,685</u>	<u>\$ -</u>	<u>\$ 783,065</u>	<u>\$ 12,631,620</u>

BUSINESS-TYPE ACTIVITIES:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Deferred inflows of resources				
Buildings	\$ 4,735,063	\$ 700,709	\$ 298,545	\$ 5,137,227
Total deferred inflows of resources	<u>\$ 4,735,063</u>	<u>\$ 700,709</u>	<u>\$ 298,545</u>	<u>\$ 5,137,227</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7: Lease Receivable and Deferred inflows – lease related items (Continued)

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The city leases land and buildings to various companies and individuals. An initial lease receivable and deferred inflow of resources was recorded as of July 1, 2021, in the amount of \$13,414,685 and \$4,734,694 for governmental activities and business type activities respectively. As of June 30, 2022, the value of the leases receivable for governmental activities and business type is \$12,818,490 and \$5,227,767 respectively.

Note 8: Rate Covenants and Pledged

a. Revenue Rate Covenants

The Carlsbad Municipal Water District (CMWD) loan agreements with the State Water Resources Control Board requires that CMWD set its charges for services and rates for fees each year at rates sufficient to produce net revenues (after paying the operating and maintenance expenses of CMWD, excluding depreciation) of at least one times debt service for that year. All of the water revenues of CMWD are pledged to meet these rate covenants and to secure related debt. All rate covenants requirements were met for the fiscal year ended June 30, 2022.

b. Pledged Revenue

The city has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The purpose for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions of the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenues for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses)	Annual Debt Service Payments	Pledged Revenue as a Percentage of Debt
Water Revenues	\$ 3,055,676	\$ 1,876,482	163%

Note 9: Debt without Government Commitment

In the opinion of city officials, the bonds listed below are not payable from any revenues or assets of the city, and neither the full faith and credit nor the taxing power of the city, the State of California, nor any political subdivision thereof, is obligated to the payment of the principal or interest on the bond. Accordingly, no liability has been recorded in the accompanying financial statements.

a. Limited Obligation Improvement Bonds

As of June 30, 2022, the city has two series of assessment district bonds outstanding in the amount of \$24,935,000. These bonds were issued under the provisions of the Improvement Bond Act of 1915 and were used to finance public infrastructure improvement projects. The city collects assessments to pay the bond debt. These monies are accounted for in the assessment districts' custodial funds.

b. Special Tax Bonds

As of June 30, 2022, the city has two series Community Facilities District (CFD) bonds outstanding in the amount of \$17,190,000. These bonds were issued under the provisions of the Mello-Roos Community Facilities Act of 1982 and were used to finance public infrastructure improvement projects. The city collects special taxes to pay the bond debt. These monies are accounted for in the CFDs' custodial funds.

c. Mortgage Revenue Bonds

Multi-Family Housing Revenue Bonds are issued to provide construction and permanent financing to developers of multi-family residential rental projects located in the city which will be partially occupied by persons of low or moderate income. The total amount of mortgage revenue bonds outstanding as of June 30, 2022 is \$3,950,000. The bonds, together with interest thereon, are limited obligations of the city payable solely from bond proceeds, revenues and other amounts derived solely from home mortgage and developer loans secured by first deeds of trust, irrevocable letters of credit, and irrevocable surety bonds.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 10: Accumulated Fund Deficits/Negative Net Position

The Following funds reported deficits in fund balances or net position as of June 30, 2022:

	Deficit Balance
Special Revenue Funds:	
Habitat and Agricultural Management	(16,567)
Internal Service Funds:	
Risk Management	(422,352)

The deficit in the Habitat and Agricultural Management Fund is the result of the General Fund advancing money for the purchase of mitigation credits in a prior fiscal year. The advance is returned to the General Fund in periodic payments from developer impact fees collected in the Habitat and Agricultural Management Fund. The deficit in the Risk Management Fund is the result of estimated claims tracking higher than anticipated. The City Council assigned general fund surplus budget in the amount of \$1 million from fiscal year 2021-22 in response to higher claims. This will result in a fund transfer in fiscal year 2022-23 from the General Fund to the Risk Management Fund.”

Note 11: Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Gas Tax Fund	\$ 10,000
Capital Project Funds:		
General Capital Construction	General Fund	13,283,056
Infrastructure Replacement	General Fund	283,000
Infrastructure Replacement	Internal Service Funds	100,800
Technology Replacement	General Fund	10,656,000
Enterprise Funds:		
Carlsbad Municipal Water District	General Fund	993,748
Carlsbad Municipal Water District	Wastewater Fund	46,534
Carlsbad Municipal Water District	Solid Waste Fund	7,980
Solid Waste	General Fund	322,000
Special Revenue Funds:		
Financing Districts	General Fund	1,390,000
Section 8 Rental Assistance	Affordable Housing	50,000
Affordable Housing	Tyler Court Apartments	200,912
		\$ 27,344,030

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Risk Management

The city is exposed to various risks of loss related to its operations, including losses associated with errors and omissions and injuries to employees and members of the public. The city uses a Risk Management Self-Insurance Fund and a Workers' Compensation Fund (all internal service funds) to account for and finance its uninsured risks of loss. All other funds of the city make payments to these funds based on annual estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Beginning July 1, 2019, the city joined the California Insurance Pool Authority (CIPA) for excess general liability coverage. This coverage was purchased directly through the pool's manager, Kiser & Company. Under this program, the city's coverage is a maximum of \$43,000,000 per occurrence with a self-insured retention of \$1,000,000. CIPA has been in existence since 1978. At June 30, 2022, the unrestricted fund equity for the Risk Management Self-Insurance Fund was a \$422,352 deficit. Funds used by the Risk Management Fund to liquidate the claims liability predominantly come from the General Fund (81.36%), the Water Fund (6.64%), the Solid Waste Fund (3.72%) and the Wastewater Fund (2.97%).

The city is self-insured for workers' compensation claims for claims up to \$1,250,000 and insured by Safety National thereafter and up to statutory limits. At June 30, 2022, the unrestricted fund equity for the Workers' Compensation Self-Insurance Fund was \$948,831. Funds used by the Workers' Compensation Fund to liquidate the claims liability predominantly come from the General Fund (95.68%), the Water Fund (1.59%) and the Wastewater fund (0.71%).

The estimated claims payable reported at June 30, 2022 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settled cases did not exceed insurance coverage during the past three fiscal years. All claims are considered non-current per their estimated settlement dates.

Changes in the estimated claims payable amounts in fiscal years 2020-21 and 2021-22 for the two internal service funds are as follows:

	Claims			
	Beginning Balance	Expense and Changes in Estimates	Claim Payments	Ending Balance
Risk Management Fund:				
2020-21	\$ 3,464,070	\$ 1,297,338	\$ 1,140,040	\$ 3,621,368
2021-22	\$ 3,621,368	\$ 2,949,746	\$ 1,901,288	\$ 4,669,826
Workers' Compensation Fund:				
2020-21	\$ 10,856,362	\$ 2,637,645	\$ 2,969,354	\$ 10,524,653
2021-22	\$ 10,524,653	\$ 5,479,827	\$ 3,764,491	\$ 12,239,989
Total				
2020-21	\$ 14,320,432	\$ 3,934,983	\$ 4,109,394	\$ 14,146,021
2021-22	\$ 14,146,021	\$ 8,429,573	\$ 5,665,779	\$ 16,909,815

Note 13: Joint Ventures (Continued)

a. Encina Water Pollution Control Facilities

The Encina Water Pollution Control Facilities (the facilities) are wastewater facilities owned jointly by the cities of Carlsbad, Vista and Encinitas and the Leucadia Wastewater District, the Buena Vista Sanitation District and the Vallecitos Water District. The Encina Wastewater Authority (EWA) is a joint powers authority established to operate and administer the facilities. It is responsible for the management, maintenance and operations of the joint system. Each member agency has a specified percentage of ownership in the various components of the Encina Water Pollution Control Facilities that varies from component to component. Accordingly, each member agency reports its undivided interest in the facilities as a part of that member agency's capital assets.

As of June 30, 2022, the undivided interest of each member agency in the various components of the Encina Water Pollution Control Facilities aggregated as follows:

City of Vista	25%
City of Carlsbad	24%
Vallecitos Water District	23%
Leucadia Wastewater District	17%
Buena Sanitation District	7%
City of Encinitas	4%

EWA does not recognize net income or loss. Net operating expenditures in excess of users' assessments are treated as accounts receivable on EWA's books and charged to users' accounts in the following year. Conversely, users' assessments in excess of net operating expenditures are treated as a liability and credited against users' accounts, also in the following year. Under this basis, net operating loss (before member billings) for EWA totaled \$221,294 in fiscal year 2021-22. The financial statements of EWA can be obtained at www.encinajpa.com.

Note 14: Pension Plan

a. Plan description, benefits provided and employees covered

All qualified permanent and probationary employees are eligible to participate in the city's Safety (sworn police and fire) and Miscellaneous (all other) Plans (the Plans), agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. A full description of the Plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Reports (funding valuations). Details of the benefits provided can be obtained in Appendix B of the Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 14: Pension Plan (Continued)

b. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous		
	On or After		
	Prior to November 28, 2011	November 28, 2011 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit Formula	3% @ 60	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-60	50-63	52-67
Monthly Benefits as a % of eligible compensation	2.0% to 3.0%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	7.50%
Required employer contribution rates	14.81%	12.56%	8.44%
Required employer payment of unfunded liability:		\$ 6,577,258	

	Safety		
	On or After		
	Prior to October 4, 2010	October 4, 2010 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit Formula	3% @ 50	2% @ 50	2% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50	50-55	50-57
Monthly Benefits as a % of eligible compensation	3%	2.0% to 2.7%	2.0% 2.7%
Required employee contribution rates	9.00%	9.00%	13.50%
Required employer contribution rates	23.44%	20.42%	13.68%
Required employer payment of unfunded liability:		\$ 5,146,782	

c. Employees Covered

As of the valuation date, June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	614	267
Inactive employees or beneficiaries currently not yet receiving benefit	516	101
Active employees	549	219
Total	<u>1,679</u>	<u>587</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 14: Pension Plan (Continued)**d. Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2021 (the measurement date), the average active employee contribution rate ranged from 7.0% to 8.0% of annual pay for miscellaneous employees and 9.0% to 13.5% of annual pay for safety employees, and the average employer's contribution rate is 12.787% of annual payroll for miscellaneous employees and 21.401% of annual payroll for safety employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

e. Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality rate table*	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.5% Purchasing Power Protection Allowance Floor on purchasing power applies; 2.50% thereafter

* The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

f. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 14: Pension Plan (Continued)**g. Long-term expected rate of return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	Current Target Allocation	Real Return Years 1-10	Real Return Years
Public equity	50.0%	4.80%	5.98%
Global fixed income	28.0	1.00	2.62
Inflation sensitive assets	0.0	0.77	1.81
Private equity	8.0	6.30	7.23
Real estate	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

In the System's, fixed income is included in global debt securities; liquidity is included in short-term investment; inflation assets are included in both global equity securities and global debt securities.

An expected inflation of 2.0% used for this period.

An expected inflation of 2.92% used for this period.

h. Pension Plan Fiduciary Net Position

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the California Public Employees' Retirement System website at www.calpers.ca.gov under forms and publications.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 14: Pension Plan (Continued)

Changes in net pension liability

	Miscellaneous Plan	Safety Plan	Total
Net Pension Liability	\$ 35,046,739	\$ 42,576,387	\$ 77,623,126
Deferred Outflows of Resources - pension related items	17,442,695	21,544,276	38,986,971
Deferred Inflows of Resources - pension related items	36,392,933	27,764,143	64,157,076
Pension Expense	2,156,698	7,357,187	9,513,885

The following tables show the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2020	\$ 419,563,912	\$ 331,885,303	\$ 87,678,609
Changes recognized for the measurement period:			
• Service Cost	8,267,207	-	8,267,207
• Interest on the total pension liability	29,773,920	-	29,773,920
• Differences between expected and actual experience	3,459,759	-	3,459,759
• Contributions from the employer	-	16,551,765	(16,551,765)
• Contributions from employees	-	3,436,290	(3,436,290)
• Net Investment Income	-	74,476,234	(74,476,234)
• Benefit Payment (1)	(21,477,657)	(21,477,657)	-
• Administrative Expense	-	(331,533)	331,533
Net Changes during Fiscal Year 2020-21	20,023,229	72,655,099	(52,631,870)
Balance at 6/30/2021	<u>439,587,141</u>	<u>404,540,402</u>	<u>35,046,739</u>

(1) Includes refunds of employee contributions

Safety Plan

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2020	\$ 330,955,050	\$ 252,160,197	\$ 78,794,853
Changes recognized for the measurement period:			
• Service Cost	7,535,523	-	7,535,523
• Interest on the total pension liability	23,741,151	-	23,741,151
• Differences between expected and actual experience	5,936,553	-	5,936,553
• Contributions from the employer	-	14,253,531	(14,253,531)
• Contributions from employees	-	2,861,027	(2,861,027)
• Net Investment Income	-	56,569,028	(56,569,028)
• Benefit Payment (1)	(17,230,615)	(17,230,615)	-
• Administrative Expense	-	(251,893)	251,893
Net Changes during Fiscal Year 2020-21	19,982,612	56,201,078	(36,218,466)
Balance at 6/30/2021	<u>350,937,662</u>	<u>308,361,275</u>	<u>42,576,387</u>

(1) Includes refunds of employee contributions

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 14: Pension Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability - Miscellaneous	\$ 91,277,072	\$ 35,046,739	\$ (11,620,139)
Plan's Net Pension Liability - Safety	\$ 90,749,442	\$ 42,576,387	\$ 3,114,513

Recognition of gains and losses

Under GASB 68, gains and losses related to the changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Miscellaneous Plan for the June 30, 2021 measurement date is 3.3 years, which was obtained by dividing the total service years of 5,530 (the sum of remaining service lifetimes of the active employees) by 1,679 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Safety Plan for the June 30, 2021 measurement date is 5.0 years, which was obtained by dividing the total service years of 2,930 (the sum of remaining service lifetimes of the active employees) by 587 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 14: Pension Plan (Continued)

Pension expense and deferred outflows and deferred inflows of resources related to Pensions

For the measurement period ending June 30, 2021 (the measurement date), the city recognized a pension expense of \$9,513,885 for the Plans.

As of the June 30, 2021 measurement date, the city reports other amounts for the Miscellaneous Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,518,210	\$ -
Difference between expected and actual experience	2,924,485	
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	36,392,933
Total	\$ 17,442,695	\$ 36,392,933

As of the June 30, 2021 measurement date, the city reports other amounts for the Safety Plan as deferred outflows and deferred inflows of resources related to pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,344,367	\$ -
Difference between expected and actual experience	8,199,909	-
Changes of assumptions	-	148,036
Net difference between projected and actual earnings on pension plan investments	-	27,616,107
Total	\$ 21,544,276	\$ 27,764,143

For the Miscellaneous Plan, \$14,518,210 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date, and for the Safety Plan, \$13,344,367 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ (7,545,656)
2023	(7,278,563)
2024	(8,476,965)
2025	(10,167,264)
Thereafter	-

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 14: Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Safety Plan pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ (4,132,018)
2023	(4,018,265)
2024	(4,883,110)
2025	(6,530,841)
Thereafter	-

Note 15: Other Postemployment Benefits (OPEB)

The city offers other postemployment benefits in the form of health benefits to two employee groups: City of Carlsbad employees and former CMWD employees. The majority of city and former CMWD employees are under the city defined benefit agent multiple-employer plan.

a. Benefit description by employee group

Former Carlsbad Municipal Water District (CMWD) employees

The benefit plan is for active and retired employees who were employed with CMWD at the time CMWD was acquired by the city. Per Resolution No. 614, all former employees of CMWD (including dependents) are eligible for postretirement health care benefits if they voluntarily retire after the age of 50, with no less than five years of service and whose age, combined with years of service, equals 70 or more.

The city pays for 100% of the health insurance premiums which is coordinated with Medicare and other benefits provided by federal and state law, when available, to the extent it reduces the cost of insurance premiums. This plan is administered by CalPERS.

City of Carlsbad employees

city employees are offered health insurance coverage under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS. Under PEMHCA, the city is required to pay a small portion of the monthly medical premiums of retired employees (considered a subsidy), if the retired employees continue their medical coverage under PEMHCA. Surviving spouses and domestic partners of eligible retirees are eligible for the city subsidy. Surviving spouses and domestic partners of deceased active members are eligible for the city subsidy only if the employee had attained age 50 with five years of service.

The city pays a monthly subsidy per eligible employee/retiree regardless of coverage elected:

Calendar Year 2020	\$139.00
Calendar Year 2021	143.00
Calendar Year 2022	149.00

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15: Other Postemployment Benefits (OPEB) (Continued)

Thereafter, the subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

California Public Employer's Retiree Benefit Trust Program

The city is participating in the California Employer's Retiree Benefit Trust Program (CERBT) through irrevocable trust agreements for both plans. CERBT is administered by CalPERS. The city's OPEB fiduciary net position is included in the CERBT Schedule of Changes in Fiduciary Net Position by Employer report. That report may be obtained on the California Public Employees' Retirement System website at www.calpers.ca.gov under forms and publications.

b. Employees Covered

As of the June 30, 2021, the measurement date, the following employees were covered by the benefit terms for each benefit tier:

Inactive employees or beneficiaries currently receiving benefits	272
Inactive employees or beneficiaries currently not yet receiving benefits	304
Active employees	746
Total	<u><u>1,322</u></u>

c. Contributions

The obligation of CMWD to contribute to the CMWD plan is established and may not be amended by the CMWD Board. The obligation of the city to contribute to the city plan is established, and as long as the city is a member of PEMCHA, may not be amended by the City Council. The City Council does have the authority to change health insurance coverage outside of PEMHCA, which could change the funding obligation for city employees.

Employees are not required to contribute to the plan. The city and CMWD's contributions are based on the actuarially determined contribution (ADC), an amount actuarially determined in accordance with the parameters of GASB. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years on a "closed" basis. The city's and CMWD's contributions are as follows:

Fiscal Year 2021-22 Cash Contributions	\$ 661,985
Fiscal Year 2021-22 Estimated Implied Subsidy Payments	433,547
Administrative expenses paid outside of trust	7,137
Total Contributions	<u><u>\$ 1,102,669</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 15: Other Postemployment Benefits (OPEB) (Continued)

d. Net OPEB liability

The city's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the actuarial methods and assumptions shown below:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.25% with a 45% to 50% confidence based on Bartel Associates modeling for CERBT Strategy 1
Mortality Rate (1)	Derived using CalPERS Membership Data for all funds.
Pre-Retirement Turnover (2)	Derived using CalPERS Membership Data for all funds.
Healthcare Trend Rate (3)	Based in part on premium experience.

Notes:

- 1 Based on CalPERS 2000-2019 Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.
- 2 Based on CalPERS 2000-2019 Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.
- 3 Short-Term healthcare trends were developed in consultation with Axene Health Partner's healthcare actuaries. Long-term healthcare trend development using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERBT Strategy 1	
	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.56%
Fixed Income	25%	0.78%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REIT's	8%	4.06%
Total	100%	

Notes:

- 1 The long-term expected rate of return is 6.25%
- 2 Assumed long-term rate of inflation is 2.5%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15: Other Postemployment Benefits (OPEB) (Continued)

e. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that city contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plans' fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plans investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The changes in the net OPEB (asset)/liability are shown below:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2021 (Measurement date of 6/30/2020)	\$ 19,116,046	\$ 15,962,072	\$ 3,153,974
Changes recognized for the measurement period:			
• Service Cost	669,646	-	669,646
• Interest on the total OPEB liability	1,347,382	-	1,347,382
• Differences between expected and actual experience	(922,167)	-	(922,167)
• Changes on Assumptions	625,021	-	625,021
• Plan to Plan resource movement	-	-	-
• Contributions from the employer	-	1,180,559	(1,180,559)
• Contributions from employees	-	-	-
• Net Investment Income	-	4,387,820	(4,387,820)
• Benefit Payment	(1,074,741)	(1,074,741)	-
• Administrative Expense	-	(11,858)	11,858
• Other miscellaneous income/(expense)	-	-	-
Net Changes during Fiscal Year 2020-21	<u>645,141</u>	<u>4,481,780</u>	<u>(3,836,639)</u>
Balance at 6/30/2022 (Measurement date of 6/30/2021)	<u>19,761,187</u>	<u>20,443,852</u>	<u>(682,665)</u>

Includes refunds of employee contributions

f. Sensitivity of the net OPEB (asset)/liability to changes in the discount rate

The following presents the net OPEB (asset)/liability of CMWD and city if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021: The changes in the net OPEB (asset)/liability are shown below:

	Discount Rate - 1% Rate (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% Rate (7.25%)
Plan's Net OPEB (Asset)/Liability	\$ 1,808,035	\$ (682,665)	\$ (2,748,374)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 15: Other Postemployment Benefits (OPEB) (Continued)

g. Sensitivity of the net OPEB (asset)/liability to changes in the health care cost trend rates

The following presents the net OPEB (asset)/liability of the CMWD and city if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	Health Care Cost Trend Rate - 1% (5.50%) decreasing to 2.75%)	Current Health Care Cost Trend Rate (6.50%) decreasing to 3.75%)	Health Care Cost Trend Rate + 1% (7.50%) decreasing to 4.75%)
Plan's Net OPEB (Asset)/Liability	\$ (2,990,718)	\$ (682,665)	\$ 2,154,268

h. Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The initial recognition period is five years.

i. OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2022, the city recognized OPEB expense of \$484,716. As of June 30, 2022, the city reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,102,669	\$ -
Difference between expected and actual experience	812,397	(817,375)
Changes of assumptions	1,382,312	(216,177)
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 3,297,378</u>	<u>\$ (3,309,953)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15: Other Postemployment Benefits (OPEB) (Continued)

The \$1,102,669 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended:	Deferred Outflows/(Inflows) of Resources
2023	\$ (338,908)
2024	(312,492)
2025	(336,193)
2026	(442,544)
2027	211,566
Thereafter	103,327

Note 16: Commitments and Contingencies**a. Water Purchase Agreements**

On August 5, 2003, CMWD entered into a 22-year agreement with the Vallecitos Water District, to purchase three million gallons per day (3,360 acre feet) of recycled water for uses throughout CMWD's boundaries. Per the agreement, there is an annual reconciliation that trues up the monthly payments to the actual cost for the water purchased each fiscal year. The recycled water cost is adjusted every July 1st and shall not exceed 75% of the wholesale cost of potable water from SDCWA. The agreement also stipulates that CMWD will pay for its share of the actual operating costs (up to a maximum cost of 75% of the wholesale cost of potable water from the San Diego County Water Authority) of the Mahr Reservoir, which produces the water. The estimated operating costs paid by CMWD for the period ended June 30, 2022, is \$2,268,646.

b. Golf Course Advances

The Golf Course Fund previously showed an advance from other funds balance in the amount of \$47,031,506 representing loans received from the city's General Fund that were used to fund the initial course construction and some operating costs. For financial statement purposes, these loans were reclassified to "Transfers In" in fiscal year 2021 recognizing that the repayment of these loans is not scheduled to happen in the near and foreseeable future.

The city has not forgiven the loans and the advances are now being disclosed as a contingent liability of the Golf Course Fund. The balance of these loans is \$55,458,868 in total, \$47,031,506 of principal and \$8,427,362 of interest. The city discontinued accruing interest on the advances in fiscal year 2013-14. Should sufficient resources in the golf course become available to make repayments in the future, those repayments of this contingent liability will take place, and will be recorded as transfers out from the Golf Course Fund at that time.

CITY OF CARLSBAD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 16: Commitments and Contingencies (Continued)

c. Encumbrances

As of June 30, 2022, city commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental fund and nonmajor funds in the aggregate are as follows:

	<u>Outstanding Encumbrances</u>
Governmental Activities	
General Fund	\$ 11,865,840
Community Facilities District No. 1	1,072,032
Infrastructure Replacement	8,298,705
Non-major Governmental Funds in the Aggregate	<u>27,977,708</u>
Subtotal Governmental Activities	49,214,285
Business like Activities-Enterprise Funds	
Carlsbad Municipal Water District	4,701,767
Wastewater	4,677,240
Non-Major Enterprise Funds in the Aggregate	<u>1,042,621</u>
Subtotal Enterprise Funds	10,421,628
Internal Service Funds	<u>5,034,937</u>
Total	<u><u>\$ 64,670,850</u></u>

Note 17: Successor Agency Trust for Assets of Former Development Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the bill”) which provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the city that previously had reported a redevelopment agency within the reporting entity of the city as a blended component unit. The bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the bill as part of City Council Resolution No. 2012-013 and Housing and Redevelopment Commission Resolution No. 519.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 17: Successor Agency Trust for Assets of Former Development Agency (Continued)

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future years, successor agencies will only be allowed revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. On March 7, 2014, the city received notice from the California Department of Finance that the loans previously made by the city to the former redevelopment agency are enforceable obligations and that they were made for legitimate redevelopment purposes. This approval allows the city to list repayment of these loans on future Redevelopment Obligation Payment Schedules (ROPS). In accordance with the timeline set forth in the bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

Long-term debt

The following is a summary of changes in the principal balance of long-term debt for the year ended June 30, 2022:

	Principal Balance at June 30, 2021	Increases	Decreases	Principal Balance at June 30, 2022	Due Within One Year
Bonds	\$ 2,850,000	\$ -	\$ 900,000	\$ 1,950,000	\$ 950,000

The 1993 Carlsbad Housing and Redevelopment Commission Tax Allocation Bonds were issued totaling \$15,495,000. Principal is due in amounts ranging from \$900,000 to \$1,000,000 on September 1 of each year through 2024. Interest is payable on March 1 and September 1 at rate of 5.30% per annum. The city posted a surety bond in lieu of a cash reserve in the amount of \$1,055,953. Bonds are payable from redevelopment property tax increment revenues.

The aggregate maturities of long-term debt are as follows:

Year ended June 30:	Principal	Interest
2023	950,000	78,175
2024	1,000,000	26,500
	\$ 1,950,000	\$ 104,675

Note 17: Successor Agency Trust for Assets of Former Development Agency (Continued)

Pledged Revenue

The Successor Agency has a debt issuance outstanding that is collateralized by the pledging of certain revenues. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table presented above. The purpose for which the proceeds of the related debt issuance was utilized is disclosed in the debt description on the previous page. For the current year, debt service payments as a percentage of pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated in the table below. This percentage also approximates the relationship of debt service to pledged revenues for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue	Annual Debt Service Payments	Debt Service as a Percentage of Pledged Revenue
Tax increment	\$ 1,150,211	\$ 1,027,200	89%



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CITY OF CARLSBAD

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 159,820,616	\$ 159,820,616	\$ 159,820,616	\$ -
Resources (Inflows):				
Taxes	151,814,000	151,814,000	178,762,522	26,948,522
Licenses and permits	1,465,000	1,465,000	3,233,321	1,768,321
Intergovernmental	7,928,763	8,154,091	7,868,957	(285,134)
Charges for services	6,210,000	6,466,374	9,828,529	3,362,155
Use of money and property	4,894,125	4,894,925	(5,570,530)	(10,465,455)
Fines and forfeitures	406,000	406,000	342,948	(63,052)
Contributions	46,000	46,000	26,226	(19,774)
Miscellaneous	834,025	966,332	1,187,314	220,982
Transfers in	10,000	10,000	10,000	-
Amounts Available for Appropriation	333,428,529	334,043,338	355,534,970	21,491,632
Charges to Appropriation (Outflow):				
General government	23,968,509	27,200,469	21,995,629	5,204,840
Less: interdepartmental charges	(5,206,349)	(5,216,349)	(5,314,617)	98,268
Public safety	81,396,279	86,935,883	81,961,117	4,974,766
Community services	50,023,648	55,234,846	44,972,128	10,262,718
Public works	21,163,968	25,051,317	20,131,996	4,919,321
Capital outlay	882,285	3,091,620	2,719,612	372,008
Transfers out	7,148,000	26,927,804	26,927,804	-
Total Charges to Appropriations	179,376,340	219,225,590	193,396,359	25,829,231
Budgetary Fund Balance, June 30	\$ 154,052,189	\$ 114,817,748	\$ 162,138,611	\$ 47,320,863

CITY OF CARLSBAD

**AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Fiscal year Measurement period ended	2022	2021	2020	2019
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability				
Service cost	\$ 8,267,207	\$ 7,748,623	\$ 7,393,365	\$ 7,642,062
Interest on total pension liability	29,773,920	28,392,127	27,175,110	25,874,546
Differences between expected and actual experience	3,459,759	1,167,225	2,338,341	(3,023,977)
Changes in assumptions	-	-	-	(2,662,243)
Benefit payments, including refunds of employee contributions	(21,477,657)	(19,590,424)	(18,193,803)	(16,887,970)
Net change in total pension liability	20,023,229	17,717,551	18,713,013	10,942,418
Total pension liability - beginning	419,563,912	401,846,361	383,133,348	372,190,930
Total pension liability - ending (a)	439,587,141	419,563,912	401,846,361	383,133,348
Plan Fiduciary Net Position				
Contributions - employer	16,551,765	10,637,969	17,745,975	22,114,923
Contributions - employee	3,436,290	3,338,003	3,040,423	3,005,761
Net investment income	74,476,234	15,901,834	19,551,424	22,720,698
Benefit payments	(21,477,657)	(19,590,424)	(18,193,803)	(16,887,970)
Administration Expense	(331,533)	(454,014)	(213,503)	(1,218,072)
Net change in plan fiduciary net position	72,655,099	9,833,368	21,930,516	29,735,340
Plan fiduciary net position - beginning	331,885,303	322,051,935	300,121,419	270,386,079
Plan fiduciary net position - ending (b)	404,540,402	331,885,303	322,051,935	300,121,419
Net pension liability/(asset) - ending (a)-(b) = (c)	\$ 35,046,739	\$ 87,678,609	\$ 79,794,426	\$ 83,011,929
Plan fiduciary net position as a percentage of the total pension liability/(asset) (b/a)	92.03%	79.10%	80.14%	78.33%
Covered Payroll (d)	\$ 43,884,424	\$ 42,138,677	\$ 39,130,545	\$ 36,214,870
Net pension liability/(asset) as a percentage of Covered Payroll (c/d)	79.86%	208.07%	203.92%	229.22%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change of Assumptions:

None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore, only eight years are shown.

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 7,836,970	\$ 6,836,445	\$ 6,674,982	\$ 6,908,307
25,085,808	24,192,948	23,142,961	21,793,340
(3,079,012)	(2,605,228)	1,300,520	-
20,988,178	-	(5,737,798)	-
(15,327,609)	(14,344,528)	(12,791,734)	(11,614,664)
35,504,335	14,079,637	12,588,931	17,086,983
336,686,595	322,606,958	310,018,027	292,931,044
372,190,930	336,686,595	322,606,958	310,018,027
14,677,334	9,562,926	8,434,882	8,004,157
2,820,046	2,833,466	2,703,715	3,039,951
26,893,994	1,330,196	5,362,753	35,526,156
(15,327,609)	(14,344,528)	(12,791,734)	(11,614,664)
(359,620)	(147,759)	(572,277)	-
28,704,145	(765,699)	3,137,339	34,955,600
241,681,934	242,447,633	239,310,294	204,354,694
270,386,079	241,681,934	242,447,633	239,310,294
\$ 101,804,851	\$ 95,004,661	\$ 80,159,325	\$ 70,707,733

72.65% 71.78% 75.15% 77.19%

\$ 35,845,774 \$ 35,141,036 \$ 33,609,704 \$ 32,960,515

284.01% 270.35% 238.50% 214.52%

CITY OF CARLSBAD

**AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF FISCAL YEAR ENDING JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
MISCELLANEOUS:				
Actuarially Determined Contribution	\$ 11,286,334	\$ 11,098,619	\$ 10,633,467	\$ 11,966,625
Contribution in Relation to the Actuarially Determined Contributions	<u>(14,518,210)</u>	<u>(16,501,759)</u>	<u>(10,633,467)</u>	<u>(17,745,975)</u>
Contribution Deficiency (Excess)	<u>\$ (3,231,876)</u>	<u>\$ (5,403,140)</u>	<u>\$ -</u>	<u>\$ (5,779,350)</u>
Covered Payroll	\$ 44,068,269	\$ 43,884,424	\$ 42,138,677	\$ 39,130,545
Contributions as a Percentage of Covered Payroll	32.94%	37.60%	25.23%	45.35%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore, only nine years are shown.

Note to Schedule:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Entry age normal
Amortization method/Period For details, see June 30, 2019 Funding Valuation Report

Assets valuation method Market value of assets. For details, see June 30, 2019 Funding Valuation Report

Inflation 2.50%

Salary Increases Varies by entry age and service

Payroll Growth 2.75%

Investment rate of return 7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.

Retirement age The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

2018	2017	2016	2015	2014
\$ 10,456,115	\$ 10,338,549	\$ 9,562,926	\$ 8,434,882	\$ 8,004,157
<u>(22,114,923)</u>	<u>(14,677,334)</u>	<u>(9,562,926)</u>	<u>(8,434,882)</u>	<u>(8,004,157)</u>
<u><u>\$ (11,658,808)</u></u>	<u><u>\$ (4,338,785)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 36,214,870	\$ 35,845,774	\$ 35,141,036	\$ 33,609,704	\$ 32,960,515
61.07%	40.95%	27.21%	25.10%	24.28%

CITY OF CARLSBAD

**AGENT MULTIPLE-EMPLOYER SAFETY PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Fiscal year Measurement period ended	2022	2021	2020	2019
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability				
Service cost	\$ 7,535,523	\$ 6,578,451	\$ 6,317,755	\$ 5,985,155
Interest on total pension liability	23,741,151	22,410,699	21,269,278	20,248,091
Differences between expected and actual experience	5,936,553	4,071,899	2,425,561	2,726,755
Changes in assumptions	-	-	-	(1,332,336)
Benefit payments, including refunds of employee contributions	(17,230,615)	(16,362,437)	(15,288,250)	(13,797,333)
Net change in total pension liability	19,982,612	16,698,612	14,724,344	13,830,332
Total pension liability - beginning	330,955,050	314,256,438	299,532,094	285,701,762
Total pension liability - ending (a)	350,937,662	330,955,050	314,256,438	299,532,094
Plan Fiduciary Net Position				
Contributions - employer	14,253,531	10,321,371	23,119,896	8,675,370
Contributions - employee	2,861,027	2,581,027	2,380,740	2,169,504
Net investment income	56,569,028	12,053,297	14,331,677	17,250,148
Benefit payments	(17,230,615)	(16,362,437)	(15,288,250)	(13,797,333)
Administration Expense	(251,893)	(343,854)	(156,148)	(935,892)
Net change in plan fiduciary net position	56,201,078	8,249,404	24,387,915	13,361,797
Plan fiduciary net position - beginning	252,160,197	243,910,793	219,522,878	206,161,081
Plan fiduciary net position - ending (b)	308,361,275	252,160,197	243,910,793	219,522,878
Net pension liability/(asset) - ending (a)-(b) = (c)	\$ 42,576,387	\$ 78,794,853	\$ 70,345,645	\$ 80,009,216
Plan fiduciary net position as a percentage of the total pension liability/(asset) (b/a)	87.87%	76.19%	77.62%	73.29%
Covered Payroll (d)	\$ 26,392,461	\$ 24,695,745	\$ 22,328,023	\$ 20,768,094
Net pension liability/(asset) as a percentage of Covered Payroll (c/d)	161.32%	319.06%	315.06%	385.25%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes, as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change of Assumptions:

None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore, only eight years are shown.

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 5,825,080	\$ 5,209,900	\$ 5,048,529	\$ 5,425,425
19,305,098	18,557,781	17,775,039	16,876,220
(705,417)	(941,378)	638,786	-
16,661,943	-	(4,517,683)	-
(13,034,483)	(12,197,119)	(11,264,768)	(10,529,479)
28,052,221	10,629,184	7,679,903	11,772,166
257,649,541	247,020,357	239,340,454	227,568,288
285,701,762	257,649,541	247,020,357	239,340,454
12,379,181	6,836,098	6,491,856	6,141,746
1,922,500	1,933,363	1,726,785	1,853,365
20,385,351	990,545	4,107,305	27,905,516
(13,034,483)	(12,197,119)	(11,264,768)	(10,529,479)
(270,020)	(114,168)	(210,908)	-
21,382,529	(2,551,281)	850,270	25,371,148
184,778,552	187,329,833	186,479,563	161,108,415
206,161,081	184,778,552	187,329,833	186,479,563
\$ 79,540,681	\$ 72,870,989	\$ 59,690,524	\$ 52,860,891

72.16% 71.72% 75.84% 77.91%

\$ 18,965,085 \$ 18,514,525 \$ 18,378,393 \$ 18,013,144

419.41% 393.59% 324.79% 293.46%

CITY OF CARLSBAD

**AGENT MULTIPLE-EMPLOYER SAFETY PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF FISCAL YEAR ENDING JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
SAFETY:				
Actuarially Determined Contribution	\$ 10,144,367	\$ 9,656,334	\$ 10,323,721	\$ 8,899,136
Contribution in Relation to the Actuarially Determined Contributions	<u>(13,344,367)</u>	<u>(14,253,194)</u>	<u>(10,323,721)</u>	<u>(23,119,790)</u>
Contribution Deficiency (Excess)	<u>\$ (3,200,000)</u>	<u>\$ (4,596,860)</u>	<u>\$ -</u>	<u>\$ (14,220,654)</u>
Covered Payroll	\$ 25,604,904	\$ 26,392,461	\$ 24,695,745	\$ 22,328,023
Contributions as a Percentage of Covered Payroll	52.12%	54.00%	41.80%	103.55%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore, only nine years are shown.

Note to Schedule:

Valuation Date:	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method/Period	For details, see June 30, 2019 Funding Valuation Report
Assets valuation method	Market value of assets. For details, see June 30, 2019 Funding Valuation Report
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

2018	2017	2016	2015	2014
\$ 8,658,116	\$ 7,695,135	\$ 6,836,098	\$ 6,491,856	\$ 6,141,746
<u>(8,658,116)</u>	<u>(12,379,181)</u>	<u>(6,836,098)</u>	<u>(6,491,856)</u>	<u>(6,141,746)</u>
<u>\$ -</u>	<u>\$ (4,684,046)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,768,094	\$ 18,965,085	\$ 18,514,525	\$ 18,378,393	\$ 18,013,144
41.69%	65.27%	36.92%	35.32%	34.10%

CITY OF CARLSBAD

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Fiscal year	2022	2021	2020	2019	2018
Measurement period ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service cost	\$ 669,651	\$ 657,941	\$ 536,124	\$ 520,509	\$ 505,348
Interest on the total OPEB liability	1,347,382	1,301,716	1,167,930	1,113,646	1,064,137
Actual and expected experience difference	(922,167)	-	(203,116)	-	-
Changes in assumptions	625,021	(281,685)	1,232,232	-	-
Benefit payments	(1,074,741)	(999,866)	(887,656)	(860,894)	(893,899)
Net change in total OPEB liability	645,146	678,106	1,845,514	773,261	675,586
Total OPEB liability - beginning (2)	19,116,041	18,437,935	16,592,421	15,819,160	15,143,574
Total OPEB liability - ending (a)	19,761,187	19,116,041	18,437,935	16,592,421	15,819,160
Plan Fiduciary Net Position					
Contribution - employer	1,180,559	1,085,866	978,302	860,894	747,772
Net investment income	4,387,820	541,912	887,132	1,064,150	1,281,487
Benefit payments	(1,074,741)	(999,866)	(887,656)	(860,894)	(893,899)
Other	(11,858)	(7,493)	(3,078)	(24,735)	-
Net change in plan fiduciary net position	4,481,780	620,419	974,700	1,039,415	1,135,360
Plan fiduciary net position - beginning	15,962,072	15,341,653	14,366,953	13,327,538	12,192,178
Plan fiduciary net position - ending (b)	20,443,852	15,962,072	15,341,653	14,366,953	13,327,538
Total OPEB Liability/(Assets) - ending (a) - (b)	\$ (682,665)	\$ 3,153,969	\$ 3,096,282	\$ 2,225,468	\$ 2,491,622
Plan fiduciary net position as a percentage of the total OPEB liability	103.45%	83.50%	83.21%	86.59%	84.25%
Covered-employee payroll	\$ 70,276,885	\$ 66,834,422	\$ 61,458,568	\$ 56,982,964	\$ 54,810,859
Total OPEB liability as a percentage of covered-employee payroll	-0.97%	4.72%	5.04%	3.91%	4.55%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Changes in assumptions: The discount rate is 6.25% as of June 30, 2022

CITY OF CARLSBAD

**SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 768,612	\$ 962,244	\$ 941,129	\$ 788,383	\$ 770,693
Contribution in Relation to the Actuarially Determined Contributions	(1,102,669)	(1,180,557)	(1,085,864)	(978,302)	(860,894)
Contribution Deficiency (Excess)	<u>\$ (334,057)</u>	<u>\$ (218,313)</u>	<u>\$ (144,735)</u>	<u>\$ (189,919)</u>	<u>\$ (90,201)</u>
Covered-employee payroll	\$ 90,161,596	\$ 70,276,885	\$ 66,834,422	\$ 61,458,568	\$ 56,982,964
Contributions as a percentage of covered-employee payroll	1.22%	1.68%	1.62%	1.59%	1.51%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2022 were from the June 30, 2021 actuarial

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Amortization Valuation Method/Period	Level dollar over 25-year fixed period
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service base on the CalPERS Experience Study for the period from 2000-2019.
Payroll Growth	2.75%
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses, including inflation
Retirement Age	The probabilities of retirement are based on the CalPERS Experience Study for the period from 2000-2019.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study for the period from 2000-2019.
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021.

CITY OF CARLSBAD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds				
	Affordable Housing	Community Development Block Grant	Donations	Financing Districts	Habitat and Agricultural Management
Assets:					
Pooled cash and investments	\$ 17,277,677	\$ 556,638	\$ 2,912,160	\$ 9,725,510	\$ 1,182,088
Receivables:					
Accounts, net of allowances	-	-	-	22,996	-
Notes and loans	23,483,104	-	-	-	-
Accrued interest	3,626,143	33,219	11,079	33,926	4,508
Leases	-	3,098,072	-	-	-
Other	-	-	-	88,471	-
Prepaid costs	-	-	-	-	-
Due from other governments	-	100,008	-	-	-
Advances to other funds	-	-	-	-	-
Inventories	-	-	3,460	-	-
Land held for resale	324,223	1,309,593	-	-	-
Total Assets	\$ 44,711,147	\$ 5,097,530	\$ 2,926,699	\$ 9,870,903	\$ 1,186,596
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accrued liabilities	\$ 1,863	\$ 89,139	\$ 33,273	\$ 235,454	\$ -
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	1,203,163
Total Liabilities	1,863	89,139	33,273	235,454	1,203,163
Deferred inflows of resources:					
Unavailable revenues	3,560,256	-	-	-	-
Lease related items	-	3,097,757	-	-	-
Total Deferred inflows of Resources	3,560,256	3,097,757	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	3,460	-	-
Prepaid costs	-	-	-	-	-
Restricted for:					
Affordable, low and moderate income housing	41,149,028	-	-	-	-
Community services	-	1,910,634	2,889,966	-	-
Lighting and landscaping districts	-	-	-	9,635,449	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned to:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	(16,567)
Total Fund Balances	41,149,028	1,910,634	2,893,426	9,635,449	(16,567)
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 44,711,147	\$ 5,097,530	\$ 2,926,699	\$ 9,870,903	\$ 1,186,596

CITY OF CARLSBAD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds				Capital Projects Funds
	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Assessment and Other Districts
Assets:					
Pooled cash and investments	\$ 757,735	\$ 601,669	\$ 184,663	\$ 122,371	\$ 3,361,087
Receivables:					
Accounts, net of allowances	-	-	-	-	-
Notes and loans	-	-	-	-	-
Accrued interest	2,890	2,396	522	-	9,074
Leases	-	-	-	-	-
Other	75,665	-	-	-	-
Prepaid costs	-	-	-	1,069	-
Due from other governments	-	48,161	92,118	-	-
Advances to other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total Assets	\$ 836,290	\$ 652,226	\$ 277,303	\$ 123,440	\$ 3,370,161
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accrued liabilities	\$ 30,029	\$ 3,735	\$ 35,135	\$ 20,289	\$ -
Unearned revenues	-	1,948	-	-	-
Deposits payable	-	-	40,877	34,926	426,179
Due to other governments	-	-	4,377	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	30,029	5,683	80,389	55,215	426,179
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Lease related items	-	-	-	-	-
Total Deferred inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaid costs	-	-	-	1,069	-
Restricted for:					
Affordable, low and moderate income housing	-	-	196,914	67,156	-
Community services	-	-	-	-	-
Lighting and landscaping districts	-	-	-	-	-
General government	806,261	-	-	-	-
Public safety	-	646,543	-	-	-
Capital projects	-	-	-	-	2,943,982
Assigned to:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	806,261	646,543	196,914	68,225	2,943,982
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 836,290	\$ 652,226	\$ 277,303	\$ 123,440	\$ 3,370,161

CITY OF CARLSBAD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Capital Projects Funds				
	Gas Tax	General Capital Construction	Grants and Other Capital Project Funds	Park Development	Planned Local Drainage Facilities
Assets:					
Pooled cash and investments	\$ 18,705,062	\$ 45,369,822	\$ 1,729,131	\$ 14,030,098	\$ 4,562,374
Receivables:					
Accounts, net of allowances	-	-	-	-	-
Notes and loans	-	-	-	-	-
Accrued interest	71,334	-	6,717	53,503	17,398
Leases	-	-	-	-	-
Other	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other governments	620,526	-	35,319	-	-
Advances to other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total Assets	\$ 19,396,922	\$ 45,369,822	\$ 1,771,167	\$ 14,083,601	\$ 4,579,772
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accrued liabilities	\$ 190,991	\$ 2,837,697	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	5,650,000	-
Total Liabilities	190,991	2,837,697	-	5,650,000	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Lease related items	-	-	-	-	-
Total Deferred inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Restricted for:					
Affordable, low and moderate income housing	-	-	-	-	-
Community services	-	-	-	-	-
Lighting and landscaping districts	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Capital projects	19,205,931	-	1,771,167	8,433,601	4,579,772
Assigned to:					
Capital Projects	-	42,532,125	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	19,205,931	42,532,125	1,771,167	8,433,601	4,579,772
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 19,396,922	\$ 45,369,822	\$ 1,771,167	\$ 14,083,601	\$ 4,579,772

CITY OF CARLSBAD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Capital Projects Funds</u>				
	<u>Public Facilities Construction</u>	<u>Sales Tax/TransNet</u>	<u>Traffic Impact Projects</u>	<u>Technology Investment Capital</u>	<u>Total Government Funds</u>
Assets:					
Pooled cash and investments	\$ 27,966,622	\$ 9,118,256	\$ 20,254,375	\$ 8,711,127	\$ 187,128,465
Receivables:					
Accounts, net of allowances	-	-	-	-	22,996
Notes and loans	-	-	-	-	23,483,104
Accrued interest	106,649	34,765	77,239	33,219	4,124,581
Leases	-	-	-	-	3,098,072
Other	-	87,728	-	-	251,864
Prepaid costs	-	-	-	156,166	157,235
Due from other governments	-	76,864	-	-	972,996
Advances to other funds	5,650,000	-	-	-	5,650,000
Inventories	-	-	-	-	3,460
Land held for resale	-	-	-	-	1,633,816
Total Assets	<u>\$ 33,723,271</u>	<u>\$ 9,317,613</u>	<u>\$ 20,331,614</u>	<u>\$ 8,900,512</u>	<u>\$ 226,526,589</u>
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accrued liabilities	\$ 246,037	\$ 265,824	\$ 209,441	\$ 92,352	\$ 4,291,259
Unearned revenues	-	-	-	-	1,948
Deposits payable	-	-	-	-	501,982
Due to other governments	-	-	-	-	4,377
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	1,397,070	-	8,250,233
Total Liabilities	<u>246,037</u>	<u>265,824</u>	<u>1,606,511</u>	<u>92,352</u>	<u>13,049,799</u>
Deferred inflows of resources:					
Unavailable revenues	-	45,294	-	-	3,605,550
Lease related items	-	-	-	-	3,097,757
Total Deferred inflows of Resources	<u>-</u>	<u>45,294</u>	<u>-</u>	<u>-</u>	<u>6,703,307</u>
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	3,460
Prepaid costs	-	-	-	156,166	157,235
Restricted for:					
Affordable, low and moderate income housing	-	-	-	-	41,413,098
Community services	-	-	-	-	4,800,600
Lighting and landscaping districts	-	-	-	-	9,635,449
General government	-	-	-	-	806,261
Public safety	-	-	-	-	646,543
Capital projects	33,477,234	9,006,495	18,725,103	-	98,143,285
Assigned to:					
Capital Projects	-	-	-	8,651,994	51,184,119
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,567)</u>
Total Fund Balances	<u>33,477,234</u>	<u>9,006,495</u>	<u>18,725,103</u>	<u>8,808,160</u>	<u>206,773,483</u>
Total Liabilities, deferred inflows of resources, and Fund Balances	<u>\$ 33,723,271</u>	<u>\$ 9,317,613</u>	<u>\$ 20,331,614</u>	<u>\$ 8,900,512</u>	<u>\$ 226,526,589</u>

CITY OF CARLSBAD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Affordable Housing	Community Development Block Grant	Donations	Financing Districts	Habitat and Agricultural Management
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	460	1,036,043	-	-	-
Contribution from property owners	342,149	-	-	-	274,652
Charges for services	911,558	-	12,781	2,523,577	-
Use of money and property	(491,217)	176,252	(124,807)	(380,467)	(48,487)
Fines and forfeitures	-	-	-	-	-
Contributions	-	-	354,157	-	-
Miscellaneous	-	-	11,137	21,690	-
Total Revenues	762,950	1,212,295	253,268	2,164,800	226,165
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	187,513	1,429,464	235,464	1,884,225	-
Public works	-	-	-	1,260,694	-
Capital outlay	-	-	16,922	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	14,535
Total Expenditures	187,513	1,429,464	252,386	3,144,919	14,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	575,437	(217,169)	882	(980,119)	211,630
Other Financing Sources (Uses):					
Transfers in	200,912	-	-	1,390,000	-
Transfers out	(50,000)	-	-	-	-
Proceeds from sale of capital asset	-	199,679	-	-	-
Total Other Financing Sources (Uses)	150,912	199,679	-	1,390,000	-
Net Change in Fund Balances	726,349	(17,490)	882	409,881	211,630
Fund Balances, Beginning of Year	40,422,679	1,928,124	2,892,544	9,225,568	(228,197)
Fund Balances, End of Year	\$ 41,149,028	\$ 1,910,634	\$ 2,893,426	\$ 9,635,449	\$ (16,567)

CITY OF CARLSBAD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				Capital Projects Funds
	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Assessment and Other Districts
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	455,280	9,968,003	-	-
Contribution from property owners	301,514	-	-	-	-
Charges for services	-	-	-	649,402	-
Use of money and property	(32,839)	(27,169)	(3,720)	3,264	(100,711)
Fines and forfeitures	-	2,672	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	28,336	-	-
Total Revenues	268,675	430,783	9,992,619	652,666	(100,711)
Expenditures:					
Current:					
General government	378,918	-	-	-	-
Public safety	-	263,971	-	-	-
Community services	-	-	10,081,418	701,017	-
Public works	-	-	-	-	-
Capital outlay	24,925	8,770	-	13,111	2,587
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	403,843	272,741	10,081,418	714,128	2,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,168)	158,042	(88,799)	(61,462)	(103,298)
Other Financing Sources (Uses):					
Transfers in	-	-	50,000	-	-
Transfers out	-	-	-	(200,912)	-
Proceeds from sale of capital asset	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	50,000	(200,912)	-
Net Change in Fund Balances	(135,168)	158,042	(38,799)	(262,374)	(103,298)
Fund Balances, Beginning of Year	941,429	488,501	235,713	330,599	3,047,280
Fund Balances, End of Year	\$ 806,261	\$ 646,543	\$ 196,914	\$ 68,225	\$ 2,943,982

CITY OF CARLSBAD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects Funds				
	Gas Tax	General Capital Construction	Grants and Other Capital Project Funds	Park Development	Planned Local Drainage Facilities
Revenues:					
Taxes	\$ 5,073,071	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	35,319	-	-
Contribution from property owners	-	-	44,960	536,232	180,839
Charges for services	-	-	-	-	-
Use of money and property	(796,766)	-	(76,692)	(598,855)	(195,262)
Fines and forfeitures	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	13,387	-	-	-
Total Revenues	4,276,305	13,387	3,587	(62,623)	(14,423)
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	-	-	-	-
Public works	600,000	-	49,674	-	490
Capital outlay	2,303,425	12,606,427	26,669	1,196	93,670
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	2,903,425	12,606,427	76,343	1,196	94,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,372,880	(12,593,040)	(72,756)	(63,819)	(108,583)
Other Financing Sources (Uses):					
Transfers in	-	13,283,056	-	-	-
Transfers out	(10,000)	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
Total Other Financing Sources (Uses)	(10,000)	13,283,056	-	-	-
Net Change in Fund Balances	1,362,880	690,016	(72,756)	(63,819)	(108,583)
Fund Balances, Beginning of Year	17,843,051	41,842,109	1,843,923	8,497,420	4,688,355
Fund Balances, End of Year	\$ 19,205,931	\$ 42,532,125	\$ 1,771,167	\$ 8,433,601	\$ 4,579,772

CITY OF CARLSBAD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Capital Projects Funds				Total
	Public Facilities Construction	Sales Tax/TransNet	Traffic Impact Projects	Technology Investment Capital	Governmental Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,073,071
Intergovernmental	-	1,569,178	-	-	13,064,283
Contribution from property owners	581,057	-	478,299	-	2,739,702
Charges for services	-	1,033,670	-	-	5,130,988
Use of money and property	(1,128,213)	(387,501)	(873,000)	(317,172)	(5,403,362)
Fines and forfeitures	-	-	-	-	2,672
Contributions	-	-	-	-	354,157
Miscellaneous	-	-	-	-	74,550
Total Revenues	(547,156)	2,215,347	(394,701)	(317,172)	21,036,061
Expenditures:					
Current:					
General government	-	-	-	-	378,918
Public safety	-	-	-	-	263,971
Community services	-	-	-	-	14,519,101
Public works	9,268	-	4,368	-	1,924,494
Capital outlay	2,635,240	1,922,954	2,806,082	1,530,668	23,992,646
Debt service:					
Interest and fiscal charges	-	-	-	-	14,535
Total Expenditures	2,644,508	1,922,954	2,810,450	1,530,668	41,093,665
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,191,664)	292,393	(3,205,151)	(1,847,840)	(20,057,604)
Other Financing Sources (Uses):					
Transfers in	-	-	-	10,656,000	25,579,968
Transfers out	-	-	-	-	(260,912)
Proceeds from sale of capital asset	-	-	-	-	199,679
Total Other Financing Sources (Uses)	-	-	-	10,656,000	25,518,735
Net Change in Fund Balances	(3,191,664)	292,393	(3,205,151)	8,808,160	5,461,131
Fund Balances, Beginning of Year	36,668,898	8,714,102	21,930,254	-	201,312,352
Fund Balances, End of Year	\$ 33,477,234	\$ 9,006,495	\$ 18,725,103	\$ 8,808,160	\$ 206,773,483

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 AFFORDABLE HOUSING
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 40,422,679	\$40,422,679	\$ 40,422,679	\$ -
Resources (Inflows):				
Intergovernmental	-	-	460	460
Contribution from property owners	140,000	140,000	342,149	202,149
Charges for services	30,000	30,000	911,558	881,558
Use of money and property	345,000	345,000	(491,217)	(836,217)
Transfers in	-	200,912	200,912	-
Amounts Available for Appropriation	40,937,679	41,138,591	41,386,541	247,950
Charges to Appropriation (Outflow):				
Community services	761,197	765,592	187,513	578,079
Transfers out	50,000	50,000	50,000	-
Total Charges to Appropriations	811,197	815,592	237,513	578,079
Budgetary Fund Balance, June 30	\$ 40,126,482	\$40,322,999	\$ 41,149,028	\$ 826,029

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,928,124	\$ 1,928,124	\$ 1,928,124	\$ -
Resources (Inflows):				
Intergovernmental	520,000	1,337,368	1,036,043	(301,325)
Use of money and property	500	500	176,252	175,752
Proceeds from sale of capital asset	-	-	199,679	199,679
Amounts Available for Appropriation	2,448,624	3,265,992	3,340,098	74,106
Charges to Appropriation (Outflow):				
Community services	638,299	2,542,936	1,429,464	1,113,472
Total Charges to Appropriations	638,299	2,542,936	1,429,464	1,113,472
Budgetary Fund Balance, June 30	\$ 1,810,325	\$ 723,056	\$ 1,910,634	\$ 1,187,578

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 DONATIONS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,892,544	\$ 2,892,544	\$ 2,892,544	\$ -
Resources (Inflows):				
Charges for services	-	-	12,781	12,781
Use of money and property	30,523	30,523	(124,807)	(155,330)
Contributions	254,000	254,000	354,157	100,157
Miscellaneous	8,000	8,000	11,137	3,137
Amounts Available for Appropriation	3,185,067	3,185,067	3,145,812	(39,255)
Charges to Appropriation (Outflow):				
Community services	684,211	717,362	235,464	481,898
Capital outlay	-	-	16,922	(16,922)
Total Charges to Appropriations	684,211	717,362	252,386	464,976
Budgetary Fund Balance, June 30	\$2,500,856	\$ 2,467,705	\$ 2,893,426	\$ 425,721

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 FINANCING DISTRICTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$9,225,568	\$ 9,225,568	\$ 9,225,568	\$ -
Resources (Inflows):				
Charges for services	2,464,351	2,464,351	2,523,577	59,226
Use of money and property	109,000	109,000	(380,467)	(489,467)
Miscellaneous	-	7,524	21,690	14,166
Transfers in	1,190,000	1,390,000	1,390,000	-
Amounts Available for Appropriation	12,988,919	13,196,443	12,780,368	(416,075)
Charges to Appropriation (Outflow):				
Community services	2,312,970	2,610,695	1,884,225	726,470
Public works	1,542,492	1,671,528	1,260,694	410,834
Total Charges to Appropriations	3,855,462	4,282,223	3,144,919	1,137,304
Budgetary Fund Balance, June 30	\$9,133,457	\$ 8,914,220	\$ 9,635,449	\$ 721,229

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
HABITAT AND AGRICULTURAL MANAGEMENT
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (228,197)	\$ (228,197)	\$ (228,197)	\$ -
Resources (Inflows):				
Contribution from property owners	15,000	15,000	274,652	259,652
Use of money and property	15,000	15,000	(48,487)	(63,487)
Miscellaneous	-	-	-	-
Amounts Available for Appropriation	(198,197)	(198,197)	(2,032)	196,165
Charges to Appropriation (Outflow):				
Public works	-	66,818	-	66,818
Debt service:				
Interest and fiscal charges	-	14,535	14,535	-
Total Charges to Appropriations	-	81,353	14,535	66,818
Budgetary Fund Balance, June 30	\$ (198,197)	\$ (279,550)	\$ (16,567)	\$ 262,983

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 OTHER SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 941,429	\$ 941,429	\$ 941,429	\$ -
Resources (Inflows):				
Contribution from property owners	285,000	285,000	301,514	16,514
Use of money and property	10,000	10,000	(32,839)	(42,839)
Amounts Available for Appropriation	1,236,429	1,236,429	1,210,104	(26,325)
Charges to Appropriation (Outflow):				
General government	345,000	473,445	378,918	94,527
Capital outlay	-	-	24,925	(24,925)
Total Charges to Appropriations	345,000	473,445	403,843	69,602
Budgetary Fund Balance, June 30	\$ 891,429	\$ 762,984	\$ 806,261	\$ 43,277

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS AND ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 488,501	\$ 488,501	\$ 488,501	\$ -
Resources (Inflows):				
Intergovernmental	185,000	387,667	455,280	67,613
Use of money and property	4,000	4,000	(27,169)	(31,169)
Fines and forfeitures	14,000	14,000	2,672	(11,328)
Amounts Available for Appropriation	691,501	894,168	919,284	25,116
Charges to Appropriation (Outflow):				
General government	95,000	95,000	-	95,000
Public safety	341,106	617,847	263,971	353,876
Capital outlay	-	96,623	8,770	87,853
Total Charges to Appropriations	436,106	809,470	272,741	536,729
Budgetary Fund Balance, June 30	\$ 255,395	\$ 84,698	\$ 646,543	\$ 561,845

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 SECTION 8 RENTAL ASSISTANCE
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 235,713	\$ 235,713	\$ 235,713	\$ -
Resources (Inflows):				
Intergovernmental	7,490,000	9,965,876	9,968,003	2,127
Use of money and property	-	-	(3,720)	(3,720)
Miscellaneous	8,000	28,311	28,336	25
Transfers in	50,000	50,000	50,000	-
Amounts Available for Appropriation	7,783,713	10,279,900	10,278,332	(1,568)
Charges to Appropriation (Outflow):				
Community services	7,898,443	10,103,203	10,081,418	21,785
Total Charges to Appropriations	7,898,443	10,103,203	10,081,418	21,785
Budgetary Fund Balance, June 30	\$ (114,730)	\$ 176,697	\$ 196,914	\$ 20,217

CITY OF CARLSBAD

BUDGETARY COMPARISON SCHEDULE
 TYLER COURT APARTMENTS
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 330,599	\$ 330,599	\$ 330,599	\$ -
Resources (Inflows):				
Charges for services	641,891	641,891	649,402	7,511
Use of money and property	2,509	2,509	3,264	755
Amounts Available for Appropriation	974,999	974,999	983,265	8,266
Charges to Appropriation (Outflow):				
Community services	521,190	621,773	701,017	(79,244)
Capital outlay	119,797	119,797	13,111	106,686
Transfers out	-	200,912	200,912	-
Total Charges to Appropriations	640,987	942,482	915,040	27,442
Budgetary Fund Balance, June 30	\$ 334,012	\$ 32,517	\$ 68,225	\$ 35,708

CITY OF CARLSBAD

**COMBINING STATEMENT OF NET POSITION
 NON-MAJOR PROPRIETARY FUNDS
 JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Solid Waste	Totals
Assets:			
Current:			
Cash and investments	\$ 5,173,626	\$ 12,250,227	\$ 17,423,853
Receivables:			
Accounts	15,132	992,703	1,007,835
Accrued interest	14,228	46,716	60,944
Lease	55,813	-	55,813
Other	11,343	647,354	658,697
Prepaid costs	83,501	-	83,501
Inventories	176,119	-	176,119
Total Current Assets	5,529,762	13,937,000	19,466,762
Noncurrent:			
Net OPEB asset	-	3,790	3,790
Lease receivable	1,300,680	-	1,300,680
Capital Assets			
Land	4,786,745	-	4,786,745
Construction in progress	6,631	-	6,631
Buildings and other structures	20,170,451	-	20,170,451
Improvements other than buildings	44,060,852	-	44,060,852
Machinery and equipment	1,936,607	-	1,936,607
Less accumulated depreciation	(47,259,459)	-	(47,259,459)
Total capital assets (net of accumulated depreciation)	23,701,827	-	23,701,827
Total Noncurrent Assets	25,002,507	3,790	25,006,297
Total Assets	30,532,269	13,940,790	44,473,059
Deferred Outflows of Resources:			
Deferred outflows of resources - pension related items	-	338,388	338,388
Deferred outflows of resources - OPEB related items	-	60,470	60,470
Total Deferred Outflows of Resources	-	398,858	398,858
Liabilities:			
Current:			
Accrued liabilities	570,334	1,208,043	1,778,377
Total Current Liabilities	570,334	1,208,043	1,778,377
Noncurrent:			
Unearned revenues	-	210,670	210,670
Deposits payable	727,388	-	727,388
Net pension liability	-	679,907	679,907
Total Noncurrent Liabilities	727,388	890,577	1,617,965
Total Liabilities	1,297,722	2,098,620	3,396,342
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related items	-	706,022	706,022
Deferred inflows of resources - OPEB related items	-	66,491	66,491
Deferred inflows of resources - lease related items	1,334,985	-	1,334,985
Total Deferred Inflows of Resources	1,334,985	772,513	2,107,498
Net Position:			
Invested in capital assets	23,701,827	-	23,701,827
Unrestricted	4,197,735	11,468,515	15,666,250
Total Net Position	\$ 27,899,562	\$ 11,468,515	\$ 39,368,077

CITY OF CARLSBAD

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Golf Course	Solid Waste	Totals
Operating Revenues:			
Golf course operations	\$ 10,424,281	\$ -	\$ 10,424,281
Other charges for services	-	3,684,383	3,684,383
Miscellaneous	25,896	246,508	272,404
Total Operating Revenues	10,450,177	3,930,891	14,381,068
Operating Expenses:			
Administration and general	280,090	4,736,444	5,016,534
Depreciation expense	3,401,019	-	3,401,019
Golf course operations	8,027,121	-	8,027,121
Total Operating Expenses	11,708,230	4,736,444	16,444,674
Operating Income (Loss)	(1,258,053)	(805,553)	(2,063,606)
Nonoperating Revenues (Expenses):			
Intergovernmental	-	10,265	10,265
Interest revenue	27,183	-	27,183
Income (loss) from property and investments	(55,008)	(524,898)	(579,906)
Total Nonoperating Revenues (Expenses)	(27,825)	(514,633)	(542,458)
Income (Loss) Before Transfers	(1,285,878)	(1,320,186)	(2,606,064)
Transfers in	-	322,000	322,000
Transfers out	-	(7,980)	(7,980)
Changes in Net Position	(1,285,878)	(1,006,166)	(2,292,044)
Net Position:			
Beginning of Year	29,185,440	12,474,681	41,660,121
End of Fiscal Year	\$ 27,899,562	\$ 11,468,515	\$ 39,368,077

CITY OF CARLSBAD

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 10,411,356	\$ 3,731,640	\$ 14,142,996
Cash paid to suppliers for goods and services	(7,940,205)	(304,510)	(8,244,715)
Cash paid to employees for services	(19,901)	(4,989,775)	(5,009,676)
Cash received from (payments to) others	25,896	246,508	272,404
Net Cash Provided (Used) by Operating Activities	2,477,146	(1,316,137)	1,161,009
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	(7,980)	(7,980)
Cash transfers in	-	322,000	322,000
Repayment made to other funds	-	(7,980)	(7,980)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	306,040	306,040
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(38,118)	-	(38,118)
Capital Grants	-	10,265	10,265
Lease items	(21,508)	-	(21,508)
Net Cash Provided (Used) by Capital and Related Financing Activities	(59,626)	10,265	(49,361)
Cash Flows from Investing Activities:			
Interest received	(35,157)	(523,608)	(558,765)
Net Cash Provided (Used) by Investing Activities	(35,157)	(523,608)	(558,765)
Net Increase (Decrease) in Cash and Cash Equivalents	2,382,363	(1,523,440)	858,923
Cash and Cash Equivalents at Beginning of Year	2,791,263	13,773,667	16,564,930
Cash and Cash Equivalents at End of Year	\$ 5,173,626	\$ 12,250,227	\$ 17,423,853
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,258,053)	\$ (805,553)	\$ (2,063,606)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	3,401,019	-	3,401,019
(Increase) decrease in accounts receivable	(12,925)	(135,086)	(148,011)
(Increase) decrease in inventories	(35,407)	-	(35,407)
(Increase) decrease in prepaid expense	(20,961)	-	(20,961)
Increase (decrease) in accrued liabilities	143,284	(304,510)	(161,226)
Increase (decrease) in deposits payable	246,382	-	246,382
Increase (decrease) in unearned revenue	-	182,343	182,343
Increase (decrease) in OPEB liability	-	72,389	72,389
Increase (decrease) in pension liability	13,807	(325,720)	(311,913)
Total Adjustments	3,735,199	(510,584)	3,224,615
Net Cash Provided (Used) by Operating Activities	\$ 2,477,146	\$ (1,316,137)	\$ 1,161,009

CITY OF CARLSBAD

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Governmental Activities - Internal Service Funds					Totals
	Fleet Management	Self Insured Benefits	Information Technology	Risk Management	Workers' Compensation	
Assets:						
Current:						
Cash and investments	\$ 19,010,881	\$ 5,870,411	\$ 8,038,530	\$ 4,711,454	\$ 13,280,227	\$ 50,911,503
Receivables:						
Accounts, net of allowances	12,806	-	-	-	-	12,806
Accrued interest	72,497	-	30,657	17,967	50,643	171,764
Prepaid costs	-	-	2,403,243	-	-	2,403,243
Inventories	257,258	-	-	-	-	257,258
Total Current Assets	19,353,442	5,870,411	10,472,430	4,729,421	13,330,870	53,756,574
Noncurrent:						
Net OPEB assets	14,403	-	35,509	2,490	777	53,179
Capital Assets						
Construction in progress	-	-	150,696	-	-	150,696
Machinery and equipment	31,776,392	-	5,427,322	-	-	37,203,714
Intangible assets	-	-	3,155,837	-	-	3,155,837
Less accumulated depreciation	(15,559,905)	-	(3,694,552)	-	-	(19,254,457)
Total capital assets (net of accumulated depreciation)	16,216,487	-	5,039,303	-	-	21,255,790
Total Noncurrent Assets	16,230,890	-	5,074,812	2,490	777	21,308,969
Total Assets	35,584,332	5,870,411	15,547,242	4,731,911	13,331,647	75,065,543
Deferred Outflows of Resources:						
Deferred outflows of resources - pension related items	256,408	-	983,768	71,515	43,607	1,355,298
Deferred outflows of resources - OPEB related items	33,905	-	106,050	6,566	2,812	149,333
Total Deferred Outflows of Resources	290,313	-	1,089,818	78,081	46,419	1,504,631
Liabilities:						
Current:						
Accrued liabilities	231,140	5,870,411	1,122,510	258,932	6,740	7,489,733
Accrued claims and judgments	-	-	-	4,669,826	12,239,989	16,909,815
Total Current Liabilities	231,140	5,870,411	1,122,510	4,928,758	12,246,729	24,399,548
Noncurrent:						
Deposits payable	968	-	-	1,000	-	1,968
Net pension liability	515,186	-	1,976,636	143,692	87,617	2,723,131
Total Noncurrent Liabilities	516,154	-	1,976,636	144,692	87,617	2,725,099
Total Liabilities	747,294	5,870,411	3,099,146	5,073,450	12,334,346	27,124,647
Deferred Inflows of Resources:						
Deferred inflows of resources - pension related items	534,975	-	2,052,559	149,211	90,982	2,827,727
Deferred inflows of resources - OPEB related items	51,346	-	152,233	9,683	3,907	217,169
Total Deferred Inflows of Resources	586,321	-	2,204,792	158,894	94,889	3,044,896
Net Position:						
Invested in capital assets	16,216,487	-	5,039,303	-	-	21,255,790
Unrestricted	18,324,543	-	6,293,819	(422,352)	948,831	25,144,841
Total Net Position	\$ 34,541,030	\$ -	\$ 11,333,122	\$ (422,352)	\$ 948,831	\$ 46,400,631

CITY OF CARLSBAD

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Governmental Activities - Internal Service Funds					
	Fleet Management	Self Insured Benefits	Information Technology	Risk Management	Workers' Compensation	Totals
Operating Revenues:						
Other charges for services	\$ 6,627,195	\$ -	\$ 14,759,399	\$ 3,305,532	\$ 4,524,120	\$ 29,216,246
Miscellaneous	67,848	-	49,700	49,453	849,077	1,016,078
Total Operating Revenues	6,695,043	-	14,809,099	3,354,985	5,373,197	30,232,324
Operating Expenses:						
Administration and general	1,697,001	-	11,511,484	425,605	85,763	13,719,853
Claims and premiums expense	-	-	-	4,094,126	6,894,484	10,988,610
Depreciation expense	2,380,856	-	1,031,645	-	-	3,412,501
Fuel and supplies	1,716,709	-	-	-	-	1,716,709
Small equipment purchases	1,366	-	720,941	-	-	722,307
Total Operating Expenses	5,795,932	-	13,264,070	4,519,731	6,980,247	30,559,980
Operating Income (Loss)	899,111	-	1,545,029	(1,164,746)	(1,607,050)	(327,656)
Nonoperating Revenues (Expenses):						
Intergovernmental	-	-	1,072	-	-	1,072
Contributions	1,061,329	-	(20,823)	-	-	1,040,506
Income (loss) from property and investments	(815,785)	-	(355,274)	(206,583)	(567,116)	(1,944,758)
Gain (loss) on disposal of capital assets	307,868	-	-	-	-	307,868
Total Nonoperating Revenues (Expenses)	553,412	-	(375,025)	(206,583)	(567,116)	(595,312)
Income (Loss) Before Transfers	1,452,523	-	1,170,004	(1,371,329)	(2,174,166)	(922,968)
Transfers in	-	-	-	-	-	-
Transfers out	(100,800)	-	-	-	-	(100,800)
Changes in Net Position	1,351,723	-	1,170,004	(1,371,329)	(2,174,166)	(1,023,768)
Net Position:						
Beginning of Year	33,189,307	-	10,163,118	948,977	3,122,997	47,424,399
End of Fiscal Year	\$ 34,541,030	\$ -	\$ 11,333,122	\$ (422,352)	\$ 948,831	\$ 46,400,631

CITY OF CARLSBAD

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

Governmental Activities - Internal Service Funds						
	Fleet Management	Self Insured Benefits	Information Technology	Risk Management	Workers' Compensation	Totals
Cash Flows from Operating Activities:						
Cash received from/(paid to) interfund service provided	\$ 6,619,495	\$ -	\$ 14,759,399	\$ 3,305,532	\$ 4,524,120	\$ 29,208,546
Cash paid to suppliers for goods and services	(1,756,405)	-	(1,001,649)	120,469	(6,224)	(2,643,809)
Cash paid to employees for services	(1,889,294)	254,596	(12,382,533)	(478,342)	(117,538)	(14,613,111)
Claims and premiums paid	-	-	-	(3,045,668)	(5,179,148)	(8,224,816)
Cash received from (payments to) others	67,848	-	49,700	49,453	849,077	1,016,078
Net Cash Provided (Used) by Operating Activities	3,041,644	254,596	1,424,917	(48,556)	70,287	4,742,888
Cash Flows from Non-Capital Financing Activities:						
Cash transfers out	(100,800)	-	-	-	-	(100,800)
Net Cash Provided (Used) by Non-Capital Financing Activities	(100,800)	-	-	-	-	(100,800)
Cash Flows from Capital and Related Financing Activities:						
Contributions	1,061,329	-	-	-	-	1,061,329
Acquisition and construction of capital assets	(4,588,999)	-	(443,312)	-	-	(5,032,311)
Capital grants	-	-	1,072	-	-	1,072
Proceeds from sales of capital assets	307,868	-	-	-	-	307,868
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,219,802)	-	(442,240)	-	-	(3,662,042)
Cash Flows from Investing Activities:						
Interest received	(815,785)	-	(380,836)	(207,228)	(570,428)	(1,974,277)
Net Cash Provided (Used) by Investing Activities	(815,785)	-	(380,836)	(207,228)	(570,428)	(1,974,277)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,094,743)	254,596	601,841	(255,784)	(500,141)	(994,231)
Cash and Cash Equivalents at Beginning of Year	20,105,624	5,615,815	7,436,689	4,967,238	13,780,368	51,905,734
Cash and Cash Equivalents at End of Year	\$ 19,010,881	\$ 5,870,411	\$ 8,038,530	\$ 4,711,454	\$ 13,280,227	\$ 50,911,503
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 899,111	\$ -	\$ 1,545,029	\$ (1,164,746)	\$ (1,607,050)	\$ (327,656)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:						
Depreciation	2,380,856	-	1,031,645	-	-	3,412,501
(Increase) decrease in accounts receivable	(7,700)	-	-	-	-	(7,700)
(Increase) decrease in inventories	74,810	-	-	-	-	74,810
(Increase) decrease in prepaid expense	4,461	-	(280,708)	-	-	(276,247)
Increase (decrease) in accrued liabilities	(117,601)	254,596	(142,017)	120,469	(6,224)	109,223
Increase (decrease) in OPEB liability	112,745	-	242,397	17,789	10,488	383,419
Increase (decrease) in pension liability	(305,038)	-	(971,429)	(70,526)	(42,263)	(1,389,256)
Increase (decrease) in claims and judgments	-	-	-	1,048,458	1,715,336	2,763,794
Total Adjustments	2,142,533	254,596	(120,112)	1,116,190	1,677,337	5,070,544
Net Cash Provided (Used) by Operating Activities	\$ 3,041,644	\$ 254,596	\$ 1,424,917	\$ (48,556)	\$ 70,287	\$ 4,742,888

CITY OF CARLSBAD

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	<u>Assessment Districts</u>	<u>Business Improvement Districts</u>	<u>Totals</u>
Assets:			
Cash and investments	\$ 3,837,975	\$ 5,448,496	\$ 9,286,471
Receivables:			
Assessments	20,428	7,378	27,806
Accrued interest	33,732	20,778	54,510
Restricted assets:			
Cash and investments	4,683,715	-	4,683,715
Total Assets	<u>8,575,850</u>	<u>5,476,652</u>	<u>14,052,502</u>
Liabilities:			
Accrued liabilities	26,746	5,242	31,988
Total Liabilities	<u>26,746</u>	<u>5,242</u>	<u>31,988</u>
Net Position:			
Restricted for:			
Individuals, organizations and other governments	8,549,104	5,471,410	14,020,514
Total Net Position	<u>\$ 8,549,104</u>	<u>\$ 5,471,410</u>	<u>\$ 14,020,514</u>

CITY OF CARLSBAD

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2022

	<u>Assessment Districts</u>	<u>Business Improvement Districts</u>	<u>Totals</u>
Additions:			
Taxes	\$ 1,373,266	\$ -	\$ 1,373,266
Income (loss) from property and investments	(122,452)	(223,991)	(346,443)
Assessment district collections	3,511,314	6,862,991	10,374,305
Total Additions	<u>4,762,128</u>	<u>6,639,000</u>	<u>11,401,128</u>
Deductions:			
Distributions to beneficiaries	-	3,151,352	3,151,352
Administrative expenses	-	163,951	163,951
Bond interest expense and fees	1,662,438	-	1,662,438
Principal expense	3,610,000	-	3,610,000
Total Deductions	<u>5,272,438</u>	<u>3,315,303</u>	<u>8,587,741</u>
Changes in Net Position	(510,310)	3,323,697	2,813,387
Net Position - Beginning of the Year	<u>9,059,414</u>	<u>2,147,713</u>	<u>11,207,127</u>
Net Position - End of the Year	<u>\$ 8,549,104</u>	<u>\$ 5,471,410</u>	<u>\$ 14,020,514</u>



Statistical Section

This section of the City of Carlsbad’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

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These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.

Revenue Capacity

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These schedules contain information to help the reader assess the city’s water and wastewater revenue sources as well as the city’s most significant local revenue source, property taxes.

Debt Capacity

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These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt, and the city’s ability to issue additional debt in the future.

Demographic and Economic Information

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.

Operating Information

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These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.



**City of
Carlsbad**
Net Position by Component
Last Ten Fiscal Years
(dollars in thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Governmental activities				
Net investment in capital assets	\$ 782,500	\$ 784,210	\$ 783,298	\$ 788,035
Restricted for:				
Capital projects	182,685	175,468	178,228	176,279
Lighting and landscaping districts	2,958	4,703	5,263	5,921
Affordable housing	37,390	39,317	39,544	40,390
Habitat and agricultural mitigation management	2,665	1,713	1,708	1,758
Other purposes	3,685	3,774	3,059	2,948
Unrestricted	<u>319,317</u>	<u>328,602</u>	<u>223,522</u>	<u>245,078</u>
Total governmental activities net position	<u>\$ 1,331,200</u>	<u>\$ 1,337,787</u>	<u>\$ 1,234,622</u> ¹	<u>\$ 1,260,409</u>
Business-type activities				
Net investment in capital assets	\$ 307,000	\$ 305,681	\$ 307,122	\$ 317,927
Restricted for:				
Capital projects	45,990	46,632	47,315	45,950
Unrestricted	<u>55,758</u>	<u>66,083</u>	<u>69,922</u>	<u>73,285</u>
Total business-type activities net position	<u>\$ 408,748</u>	<u>\$ 418,396</u>	<u>\$ 424,359</u> ¹	<u>\$ 437,162</u>
Total government				
Net investment in capital assets	\$ 1,089,500	\$ 1,089,891	\$ 1,090,420	\$ 1,105,962
Restricted for:				
Capital projects	228,675	222,100	225,543	222,229
Lighting and landscaping districts	2,958	4,703	5,263	5,921
Affordable housing	37,390	39,317	39,544	40,390
Habitat and agricultural mitigation management	2,665	1,713	1,708	1,758
Other purposes	3,685	3,774	3,059	2,948
Unrestricted	<u>375,075</u>	<u>394,685</u>	<u>293,444</u>	<u>318,363</u>
Total net position	<u>\$ 1,739,948</u>	<u>\$ 1,756,183</u>	<u>\$ 1,658,981</u>	<u>\$ 1,697,571</u>

Source: City of Carlsbad Annual Comprehensive Financial Reports

¹ Net position for the prior year was restated in FY 2014-15, to reflect the application of GASB 68, Accounting & Financial Reporting for Pensions.

² Habitat and agricultural mitigation management was combined with other purposes in FY 2019-20 due to immateriality.

³ In FY 2020-21 a transfer of \$47 million was made from the General Fund to the Golf Course Fund. The recorded advance from the General Fund to the Golf Course Fund was removed as it was determined that repayment of the advance is not projected in the near or foreseeable future.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 788,078	\$ 793,090	\$ 786,965	\$ 791,124	\$ 789,335	\$ 808,515
183,245	182,811	194,434	206,067	212,636	191,967
6,527	7,307	8,025	8,967	9,225	9,635
40,528	41,500	43,588	44,885	40,988	41,413
1,805	1,640	1,524	- ²	-	-
2,818	2,800	4,329	5,444	6,251	6,254
249,816	262,023	289,000	286,386	249,699 ³	263,633
<u>\$ 1,272,817</u>	<u>\$ 1,291,171</u>	<u>\$ 1,327,865</u>	<u>\$ 1,342,873</u>	<u>\$ 1,308,134</u>	<u>\$ 1,321,417</u>
\$ 344,836	\$ 349,548	\$ 346,628	\$ 351,153	\$ 361,477	\$ 355,487
40,098	39,522	38,540	41,244	41,462	38,949
85,153	88,576	97,509	94,140	149,954 ³	151,766
<u>\$ 470,087</u>	<u>\$ 477,646</u>	<u>\$ 482,677</u>	<u>\$ 486,537</u>	<u>\$ 552,893</u>	<u>\$ 546,202</u>
\$ 1,132,914	\$ 1,142,638	\$ 1,133,593	\$ 1,142,277	\$ 1,150,812	\$ 1,164,002
223,343	222,333	232,974	247,311	254,098	230,916
6,527	7,307	8,025	8,967	9,225	9,635
40,528	41,500	43,588	44,885	40,988	41,413
1,805	1,640	1,524	- ²	-	-
2,818	2,800	4,329	5,444	6,251	6,254
334,969	350,599	386,509	380,526	399,653	415,399
<u>\$ 1,742,904</u>	<u>\$ 1,768,817</u>	<u>\$ 1,810,542</u>	<u>\$ 1,829,410</u>	<u>\$ 1,861,027</u>	<u>\$ 1,867,619</u>



Changes in Net Position
Last Ten Fiscal Years
(dollars in thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Expenses				
Governmental activities				
General government	\$ 23,574	\$ 20,187	\$ 16,108	\$ 16,147
Public safety	48,468	48,942	48,856	50,463
Community services	47,900	45,341	48,630	51,191
Public works	36,806	30,314	36,273	37,464
Interest and fiscal charges on long-term debt	<u>4</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total governmental activities	<u>156,752</u>	<u>144,785</u>	<u>149,867</u>	<u>155,266</u>
Business-type activities				
Carlsbad Municipal Water District	41,626	43,547	40,897	39,458
Golf course	10,668	11,032	10,538	10,545
Wastewater	13,556	12,488	12,629	12,613
Solid waste	<u>2,918</u>	<u>2,856</u>	<u>2,973</u>	<u>2,997</u>
Total business-type activities	<u>68,768</u>	<u>69,923</u>	<u>67,037</u>	<u>65,613</u>
Total government	<u>\$ 225,520</u>	<u>\$ 214,708</u>	<u>\$ 216,904</u>	<u>\$ 220,879</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 1,469	\$ 289	\$ 1,382	\$ 296
Public safety	4,025	3,950	4,220	3,980
Community services	6,987	8,732	10,534	10,711
Public works	5,073	3,720	4,014	4,152
Operating grants and contributions	13,199	11,919	12,242	11,912
Capital grants and contributions	<u>17,741</u>	<u>16,129</u>	<u>19,105</u>	<u>12,042</u> ²
Total governmental activities	<u>48,494</u>	<u>44,739</u>	<u>51,497</u>	<u>43,093</u>
Business-type activities				
Charges for services:				
Carlsbad Municipal Water District	44,240	46,750	47,461	39,854 ³
Golf course	6,278	6,635	6,709	6,988
Wastewater	12,402	12,896	12,875	12,963
Solid waste	3,060	3,320	3,245	3,206
Operating grants and contributions	38	90	59	5,646
Capital grants and contributions	<u>2,855</u>	<u>3,198</u>	<u>5,879</u>	<u>2,011</u>
Total business-type activities	<u>68,873</u>	<u>72,889</u>	<u>76,228</u>	<u>70,668</u>
Total government	<u>\$ 117,367</u>	<u>\$ 117,628</u>	<u>\$ 127,725</u>	<u>\$ 113,761</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (108,258)	\$ (100,046)	\$ (98,370)	\$ (112,173)
Business-type activities	<u>105</u>	<u>2,966</u>	<u>9,191</u>	<u>5,055</u>
Total government net expense	<u>\$ (108,153)</u>	<u>\$ (97,080)</u>	<u>\$ (89,179)</u>	<u>\$ (107,118)</u>

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 18,374	\$ 25,192 ⁵	\$ 22,234	\$ 24,267	\$ 20,003	\$ 14,806
55,994	62,630 ⁵	67,968	75,249	80,295	81,130
54,212	51,897	57,978	60,771	57,654	58,954
34,317	36,875	36,897	41,419	35,481	39,204
3	2	4	2	-	14
<u>162,900</u>	<u>176,596</u>	<u>185,081</u>	<u>201,708</u>	<u>193,433</u>	<u>194,108</u>
45,219	51,658	51,638	51,198	56,319	53,598
10,211	10,560	11,035	10,252	10,280	11,708
12,626	13,495	15,238	16,931	9,063	17,905
3,272	3,089	3,840	4,382	5,086	4,738
<u>71,328</u>	<u>78,802</u>	<u>81,751</u>	<u>82,763</u>	<u>80,748</u>	<u>87,949</u>
<u>\$ 234,228</u>	<u>\$ 255,398</u>	<u>\$ 266,832</u>	<u>\$ 284,471</u>	<u>\$ 274,181</u>	<u>\$ 282,057</u>
\$ 327	\$ 816	\$ 1,679	\$ 1,030	\$ 1,260	\$ 627
4,647	4,805	4,784	4,711	5,020	5,899
12,154	11,588	10,755	9,324	8,080	8,671
3,952	3,768	4,574	4,142	5,662	4,247
12,630	13,054	17,307	18,437	26,459	20,382
22,789	22,993	13,842	16,802	9,565	9,922
<u>56,499</u>	<u>57,024</u>	<u>52,941</u>	<u>54,446</u>	<u>56,046</u>	<u>49,748</u>
44,817	50,095	46,431	46,332	49,668	49,194
7,119	7,973	7,979	6,637	8,108	10,424
13,467	13,885	14,099	13,849	14,027	16,282
3,302	3,427	3,440	3,563	3,387	3,684
2,471	1,611	1,260	399	3,484	183
<u>13,322</u>	<u>5,484</u>	<u>4,864</u>	<u>6,327</u>	<u>7,601</u>	<u>858</u>
<u>84,498</u>	<u>82,475</u>	<u>78,073</u>	<u>77,107</u>	<u>86,275</u>	<u>80,625</u>
<u>\$ 140,997</u>	<u>\$ 139,499</u>	<u>\$ 131,014</u>	<u>\$ 131,553</u>	<u>\$ 142,321</u>	<u>\$ 130,373</u>
\$ (106,401)	\$ (119,572)	\$ (132,140)	\$ (147,262)	\$ (137,387)	\$ (144,360)
13,170	3,673	(3,678)	(5,656)	5,527	(7,324)
<u>\$ (93,231)</u>	<u>\$ (115,899)</u>	<u>\$ (135,818)</u>	<u>\$ (152,918)</u>	<u>\$ (131,860)</u>	<u>\$ (151,684)</u>

(continued)



Changes in Net Position (continued)
Last Ten Fiscal Years
(dollars in thousands)

	2012-13	2013-14	2014-15	2015-16
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property taxes	\$ 52,861	\$ 52,608	\$ 55,992	\$ 58,945
Sales and use taxes	28,403	30,520	32,146	34,843
Transient occupancy taxes	14,702	17,472	19,713	20,943
Franchise taxes	5,118	4,907	5,427	5,632
Business license taxes	3,834	4,177	4,548	4,895
Real property transfer taxes	1,058	1,080	1,406	1,546
Vehicle license fees	55	-	-	-
Income from property and investments	1,792	6,917	4,564	11,910 ⁴
Other general revenues	426	429	609	486
Extraordinary gain/(loss)	-	(10,289) ¹	-	-
Special items-Golf Course debt	-	-	-	-
Transfers	(656)	(1,188)	(1,264)	(1,240)
Total governmental activities	107,593	106,633	123,141	137,960
Business type activities				
Property taxes	2,904	2,897	3,133	3,306
Income from property and investments	555	2,498	1,870	3,163
Other general revenues	85	99	623	39
Transfers	655	1,188	1,264	1,240
Special items-Golf Course debt	-	-	-	-
Total business-type activities	4,199	6,682	6,890	7,748
Total government	\$ 111,792	\$ 113,315	\$ 130,031	\$ 145,708
Change in Net Position				
Governmental activities	\$ (665)	\$ 6,587	\$ 24,771	\$ 25,787
Business-type activities	4,304	9,648	16,081	12,803
Total government	\$ 3,639	\$ 16,235	\$ 40,852	\$ 38,590

Source: City of Carlsbad Annual Comprehensive Financial Reports

¹ The extraordinary loss in FY 2013-14 resulted from the restatement of accrued interest on prior year advances made by the city to the Successor Housing Agency per California state mandate.

² The decrease in FY 2015-16 was a result of one-time funds received from the federal government in the previous fiscal year for the 2014 Poinsettia Fire, as well as the receipt of retroactive mandated cost reimbursements.

³ The decrease in FY 2015-16 was a result of a decrease in water sales during the fiscal year from drought conservation measures.

⁴ The increase in FY 2015-16 is a result of higher cash balances that generate interest, an increase in investment earnings, and interest received from the California Department of Finance earned on unpaid mandated costs.

⁵ The increase in FY 2017-18 is mainly due to changes in the city's pension discount rate.

⁶ The decrease in FY 2020-21 in income from property and investments was caused by unrealized losses created by adjusting the city's investments to fair market value at June 30, 2021 and a decrease in the average yield on the treasurer's portfolio for the year.

⁷ In FY 2020-21 a transfer of \$47 million was made from the General Fund to the Golf Course Fund. The recorded advance from the General Fund to the Golf Course Fund was removed as it was determined that repayment of the advance is not projected in the near or foreseeable future.

⁸ Decrease in investment income for FY 2021-22 is due to the required fair value adjustment at fiscal year end (per GASB 31).

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$	63,988	\$ 66,524	\$ 69,952	\$ 73,885	\$ 78,239	\$ 81,012
	33,999	33,674	38,510	36,491	42,579	51,175
	22,267	24,233	26,320	18,898	15,584	32,403
	5,475	5,812	6,100	5,864	5,774	6,371
	4,328	5,026	5,322	5,414	5,705	6,619
	1,393	1,463	1,715	1,247	1,786	2,179
	-	-	-	-	-	-
	1,975	2,551	20,695	20,239	5,036 ⁶	(22,063) ⁸
	451	519	439	559	516	1,262
	-	-	-	-	-	-
	-	-	-	-	(8,427) ¹²	-
	(15,067)	(136)	(219)	(303)	(47,273) ¹²	(1,316)
	<u>118,809</u>	<u>139,666</u>	<u>168,834</u>	<u>162,294</u>	<u>99,519</u>	<u>157,642</u>
	3,569	3,743	4,002	4,226	4,491	4,715
	749	986	7,784	4,963	639 ⁶	(7,656) ⁸
	370	3	113	-	-	2,258
	15,067	136	219	303	47,273 ⁷	1,316
	-	-	-	-	8,427 ⁷	-
	<u>19,755</u>	<u>4,868</u>	<u>12,118</u>	<u>9,492</u>	<u>60,830</u>	<u>633</u>
\$	<u>138,564</u>	<u>144,534</u>	<u>180,952</u>	<u>171,786</u>	<u>160,349</u>	<u>158,275</u>
\$	12,408	\$ 20,094	\$ 36,694	\$ 15,032	\$ (37,868)	\$ 13,282
	32,925	8,541	8,440	3,836	66,357	(6,691)
\$	<u>45,333</u>	<u>28,635</u>	<u>45,134</u>	<u>18,868</u>	<u>28,489</u>	<u>6,591</u>



Fund Balances of Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Fund					
Nonspendable	\$ 57,719	\$ 56,707	\$ 56,381	\$ 55,324	\$ 53,751
Committed	1,000	1,000	1,000	1,000	1,000
Assigned	26,200	27,838	40,865	42,692	38,439
Unassigned	69,578	75,615	80,274	94,404	78,191
Total General Fund	<u>\$ 154,497</u>	<u>\$ 161,160</u>	<u>\$ 178,520</u>	<u>\$ 193,420</u>	<u>\$ 171,381</u>
All Other Governmental Funds					
Nonspendable					
Special revenue funds	\$ 435	\$ 430	\$ 3	\$ 4	\$ 1
Capital project funds	-	-	-	-	-
Restricted					
Special revenue funds	61,938	66,833	66,300	51,013 ²	51,677
Capital project funds	167,009 ¹	157,712 ¹	161,499	176,280 ²	183,245
Assigned					
Capital project funds	121,861	131,627	136,237	131,939	146,994
Unassigned					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 351,243</u>	<u>\$ 356,602</u>	<u>\$ 364,039</u>	<u>\$ 359,236</u>	<u>\$ 381,917</u>

Source: City of Carlsbad Annual Comprehensive Financial Reports

¹ The large decreases in the restricted fund balance in the capital projects fund is a result of increased expenditures during FY 2012-13 and 2013-14 for the construction of Alga Norte Community Park.

² Beginning in FY 2015-16, the Gas Tax fund balance was reclassified from a Special Revenue fund to a Capital Project fund.

³ In FY 2019-20, the General Fund advanced money to the Habitat Mitigation Fund, a Special Revenue fund, to be repaid to the General Fund once funds are available.

⁴ In FY 2020-21 a transfer of \$47 million was made from the General Fund to the Golf Course Fund. The recorded advance from the General Fund to the Golf Course Fund was removed as it was determined that repayment of the advance is not projected in the near or foreseeable future.

<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 51,628	\$ 49,608	\$ 49,008	\$ 3,446 ⁴	\$ 2,211
1,000	1,000	1,000	1,000	1,000
43,855	33,367	30,733	56,115	48,982
82,570	101,701	110,122	99,260	109,946
<u>\$ 179,053</u>	<u>\$ 185,676</u>	<u>\$ 190,863</u>	<u>\$ 159,821</u>	<u>\$ 162,139</u>
\$ 1	\$ 1	\$ 1	\$ 1	\$ 3
-	-	-	-	157
53,246	57,465	59,295	56,465	57,302
182,812	194,434	206,067	212,635	191,967
151,306	162,139	165,267	166,206	164,349
-	-	(234) ³	(228)	(17)
-	-	-	-	(885)
<u>\$ 387,365</u>	<u>\$ 414,039</u>	<u>\$ 430,396</u>	<u>\$ 435,079</u>	<u>\$ 412,876</u>



Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:				
Taxes	\$ 109,447	\$ 114,996	\$ 123,411 ²	\$ 129,617
Intergovernmental	11,513	10,602	10,359	11,290
Licenses and permits	2,016	2,184	2,369	2,467
Charges for services	10,261	11,278	13,181	12,913
Fines and forfeitures	861	876	837	854
Income from property and investments	2,362	7,604	6,442	9,970
Contributions from property owners	12,029	9,042	10,688	8,009
Donations	411	210	440	417
Miscellaneous	1,969	1,219	2,550	1,503
Total revenues	<u>150,869</u>	<u>158,011</u>	<u>170,277</u>	<u>177,040</u>
Expenditures:				
Current:				
General government	23,072	21,471	17,903	17,221
Less: Interdepartmental charges	(3,858)	(3,566)	(3,807)	(3,471)
Public safety	46,162	47,333	48,915	52,015
Community services	40,899	41,505	44,501	46,298
Public works	11,299	15,442	16,350	17,465
Capital outlay	28,602	18,702	20,050	34,669
Debt service:				
Principal retirement	316	159	-	-
Interest and fiscal charges	6	5	5	6
Total expenditures	<u>146,498</u>	<u>141,051</u>	<u>143,917</u>	<u>164,203</u>
Excess (deficiency) of revenues over (under) expenditures	4,371	16,960	26,360	12,837
Other financing sources (uses):				
Transfers in	8,087	11,477	14,857	9,970
Transfers out	(14,792)	(16,415)	(16,420)	(12,710)
Proceeds from sale of capital asset	-	-	-	-
Proceeds from leases	-	-	-	-
Total other financing sources (uses)	<u>(6,705)</u>	<u>(4,938)</u>	<u>(1,563)</u>	<u>(2,740)</u>
Net change in fund balances	<u>\$ (2,334)</u>	<u>\$ 12,022</u>	<u>\$ 24,797</u>	<u>\$ 10,097</u>
Debt service as percentage of noncapital expenditures ¹	0.24%	0.13%	0.00%	0.00%

Source: City of Carlsbad Annual Comprehensive Financial Reports

¹ Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the Government-wide Statement of Net Position) and expenditures for capitalized assets included within the functional expenditure categories.

² Increase in taxes in FY 2014-15 due to growth in property and TOT taxes.

³ Includes a transfer out to the Golf Course Fund in the amount of \$14.8 million for the defeasance of the golf course construction bonds during FY 2016-17.

⁴ Increase in investment income for FY 2018-19 is due to an increase in the average yield on the investment portfolio for the year as well as an increase due to the required fair value adjustment done on investments at fiscal year end (per GASB 31).

⁵ Increase in public safety expenditures in FY 2018-19 is due to a voluntary \$14.2 million additional payment to CalPERS to reduce the city's unfunded pension liability in the safety plan.

⁶ Decrease in tax revenue for sales and transient occupancy taxes for FY 2020-21 is due to the effects of the COVID-19 pandemic and resulting stay at home orders on sales and transient occupancy taxes.

⁷ Decrease in investment income for FY 2021-22 is due to the required fair value adjustment done on investments at fiscal year end (per GASB 31).

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$	134,165	\$ 141,118	\$ 154,673	\$ 147,535	⁶ \$ 155,462	\$ 184,832
	11,963	11,608	14,647	15,505	23,653	20,933
	3,034	2,999	2,668	2,739	2,399	3,233
	14,309	14,145	13,221	11,525	11,615	14,959
	740	679	581	760	429	346
	3,845	4,622	23,275	⁴ 24,989	7,018	(20,118) ⁷
	13,330	12,898	10,301	6,623	5,850	3,200
	349	332	1,385	426	321	381
	1,467	1,991	3,316	2,641	1,786	1,262
	<u>183,202</u>	<u>190,392</u>	<u>224,067</u>	<u>212,743</u>	<u>208,533</u>	<u>209,028</u>
	27,925	26,625	24,033	25,762	22,450	22,433
	(3,345)	(3,160)	(4,581)	(5,052)	(5,146)	(5,315)
	57,329	58,568	77,550	⁵ 70,997	78,731	82,225
	48,930	49,039	52,951	56,931	53,267	59,491
	17,349	17,220	18,380	19,995	19,991	22,056
	17,603	26,885	20,703	22,171	21,390	47,015
	-	10	10	11	8	-
	5	7	5	12	17	15
	<u>165,796</u>	<u>175,194</u>	<u>189,051</u>	<u>190,827</u>	<u>190,708</u>	<u>227,923</u>
	17,406	15,198	35,016	21,916	17,825	(18,895)
	20,849	11,513	11,881	11,183	9,760	25,974
	(37,613) ³	(13,590)	(13,600)	(11,486)	(57,073)	(27,189)
	-	-	-	-	-	200
	-	-	-	-	-	25
	<u>(16,764)</u>	<u>(2,077)</u>	<u>(1,719)</u>	<u>(303)</u>	<u>(47,313)</u>	<u>(990)</u>
\$	<u>642</u>	<u>\$ 13,121</u>	<u>\$ 33,297</u>	<u>\$ 21,613</u>	<u>\$ (29,488)</u>	<u>\$ (19,885)</u>
	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%

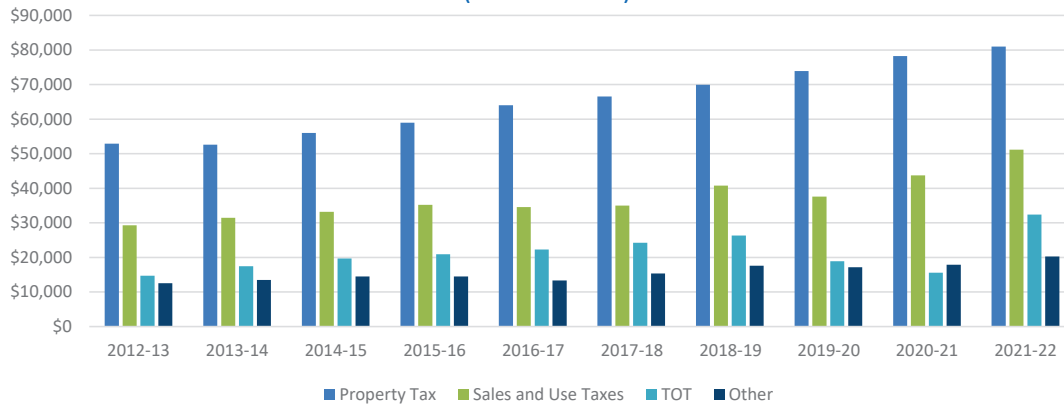


General Governmental Tax Revenues by Source
Last Ten Fiscal Years
 (dollars in thousands)

Fiscal Year	Property Tax *	Sales and Use Taxes	Transient Occupancy Taxes	Franchise Taxes	Business License Taxes	Real Property Transfer Taxes	Gas Tax	Total Tax Revenue
2012-13	\$ 52,888	\$ 29,301	\$ 14,702	\$ 5,118	\$ 3,834	\$ 1,058	\$ 2,546	\$ 109,447
2013-14	52,607	31,464	17,472	4,907	4,178	1,080	3,288	114,996
2014-15	55,992 ¹	33,202	19,713 ²	5,427	4,548	1,406	3,123	123,411
2015-16	58,946	35,232	20,943	5,632	4,895	1,545	2,424	129,617
2016-17	63,988 ¹	34,543	22,267 ³	5,475	4,328	1,393	2,171	134,165
2017-18	66,523	34,972	24,234 ⁴	5,812	5,026 ⁵	1,463	3,088 ⁶	141,118
2018-19	69,952	40,795 ⁷	26,320	6,100	5,322	1,715	4,469	154,673
2019-20	73,889	37,585 ⁸	18,898 ⁸	5,864	5,414	1,247	4,638	147,535
2020-21	78,247	43,726	15,584 ⁸	5,774	5,705	1,786	4,640	155,462
2021-22	81,012	51,175	32,403	6,371	6,619	2,179	5,073	184,832

Percentage change from FY 2012-13 to FY 2021-22:
 53% 75% 120% 24% 73% 106% 99% 69%

Total General Governmental Tax Revenues - Last Ten Fiscal Years
 (in thousands)



Source: City of Carlsbad Annual Comprehensive Financial Reports

* Property Tax category also includes Vehicle License Fees (VLF) in lieu, property tax increment and CFD No. 1 special taxes.

¹ Reflects improvement in the housing market and new construction.

² The increase in TOT in FY 2014-15 is due to the openings of several new hotels and higher occupancy and room rates throughout the city.

³ The increase in TOT in FY 2016-17 is due to higher room rates throughout most of the city's hotels and an increase in available rooms.

⁴ The increase in TOT in FY 2017-18 is due to higher room rates throughout most of the city's hotels and an opening of a new hotel.

⁵ The increase in Business License Taxes in FY 2017-18 is due to a significant number of delinquent payments being collected.

⁶ The increase in Gas Taxes in FY 2017-18 is due to new ongoing allocations received from the state's Road Maintenance and Rehabilitation Account.

⁷ The increase in Sales and Use Taxes in FY 2018-19 is due to overall growth and the ending of the state's sales and use tax "triple flip" in FY 2017-18.

⁸ The decreases in tax revenue for sales tax for FY 2019-20 and transient occupancy taxes for FY 2019-20 and FY 2020-21 is due to the effects of the COVID-19 pandemic and resulting stay at home orders on sales and transient occupancy taxes.



Water and Wastewater Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water</u>		<u>Wastewater</u>
	<u>Monthly Delivery Charge</u>	<u>Base Price Per Unit¹</u>	<u>Monthly Base Rate</u>
2012-13	\$21.38	\$3.20	\$25.02
2013-14	20.07	3.19	25.52
2014-15	21.08	3.35	26.03
2015-16	22.19	3.53	27.81
2016-17	24.11	3.84	27.81
2017-18	24.72	3.94	27.81
2018-19	24.72	3.94	27.81
2019-20	25.02	4.04	28.66
2020-21	25.52	4.13	29.52
2021-22	27.81	3.84	35.93

Source: City of Carlsbad

Note: Rates shown are for a 5/8" meter, which is the standard household meter size.

¹ One unit of water equals 748 gallons. The base price shown is for tier 1, which applies to the first 12 units of usage per month at a single family residence.

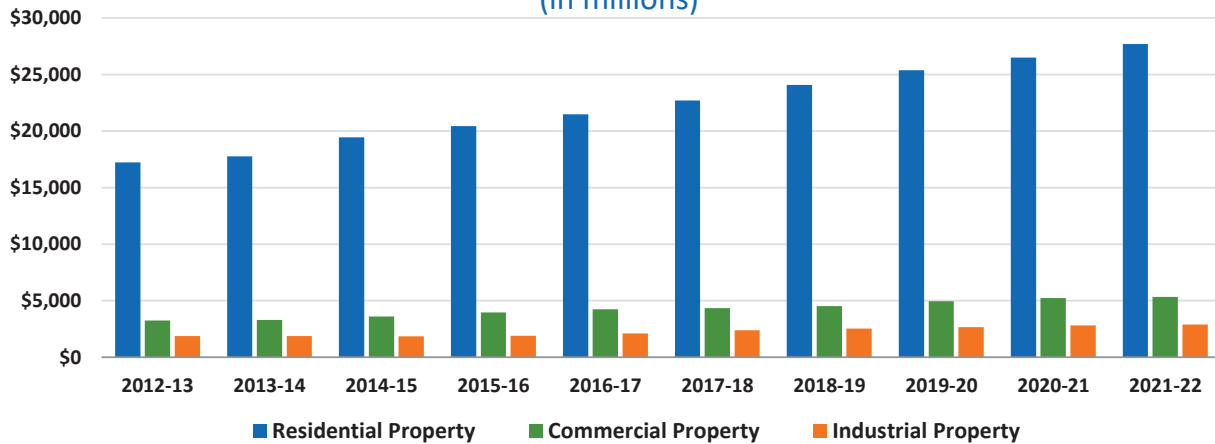




Assessed Value of Taxable Property
Last Ten Fiscal Years
 (dollars in millions)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Exemptions and Other Taxable Property ¹	Net Assessed Valuation	Change From Prior Year	Estimated Property Tax Revenue ²	Total Direct Tax Rate ³
2012-13	\$ 17,222	\$ 3,237	\$ 1,884	\$ 614	\$ 22,957	-0.11%	\$ 44	0.1927%
2013-14	17,774	3,298	1,871	580	23,523	2.47	45	0.1927
2014-15	19,450	3,603	1,847	589	25,489	8.36	49	0.1927
2015-16	20,431	3,973	1,909	612	26,925	5.63	52	0.1927
2016-17	21,472	4,238	2,092	622	28,424	5.57	55	0.1927
2017-18	22,707	4,355	2,378	555	29,995	5.53	58	0.1927
2018-19	24,077	4,528	2,541	490	31,636	5.47	61	0.1927
2019-20	25,379	4,964	2,673	640	33,656	6.39	65	0.1927
2020-21	26,507	5,224	2,809	677	35,217	4.64	68	0.1927
2021-22	27,697	5,325	2,883	457	36,362	3.25	70	0.1927

Taxable Assessed Property Value
 Last Ten Fiscal Years
 (in millions)



Source: County of San Diego, California Auditor and Controller's Office

Notes: Information about estimated actual value of property is not available; the assessed value is based on the most recent sales value and includes secured property only.

¹ Other property includes farm, rural, institutional, recreational, state secured property, unsecured property, personal property and fixtures.

² Estimated property tax revenues do not include special assessments, redevelopment tax increment or community facilities district revenues.

³ The total direct tax rate is the city's proportionate share of Proposition 13 property taxes collected within the tax rate area.



Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Allocation of 1% Ad Valorem Property Taxes										
Overlapping Rates for Tax Rate Area 09000 ¹										
Fiscal Year	City of Carlsbad Total Direct Rate ²	Carlsbad Unified School District	San Diego County	Educational Revenue Augmentation Fund	Mira Costa Community College	Tri City Hospital District	All Other Rates	Total Prop 13 Rate ³	Voter Approved Debt ⁴	Total Tax Rate ⁵
2012-13	0.1927%	0.3412%	0.1576%	0.1497%	0.0937%	0.0198%	0.0453%	1.0000%	0.0768%	1.0768%
2013-14	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0743	1.0743
2014-15	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0710	1.0710
2015-16	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0681	1.0681
2016-17	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0563	1.0563
2017-18	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0791	1.0791
2018-19	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0758	1.0758
2019-20	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.1015	1.1015
2020-21	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0999	1.0999
2021-22	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0961	1.0961

Source: County of San Diego, California Auditor and Controller's Office

¹ The tax rate history above is for Tax Rate Area 09000, which has the highest total assessed value of the all the tax rate areas in the city. Tax Rate Area 09000 was chosen as the most representative for the city.

² The city has no general obligation bonds; therefore the Basic Tax Rate is the same as the Total Direct Tax Rate.

³ In 1978, California voters passed Proposition 13 which limited property taxes to a total maximum rate of 1.00% based on the assessed value of each property being taxed. This 1.00% is shared by all taxing agencies within a tax rate area. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the purchase price of the property becomes the new assessed value.

⁴ The majority of voter approved debt is related to various school district and hospital bonds.

⁵ The Total Tax Rate is the 1.00% Proposition 13 rate plus the Voter Approved Debt rate.



Direct and Overlapping Property Tax Rates (continued)

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Total Tax Rates ¹	County Tax Rate Areas ²	Fiscal Year 2021-22 Voter Approved Debt Tax Rates for all Rate Areas									Total Voter Approved Rates ⁴
		Carlsbad Unified Schools	Oceanside Unified Schools	San Marcos Unified Schools	Vista Unified Schools	Encinitas Union Schools	Mira Costa Comm. College	Palomar Comm. College	Palomar Health District	MWD / SDCWA ³	
1.0586%	1	0.0000%	0.0000%	0.0000%	0.0000%	0.0452%	0.0134%	0.0000%	0.0000%	0.0000%	0.0586%
1.0621	35	-	-	-	-	0.0452	0.0134	-	-	0.0035	0.0621
1.0681	3	-	-	-	-	0.0452	-	0.0194	-	0.0035	0.0681
1.0716	1	-	-	0.0547	-	-	0.0134	-	-	0.0035	0.0716
1.0776	24	-	-	0.0547	-	-	-	0.0194	-	0.0035	0.0776
1.0926	3	0.0792	-	-	-	-	0.0134	-	-	-	0.0926
1.0961	54	0.0792	-	-	-	-	0.0134	-	-	0.0035	0.0961
1.0972	5	-	-	-	0.0743	-	-	0.0194	-	0.0035	0.0972
1.1021	3	0.0792	-	-	-	-	-	0.0194	-	0.0035	0.1021
1.1096	1	-	-	0.0547	-	-	0.0134	-	0.0380	0.0035	0.1096
1.1156	11	-	-	0.0547	-	-	-	0.0194	0.0380	0.0035	0.1156
1.1341	1	0.0792	-	-	-	-	0.0134	-	0.0380	0.0035	0.1341
1.1372	1	-	0.1203	-	-	-	0.0134	-	-	0.0035	0.1372

Source: County of San Diego, California Auditor and Controller's Office

¹ The Total Tax Rate is the 1.00% Proposition 13 rate plus the Voter Approved Debt rate.

² Tax rate areas are determined by the County of San Diego. There are currently thirteen tax rates distributed among the 146 tax rate areas of the city. The table above shows the number of tax rate areas affected by each of the rates.

³ MWD is the Metropolitan Water District and SDCWA is the San Diego County Water Authority.

⁴ The majority of voter approved debt is related to various school district and hospital bonds.



**Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Net Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Net Assessed Value
Poseidon Water Desalination Plant	\$ 416,869,887	1	1.15%	\$ -		0.00%
La Costa Glen Retirement Community	281,090,008	2	0.77	234,163,899	1	1.02
Legoland California, LLC	256,511,543	3	0.71	125,802,730	5	0.55
La Costa Resort & Spa	251,767,575	4	0.69	154,321,673	3	0.67
The Forum Shopping Center	208,723,461	5	0.57	179,700,000	2	0.78
Levine Investments Limited Partnership	184,578,441	6	0.51			
The Shoppes at Carlsbad	180,395,889	7	0.50	104,159,802	8	0.45
La Costa Town Center, LLC	164,340,698	8	0.45			
Grand Pacific Carlsbad LP	140,267,931	9	0.39			
Carlsbad Premium Outlets	133,481,605	10	0.37	116,909,403	7	0.51
Park Hyatt Aviara Resort				150,408,827	4	0.66
Pacific View Apartments				121,088,079	6	0.53
HG Fenton Company				80,699,051	9	0.35
Waterstone Apartment Homes				79,560,000	10	0.35
Total	\$ 2,218,027,038		6.10%	\$ 1,346,813,464		5.87%
Net assessed valuation	\$ 36,362,069,240			\$ 22,956,650,306		

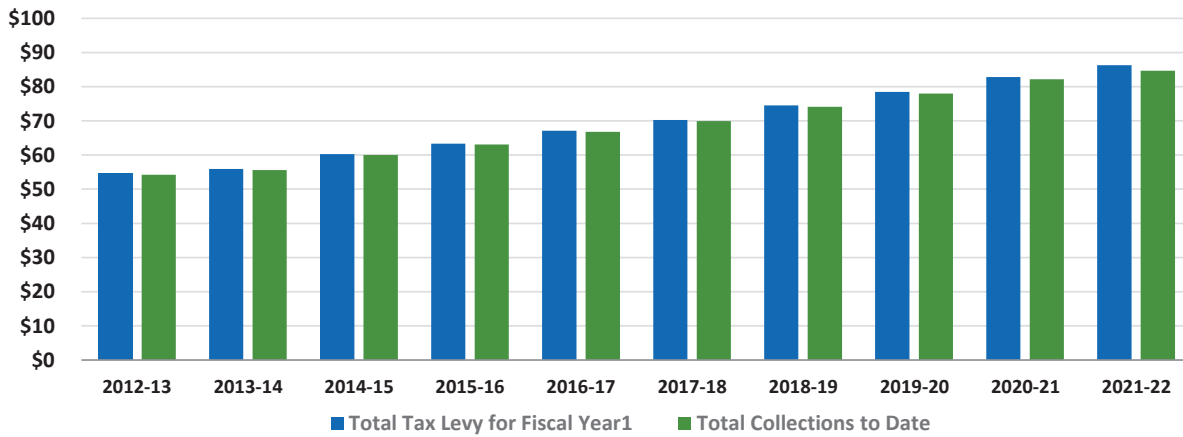
Source: County of San Diego, California Assessor's Office



Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year ¹	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2012-13	\$54,469,819	\$53,677,921	98.55%	\$575,391	\$54,253,312	99.60%
2013-14	55,883,499	55,042,944	98.50	527,304	55,570,248	99.44
2014-15	60,266,230	59,509,285	98.74	551,957	60,061,242	99.66
2015-16	63,363,527	62,595,504	98.79	496,883	63,092,387	99.57
2016-17	67,116,590	66,233,111	98.68	575,028	66,808,139	99.54
2017-18	70,221,876	69,383,391	98.81	556,947	69,940,338	99.60
2018-19	74,560,530	73,518,065	98.60	596,675	74,114,740	99.40
2019-20	78,446,259	77,076,471	98.25	915,465	77,991,936	99.42
2020-21	82,787,902	81,504,185	98.45	638,410	82,142,595	99.22
2021-22	86,318,392	84,678,789	98.10	N/A	84,678,789	98.10

Property Tax Levies & Collections
 Last Ten Fiscal Years
 (in millions)



Source: County of San Diego, California Auditor and Controller's Office

¹ Includes real property transfer taxes, homeowner exemptions and Proposition 172 public safety sales taxes.

² Total collections include secured, unsecured, homeowners' exception and supplementary amounts distributed by the county.

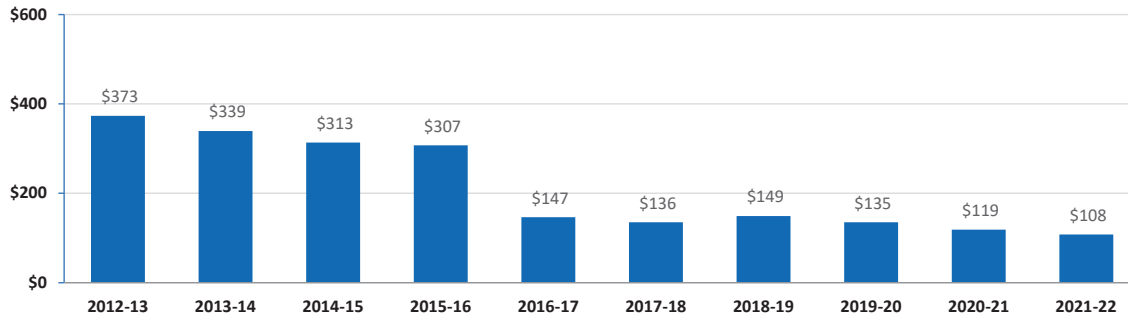




Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
 (dollars in thousands except per capita)

Fiscal Year	Governmental Activities		Business-Type Activities				Total	Percentage of Personal Income	Per Capita
	Leases	Loans Payable	Bonds/ Special Debt ¹	Installment Purchase Agreements	Loan Payable ²	Capital Leases			
2012-13	\$ -	\$ 159	\$ 17,237	\$ 1,697	\$ 21,335	\$ -	\$ 40,428	0.92%	\$373.48
2013-14	-	-	16,645	905	19,837	-	37,387	0.77	339.36
2014-15	-	-	16,260	-	18,429	-	34,689	0.71	313.49
2015-16	970	-	16,058	-	17,670	-	34,698	0.60	307.25
2016-17	784	-	- ⁴	-	15,901	-	16,685	0.28	146.71
2017-18	588	-	-	-	14,944	-	15,532	0.24	135.51
2018-19	378	-	-	-	16,827	-	17,205	0.25	149.30
2019-20	156	-	-	-	15,327	-	15,483	0.25	135.27
2020-21	-	-	-	-	13,750	-	13,750	0.18	119.05
2021-22	22	-	-	-	12,444	-	12,466	0.14	107.85

Outstanding Debt per Capita
 Last Ten Fiscal Years
 (in dollars)



Sources: MuniServices, LLC, California Department of Finance and US Census Data

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Bond/Special Debt is net of amortized premiums.

² The State Water Resources Control Board issued low interest loans for the Carlsbad Water Recycling Facility in 2005, 2006 and 2014. Varying amounts of principal and interest are due annually. Payments are funded from recycled water user fees.

³ During FY 2006-07, Carlsbad Municipal Golf Course Revenue Bonds were issued for \$18.5 million.

⁴ The Carlsbad Municipal Golf Course Revenue Bonds were defeased during FY 2016-17.



**Schedule of Direct and Overlapping Bonded Debt
Current Fiscal Year**

Fiscal Year 2021-22 Assessed Valuation:	\$37,971,003,039
Redevelopment Incremental Valuation:	<u>1,608,993,799</u>
Adjusted Assessed Valuation:	<u><u>\$36,362,009,240</u></u>

<u>Overlapping Tax and Assessment Debt:</u>	Total Debt <u>06/30/22</u>	Percent Applicable ¹	City's Share of Debt 6/30/22
Metropolitan Water District	\$ 20,175,000	1.12%	\$ 226,767
Mira Costa Community College District	291,380,000	27.59	80,377,173
Palomar Community College District	655,840,155	2.69	17,642,100
Carlsbad Unified School District	293,223,501	98.17	287,857,511
Carlsbad Unified School District Community Facilities District No 1	1,100,000	100.00	1,100,000
Oceanside Unified School District	286,410,665	0.00	11,456
Vista Unified School District	247,299,882	0.76	1,886,898
Encinitas Union School District	44,196,583	29.97	13,246,158
San Marcos Unified School District	273,680,421	17.84	48,819,113
San Marcos Unified School District CFD No. 4	13,420,000	32.76	4,395,721
San Marcos Unified School District CFD No. 5	11,720,000	100.00	11,720,000
San Dieguito Union High School District	434,285,000	8.83	37,451,637
San Dieguito Union HS District CFD No. 94-2	23,320,000	98.34	22,933,588
San Dieguito Union HS District CFD No. 95-2	5,600,000	8.81	493,528
Palomar Health District	408,228,082	1.66	6,788,833
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	5,470,000	23.50	1,285,341
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	17,190,000	100.00	17,190,000
City of Carlsbad 1915 Act Bonds	<u>24,935,000</u>	100.00	<u>24,935,000</u>
Total Overlapping Tax and Assessment Debt	<u><u>\$ 3,057,474,289</u></u>		<u><u>\$ 578,360,824</u></u>

Source: MuniServices, LLC and County of San Diego, California Auditor and Controller's Office

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the city.



Schedule of Direct and Overlapping Bonded Debt (continued)
Current Fiscal Year

	Total Debt 06/30/22	Percent Applicable ¹	City's Share of Debt 6/30/22
<u>Overlapping General Fund Obligation Debt:</u>			
San Diego County General Fund Obligations	\$ 245,340,000	6.29%	\$ 15,434,339
San Diego County Pension Obligation Bonds	340,825,000	6.29	21,441,301
San Diego County Superintendent of Schools General Fund Obligations	7,780,000	6.29	489,440
Palomar Community College District General Fund Obligations	1,440,000	2.69	38,736
Carlsbad Unified School District General Fund Obligations	61,600,000	98.17	60,472,720
San Marcos Unified School District General Fund Obligations	70,463,687	17.84	12,569,312
Vista Unified School District Certificates of Participation	39,095,000	0.76	298,295
San Dieguito Union High School District General Fund Obligations	12,730,000	8.83	1,123,677
Total Overlapping General Fund Obligation Debt	<u>\$ 779,273,687</u>		<u>\$ 111,867,820</u>
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	1,950,000	100.00	1,950,000 ²
Total Overlapping Debt:	\$ 3,838,697,976		\$ 692,178,644
<u>City of Carlsbad Direct Debt:</u>			
City of Carlsbad Governmental Activities Obligations	\$ 22,377	100.00	\$ 22,377
Total City of Carlsbad Direct Debt	<u>\$ 22,377</u>		<u>\$ 22,377</u>
Combined Total Debt	<u>\$ 3,838,720,353</u>		<u>\$ 692,201,021</u> ³

Source: MuniServices, LLC and County of San Diego, California Auditor and Controller's Office

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the city.

² Created by the dissolution of the Redevelopment Agency in FY 2011-12.

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds.

Ratios to FY 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.59%

Ratios to FY 2021-22 Adjusted Assessed Valuation:

Governmental Activities Direct Debt 0.0001%

Combined Total Debt 1.90%



Direct and Overlapping Debt
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 0.080	\$ 0.062	\$ 0.049
Mira Costa Community College District	-	-	-
Palomar Community College District	0.375	0.361	0.562
Carlsbad Unified School District	8.312	7.921	7.073
Carlsbad Unified School District CFD No. 1	0.103	0.052	-
Oceanside Unified School District	0.001	-	-
Vista Unified School District	0.031	0.028	0.025
Encinitas Union School District	0.454	0.426	0.385
San Marcos Unified School District	1.711	2.248	2.087
San Marcos Unified School District Facility Improvement District	0.076	0.057	0.035
San Marcos Unified School District CFD No. 4	0.230	0.292	0.254
San Marcos Unified School District CFD No. 5	0.918	0.864	0.690
San Dieguito Union High School District	0.621	0.607	0.967
San Dieguito Union HS District CFD No. 94-1	0.004	0.004	0.003
San Dieguito Union HS District CFD No. 94-2	1.082	1.032	0.928
San Dieguito Union HS District CFD No. 95-2	0.022	0.023	0.021
San Dieguito Union HS District combined CFD	-	-	-
Palomar Health District	0.353	0.336	0.308
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	0.138	0.139	0.031
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	1.045	1.000	0.903
City of Carlsbad 1915 Act Bonds	2.107	2.018	1.727
Total Overlapping Tax and Assessment Debt	<u>\$ 17.663</u>	<u>\$ 17.470</u>	<u>\$ 16.048</u>
<u>Overlapping General Fund Obligation Debt:</u>			
San Diego County General Fund Obligations	\$ 1.070	\$ 0.983	\$ 0.857
San Diego County Pension Obligation Bonds	2.017	1.865	1.664
San Diego City Superintendent of Schools General Fund Obligations	0.047	0.042	0.036
Mira Costa Community College District Certificates of Participation	0.028	0.023	0.018
Palomar Community College District General Fund Obligations	0.006	0.006	0.005
Carlsbad Unified School District General Fund Obligations	1.967	2.086	1.846
San Marcos Unified School District General Fund Obligations	0.458	0.441	0.407
Vista Unified School District Certificates of Participation	0.001	0.001	0.001
San Dieguito Union High School District General Fund Obligations	0.051	0.049	0.047
Other Unified School District Certificates of Participation	-	-	-
Total Overlapping General Fund Obligation Debt	<u>\$ 5.645</u>	<u>\$ 5.496</u>	<u>\$ 4.881</u>
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	<u>\$ 0.376</u>	<u>\$ 0.341</u>	<u>\$ 0.290</u>
Total Overlapping Debt:	23.684	23.307	21.219
<u>City of Carlsbad Direct Debt:</u>			
City of Carlsbad Governmental Activities Obligations	0.007	-	-
Total City of Carlsbad Direct Debt	<u>\$ 0.007</u>	<u>\$ -</u>	<u>\$ -</u>
Combined Total Debt	<u>\$ 23.691</u>	<u>\$ 23.307</u>	<u>\$ 21.219</u>

Source: MuniServices, LLC and County of San Diego, California Auditor and Controller's Office

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$	0.039	\$ 0.030	\$ 0.023	\$ 0.017	\$ 0.013	\$ 0.009	\$ 0.006
	-	-	0.918	0.750	0.590	2.414	2.210
	0.520	0.619	0.571	0.530	0.493	0.498	0.485
	6.370	5.816	5.298	7.474	6.944	8.861	7.916
	-	-	0.051	0.045	0.039	0.035	0.030
	-	-	-	-	-	-	-
	0.022	0.024	0.018	0.028	0.027	0.027	0.052
	0.515	0.551	0.506	0.461	0.421	0.389	0.364
	1.922	1.797	1.706	1.571	1.521	1.414	1.343
	0.027	0.020	0.014	0.009	0.004	-	-
	0.232	0.199	0.146	0.164	0.146	0.132	0.121
	0.626	0.566	0.404	0.456	0.404	0.360	0.322
	0.906	1.031	0.925	0.956	0.925	1.087	1.030
	0.003	0.003	-	-	-	-	-
	0.855	0.983	0.736	0.800	0.736	0.678	0.631
	0.019	0.017	0.017	0.018	0.017	0.015	0.014
	-	-	-	-	-	-	-
	0.285	0.258	0.212	0.228	0.212	0.196	0.187
	0.102	0.091	0.079	0.069	0.058	0.040	0.035
	0.836	0.750	0.684	0.623	0.561	0.513	0.473
	1.564	1.379	1.240	1.024	0.892	0.786	0.686
\$	<u>14.843</u>	\$ <u>14.134</u>	\$ <u>13.548</u>	\$ <u>15.223</u>	\$ <u>14.003</u>	\$ <u>17.454</u>	\$ <u>15.905</u>
\$	0.709	\$ 0.648	\$ 0.572	\$ 0.510	\$ 0.436	\$ 0.379	\$ 0.424
	1.497	1.347	1.168	1.016	0.860	0.716	0.590
	0.031	0.025	0.023	0.020	0.018	0.015	0.013
	0.014	0.119	0.005	0.001	-	-	-
	0.004	0.003	0.002	0.002	0.001	0.001	0.001
	1.692	1.598	1.447	1.313	1.176	1.065	1.663
	0.376	0.378	0.459	0.421	0.401	0.368	0.346
	0.001	0.001	-	-	-	-	0.008
	0.044	0.041	0.039	0.036	0.034	0.032	0.031
	-	-	-	-	-	-	-
\$	<u>4.368</u>	\$ <u>4.160</u>	\$ <u>3.715</u>	\$ <u>3.319</u>	\$ <u>2.926</u>	\$ <u>2.576</u>	\$ <u>3.076</u>
\$	0.250	\$ 0.212	\$ 0.177	\$ 0.143	\$ 0.110	\$ 0.090	\$ 0.058
	19.461	18.506	17.440	18.685	17.039	20.120	19.039
	0.036	0.028	0.020	0.012	0.005	-	0.001
\$	<u>0.036</u>	\$ <u>0.028</u>	\$ <u>0.020</u>	\$ <u>0.012</u>	\$ <u>0.005</u>	\$ <u>-</u>	\$ <u>0.001</u>
\$	<u>19.497</u>	\$ <u>18.534</u>	\$ <u>17.460</u>	\$ <u>18.697</u>	\$ <u>17.044</u>	\$ <u>20.120</u>	\$ <u>19.040</u>



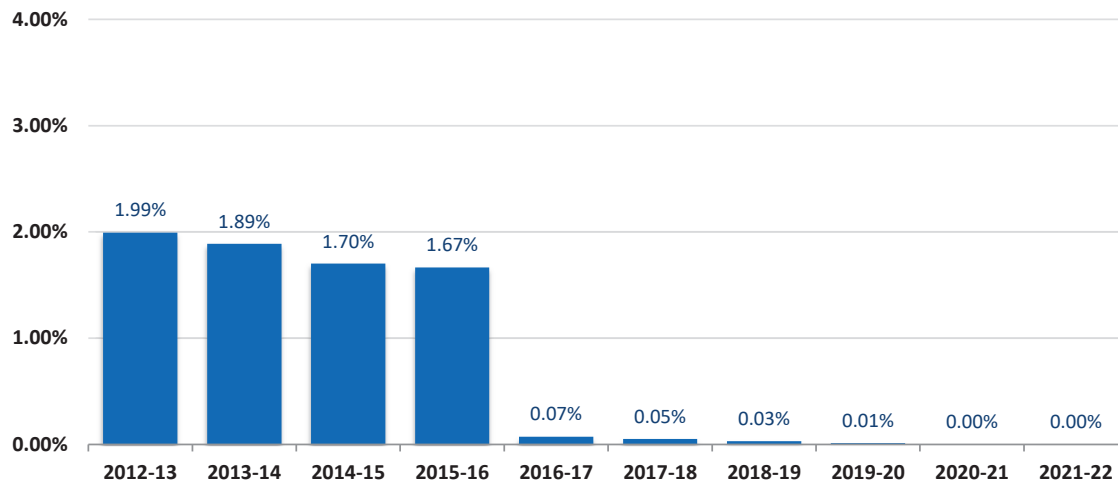
Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Net assessed valuation	\$ 22,956,650	\$ 23,522,746	\$ 25,489,468	\$ 26,924,891
Debt limit (25% x 15%)	860,874	882,103	955,855	1,009,683
Less amount of debt applicable to limit:				
Bonded debt	17,005	16,645	16,260	15,855
Loan payable	159	-	-	-
Lease obligations	-	-	-	970
Total net debt applicable to limit	<u>17,164</u>	<u>16,645</u>	<u>16,260</u>	<u>16,825</u>
Legal debt margin	<u>\$ 843,710</u>	<u>\$ 865,458</u>	<u>\$ 939,595</u>	<u>\$ 992,858</u>
Total net debt applicable to the limit as a percentage of debt limit	1.99%	1.89%	1.70%	1.67%

Percent of Debt Applicable to the Legal Debt Limit Last Ten Fiscal Years



Source: City of Carlsbad Annual Comprehensive Financial Reports

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 15% (as adjusted by 25% per the law) of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

¹ The golf course bonds were defeased during FY 2016-17.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 28,423,782	\$ 29,994,964	\$ 31,635,528	\$ 33,655,907	\$ 35,217,379	\$ 36,362,069,240
1,065,892	1,124,811	1,186,332	1,262,097	1,320,652	1,363,577,597
- ¹	-	-	-	-	-
-	-	-	-	-	-
<u>785</u>	<u>588</u>	<u>378</u>	<u>156</u>	<u>-</u>	<u>22</u>
785	588	378	156	-	22
<u>\$ 1,065,107</u>	<u>\$ 1,124,223</u>	<u>\$ 1,185,954</u>	<u>\$ 1,261,941</u>	<u>\$ 1,320,652</u>	<u>\$ 1,363,577,575</u>
0.07%	0.05%	0.03%	0.01%	0.00%	0.00%



**Pledged-Revenue Coverage
Last Ten Fiscal Years**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Wastewater Revenue Bonds				
Gross revenues ^{1,5}	\$ 12,599,601	\$ 13,699,286	\$ 13,723,835	\$ 13,723,835
Less expenses ^{2,5}	<u>7,094,310</u>	<u>6,989,194</u>	<u>7,249,798</u>	<u>7,249,798</u>
Net available revenue	<u>\$ 5,505,291</u>	<u>\$ 6,710,092</u>	<u>\$ 6,474,037</u>	<u>\$ 6,474,037</u>
Debt service				
Principal ⁵	\$ 820,000	\$ 860,000	\$ 905,000	\$ 905,000
Interest ⁵	<u>111,469</u>	<u>68,419</u>	<u>23,191</u>	<u>-</u>
Total debt service	<u>\$ 931,469</u>	<u>\$ 928,419</u>	<u>\$ 928,191</u>	<u>\$ 905,000</u>
Coverage	5.91	7.23	6.97	7.15
Recycled Water Loans				
Gross revenues ³	\$ 8,160,109	\$ 9,392,061	\$ 9,210,258	\$ 8,216,362
Less expenses ⁴	<u>4,019,176</u>	<u>3,640,786</u>	<u>3,826,699</u>	<u>4,679,706</u>
Net available revenue	<u>\$ 4,140,933</u>	<u>\$ 5,751,275</u>	<u>\$ 5,383,559</u>	<u>\$ 3,536,656</u>
Debt service				
Principal	\$ 1,343,498	\$ 1,375,337	\$ 1,407,932	\$ 1,441,301
Interest	<u>532,983</u>	<u>501,144</u>	<u>468,550</u>	<u>435,182</u>
Total debt service	<u>\$ 1,876,481</u>	<u>\$ 1,876,481</u>	<u>\$ 1,876,482</u>	<u>\$ 1,876,483</u>
Coverage	2.21	3.06	2.87	1.88
Golf Course Revenue Bonds				
Gross revenues ^{1,6}	\$ 6,777,292	\$ 7,747,116	\$ 8,428,375	\$ 8,196,853
Less expenses ^{2,6}	<u>5,954,896</u>	<u>6,125,159</u>	<u>6,302,019</u>	<u>6,273,320</u>
Net available revenue	<u>\$ 822,396</u>	<u>\$ 1,621,957</u>	<u>\$ 2,126,356</u>	<u>\$ 1,923,533</u>
Debt service				
Principal ⁶	\$ 340,000	\$ 360,000	\$ 385,000	\$ 405,000
Interest ⁶	<u>771,600</u>	<u>755,850</u>	<u>739,088</u>	<u>721,313</u>
Total debt service	<u>\$ 1,111,600</u>	<u>\$ 1,115,850</u>	<u>\$ 1,124,088</u>	<u>\$ 1,126,313</u>
Coverage	0.74	1.45	1.89	1.71

Source: City of Carlsbad Annual Comprehensive Financial Reports

¹ Includes operating and non-operating revenues and transfers in from the General Fund.

² Includes operating and non-operating expenses, excluding interest expense and depreciation.

³ Includes water (potable and recycled) operating and non-operating revenues and fees. In FY 2020-21 the State Water Resources Board confirmed the pledged revenue includes potable, which was excluded in prior years.

⁴ Includes water (potable and recycled) operating and non-operating expenses, excluding interest expense and depreciation. In FY 2020-21 the State Water Resources Board confirmed the pledged revenue includes potable, which was excluded in prior years.

⁵ Debt service on the wastewater revenue bonds was completed during FY 2015-16.

⁶ The golf course bonds were defeased during FY 2016-17.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
n/a	n/a	n/a	n/a	n/a	n/a
\$ 8,371,467	\$ 9,869,958	\$ 8,198,882	\$ 7,557,893	\$ 56,446,838 ^{3,4}	\$ 56,363,973
4,863,054	5,559,509	6,472,817	5,926,215	50,079,801 ^{3,4}	53,308,298
<u>\$ 3,508,413</u>	<u>\$ 4,310,449</u>	<u>\$ 1,726,065</u>	<u>\$ 1,631,678</u>	<u>\$ 6,367,037</u>	<u>\$ 3,055,675</u>
\$ 1,475,461	\$ 1,510,433	\$ 1,546,234	\$ 1,582,886	\$ 1,620,408	\$ 1,658,821
401,021	366,049	330,248	293,596	256,074	217,661
<u>\$ 1,876,482</u>	<u>\$ 1,876,482</u>	<u>\$ 1,876,482</u>	<u>\$ 1,876,482</u>	<u>\$ 1,876,482</u>	<u>\$ 1,876,482</u>
1.87	2.30	0.92	0.87	3.39	1.63
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
n/a	n/a	n/a	n/a	n/a	n/a



Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Total Population	% of S.D. County Population	% Change from Previous Year	Educational Attainment		Median Age
				% High School Graduate	% Bachelor's Degree or Higher	
2012-13	108,246	3.44%	0.53%	88.5%	35.4%	39.3
2013-14	110,169	3.45	1.78	95.6	51.3	40.3
2014-15	110,653	3.43	0.44	96.0	51.9	41.1
2015-16	112,930	3.43	2.06	95.6	54.8	42.1
2016-17	113,725	3.43	0.70	95.8	54.2	41.9
2017-18	114,622	3.43	0.79	95.7	55.0	42.3
2018-19	115,241	3.44	0.54	95.7	58.1	42.6
2019-20	114,463	3.42	-0.68	95.0	59.5	44.4
2020-21	115,501	3.48	0.91	95.2	59.5	42.9
2021-22	115,585	3.52	0.07	97.1	60.4	41.8

Sources: MuniServices, LLC

Population projections are from the California Department of Finance

Household and demographic characteristics estimates are from the United States Census Data Sets Tables.

Unemployment rate estimates are from the California Employment Development Department, Bureau of Labor Statistics.

¹ Personal income is the estimated total aggregate income for the total population.

² Unemployment increase in FY 2019-20 is due to the COVID-19 pandemic.

Average Household Size	Personal Income (millions) ¹	Per Capita Personal Income	City Unemployment Rate
2.63	\$ 4,403	\$ 40,672	5.9%
2.53	4,862	44,134	6.30
2.30	4,907	44,345	4.30
2.68	5,741	50,838	5.20
2.58	6,060	53,285	4.20
2.60	6,496	56,675	3.00
2.60	6,889	59,780	2.60
2.60	6,101	53,300	13.50 ²
2.38	7,751	67,111	8.11
2.39	8,910	77,085	2.40





Principal Employers
Current Fiscal Year and Nine Years Ago

<u>Employer</u>	<u>Industry</u>	<u>Fiscal Year 2021-22</u>			<u>Fiscal Year 2012-13</u>		
		<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
ViaSat, Inc.	Information Technology	4,213	1	5.40%	1,510	2	2.44%
Legoland California	Hospitality/Tourism	2,300	2	2.95%	1,422	4	2.29%
Thermo Fisher Scientific	Life Sciences	2,332	3	2.99%			
Carlsbad Unified School District	Education	1,094	4	1.40%	903	7	1.46%
Omni La Costa Resort & Spa	Hospitality/Tourism	900	5	1.15%	932	6	1.50%
City of Carlsbad	Government	783	6	1.00%	675	9	1.09%
Gemological Institute of America	Research/Education	771	7	0.99%	794	8	1.28%
Ionis Pharmaceuticals	Life Sciences	671	8	0.86%			
Park Hyatt Aviara	Hospitality/Tourism	648	9	0.83%			
TaylorMade Golf Company	Action Sports	514	10	0.66%	954	5	1.54%
Callaway Golf Company	Action Sports				1,637	1	2.64%
Life Technologies	Life Sciences				1,454	3	2.35%
Zimmer Dental, Inc	Manufacturing				673	10	1.09%
Subtotal Employees		14,226		18.24%	10,954		17.67%
Total Employees Citywide (estimate)		78,000			62,000		

Source: City of Carlsbad Business License Data



**Authorized Full-Time and 3/4-Time City Government Employees by Program Area
Last Ten Fiscal Years**

<u>Program Area</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Policy and Leadership Group				
City Attorney	7.00	7.00	7.00	7.00
City Clerk Services	6.00	5.00	5.00	5.00
City Council	1.00	1.00	1.00	1.00
City Manager	7.00	7.00	7.00	7.00
City Treasurer	0.75	0.75	0.75	0.75
Communications & Engagement	2.75	2.75	4.75 ¹	5.00
Administrative Services				
Administration	-	-	-	-
Finance	30.50	31.50	31.50	32.50
Human Resources	9.00	9.00	11.00	11.00
Information Technology	22.50	22.50	22.50	19.50
Innovation & Economic Development	-	-	-	-
Public Safety				
Police	161.00	161.00	162.00	168.00
Fire	87.75	88.00	89.00	89.00
Community Services				
Community Services Administration	-	-	-	-
Community Development	47.00	44.00	44.00	44.00
Housing & Homeless Services	10.00	10.00	12.00	13.00
Library & Cultural Arts	51.25	51.25	50.25 ¹	50.50
Parks & Recreation	68.40	67.60	61.60 ¹	58.15
Public Works				
Construction Management & Inspection	-	-	-	-
Environmental Management	-	-	-	8.50 ²
Fleet & Facilities	-	-	-	-
General Services	39.55	40.60	39.90	28.10 ²
Public Works Administration	-	-	-	8.05 ²
Transportation	54.40	53.40	55.90	57.35 ²
Utilities	67.65	65.40	64.60	60.85 ²
Limited Term Personnel (Full-Time)	1.00	2.00	-	3.75
Total Full Time Authorized Employees	674.50	669.75	669.75	678.00
Net Increase/(decrease) over prior year	(9.75)	(4.75)	-	8.25

Source: City of Carlsbad Operating Budget

Notes: Table Includes both full-time and 3/4 time employees

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick-leave).

A 3/4 time employee is scheduled to work 1,560 hours per year (including vacation and sick-leave).

¹ During FY 2014-15, the Policy and Leadership and Community Services divisions were reorganized.

² During FY 2015-16, FY 2016-17, FY 2019-20 and FY 2020-21, the Public Works division restructured divisions.

³ During FY 2018-19, Police IT was consolidated with city IT, resulting in the transfer of 5.0 FTEs.

⁴ During FY 2018-19, Housing & Neighborhood Services was combined with Community Development.

⁵ During FY 2020-21, employees were moved from City Manager and Community Development to create a new office of Innovation & Economic Development and Community Services Administration.

⁶ During FY 2021-22, Housing & Homeless Services was established.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
6.00	7.00	7.00	8.00	8.00	8.00
5.00	6.00	6.00	7.00	7.00	7.00
1.00	1.00	1.00	2.00	2.00	2.00
8.00	8.00	9.00	12.00	7.00 ⁵	7.00
0.75	0.75	0.75	1.00	1.00	1.00
5.00	5.00	5.00	7.00	7.00	9.00
-	-	-	-	-	3.00
33.00	32.00	32.00	31.00	31.00	28.00
11.00	11.00	11.00	17.00	17.00	17.00
20.00	27.00	32.00 ³	35.00	37.00	37.00
-	-	-	2.00	4.00 ⁵	4.00
168.00	168.00	169.00 ³	184.00	184.00	186.00
90.00	90.00	90.00	97.75	97.75	112.00
-	-	-	-	3.00 ⁵	3.00
44.00	44.00	58.00 ⁴	63.00	61.75 ⁵	53.00 ⁶
13.00	13.00	- ⁴	-	-	14.00 ⁶
50.50	50.50	50.50	52.50	52.50	53.00
57.15	57.00	55.00	55.00	55.00	55.00
-	-	-	-	15.20 ²	15.20
9.50 ²	9.70	9.60	11.05	11.95	17.95
-	-	-	-	34.05 ²	37.05
51.30 ²	52.00	53.00	47.85 ²	-	-
9.85 ²	12.30	7.65	7.60	7.85	7.85
33.00 ²	32.00	35.00	44.15 ²	41.75	41.75
60.20 ²	59.00	61.75	62.10	61.95	63.95
6.75	7.75	4.75	0.75	-	-
683.00	693.00	698.00	747.75	747.75	782.75
5.00	10.00	5.00	49.75	-	35.00



**Operating Indicators by Function/Program
Last Ten Fiscal Years**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
General Government				
Number of applications processed (full and part-time)	10,904	9,527	8,551	8,037
Number of external new hires (full and part-time)	151	284	299	260
Number of internal promotions / transfers (full-time only)	6	47	41	31
Business licenses processed	9,422	10,327	10,735	11,449
Number of outgoing payments processed	38,441	39,310	40,663	41,398
Public Safety				
Police				
Calls for service	90,122	87,976	91,314	92,061
Average priority one response (minutes)	5.8	5.8	6.5	6.1
Cases	8,314	8,296	8,349	9,253
Fire				
Emergency responses	10,755	9,925	9,830	11,455
Response time: arrivals on scene within goal standard	71%	63%	63%	64%
Community Development				
Affordable housing units completed	59	-	-	-
Financial assistance to affordable housing projects	\$ 7,408,000	\$ -	\$ 2,646,000	\$ -
Building permits issued	1,500	1,400	1,600	3,000
Building inspections conducted	24,000	19,000	21,000	23,000
Final inspections (residential dwelling units)	440	190	200	200
Final inspections (commercial square feet)	n/a	45,000	60,000	60,000
Code Enforcement Actions (activities)	4,943	4,794	5,389	10,994
Community Services				
Library - total material circulation	1,348,333	1,369,369	1,293,282	1,103,090
Library - patron visits	821,045	791,533	804,003	609,679 ³
Cultural Arts - number of events	50	62	80	88
Arts - attendance of events	80,000	75,000	87,000	85,000
Recreation - youth sports participants	1,200	2,292 ¹	1,000	1,000
Recreation - adult sports participants	5,200	5,600	6,150	5,600
Recreation - enrichment class enrollees	12,200	10,350	19,030 ²	19,632
Recreation - special events participants	13,000	13,600	17,841 ²	19,474
Recreation - aquatics classes conducted	575	1,018 ¹	1,224	684
Trees trimmed	1,936	1,920	2,018	1,965
Public Works				
Streets				
Centerline road miles resurfaced with overlay or slurry seal	24.3	14.8	18.1	20.0
Carlsbad Municipal Water District				
Average consumption (millions of gallons per day)	15.4	15.9	14.6	12.1
Annual water deliveries (acre feet)	17,248	17,801	16,368	13,578
Water connections	28,947	29,045	29,190	29,190
Wastewater				
Sewage pumped (millions of gallons per day)	6.65	6.53	5.90	6.17
Annual flow (millions of gallons)	2,426	2,384	2,152	2,252
Wastewater connections	22,955	23,282	23,431	23,431

Source: City of Carlsbad

¹ Increases in the number of participants is the result of the opening of the Alga Norte Community Park in FY 2013-14.

² Increases in the number of enrichment class and special events participants are the results of overall higher attendance and including recategorized classes previously not classified or included as enrichment classes or special events in prior years.

³ The decrease in patron visits is due to the temporary closures of library facilities for remodeling during FY 2015-16.


⁴ The decrease is due to the time involved with the implementation of a new licensing system during FY 2016-17.

⁵ Reporting of information is not available for FY 2016-17 due to the implementation of a new permitting system.

⁶ Beginning in FY 2016-17, 2,500 acre feet of contracted desalinated water is included in the water purchase totals.

⁷ FY 2019-20 and FY 2020-21 had decreases in some public facing programs and services due to the impacts of the COVID-19 pandemic.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
9,544	9,455	8,495	8,012	5,469	6,578
292	311	345	248	198	376
58	44	66	66	24	79
8,142 ⁴	11,267	9,546	10,180	10,164	9,736
41,304	41,869	43,520	44,128	41,164	41,315
84,858	90,760	99,562	112,323	110,448	107,156
5.9	5.8	5.7	5.5	5.2	5.2
8,884	8,643	8,705	8,774	8,222	8,704
12,183	12,520	12,833	13,331	12,345	13,837
78%	76%	76%	75%	75%	70%
-	-	-	157	119	48
\$ 1,280,000	\$ -	\$ -	\$ -	\$ 8,300,000	\$ 5,250,000
4,500	4,392	4,884	4,464	4,645	4,562
27,000	22,671	21,527	21,209	17,044	14,664
600	289	215	268	309	323
95,000	155,292	2,350,975	365,644	403,397	141,285
n/a ⁵	9,538	8,154	7,360	6,443	8,065
1,243,228	1,169,247	1,185,390	975,024 ⁷	536,078 ⁷	1,033,006
720,205	685,188	668,973	483,233 ⁷	20,214 ⁷	372,671
79	82	96	51 ⁷	135 ⁷	159
79,067	65,817	61,531	37,913 ⁷	9,724 ⁷	20,844
968	1,003	1,260	993 ⁷	- ⁷	1,428
4,500	4,800	4,800	2,400 ⁷	- ⁷	1,714
17,402	12,996	17,900	9,641 ⁷	3,270 ⁷	16,540
12,150	11,645	9,600	3,705 ⁷	300 ⁷	8,575
733	778	830	770 ⁷	715 ⁷	1,061
1,971	1,954	4,340	4,678	4,500	3,025
23.8	25.8	8.3	14.9	-	24.5
13.1	14.3	13.0	12.7	13.5	13.2
14,616 ⁶	16,032	14,563	14,249	14,731	14,787
29,782	30,054	30,131	30,265	30,439	29,446
5.82	6.32	6.03	6.31	6.27	5.75
2,125	2,306	2,200	2,305	2,288	2,097
23,747	23,863	23,959	24,040	24,103	24,096



**City of
Carlsbad**
Capital Asset Statistics
Last Ten Fiscal Years

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Community Services				
Number of parks and community fields	31	33	33	33
Acres of developed parks and community fields	183	281	319	319
Acres of open space and community fields	755	728	728	728
Miles of open space trails	47	47	47	47
Number of pools	1	3	3	3
Number of community centers	4	4	4	4
Number of libraries	3	3	3	3
Number of Materials in Library Collections	625,893	581,865	574,775	563,581
Public Safety				
Fire Protection				
Number of stations	6	6	6	6
Number of fire trucks	12	13	12	12
Number of ambulances	6	8	7	6
Number of other fire vehicles	15	16	15	18
Police Protection				
Number of patrol and other vehicles	88	114	114	106
Number of motorcycles	13	13	14	15
Public Works				
Carlsbad Municipal Water District				
Miles of pipelines	534	534	534	559
Wastewater				
Miles of sewers	288	288	288	288
Streets				
Miles of streets	343	346	347	348
Number of street lights	7,179	7,236	7,262	7,265
Number of traffic signals	174	174	177	177

Source: City of Carlsbad

¹ During FY 2018-19, the number of vehicles was updated to include both active and reserve vehicles.

² In FY 2019-20, a change in the reporting methodology was implemented to include all first responder vehicles.

³ In FY 2019-20, only active lines were counted. Prior years included abandoned and future lines.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
33	33	33	33	33	34
319	319	319	319	322	339
728	728	787	802	817	963
47	47	52	52	67	51
3	3	3	3	3	3
4	5	5	5	5	5
3	3	3	3	3	3
491,956	477,149	473,154	477,042	497,407	478,825

6	6	6 ¹	6	6	6
12	13	14 ¹	13 ²	13	15
5	5	5 ¹	6 ²	6	10
20	20	25 ¹	25 ²	27	27

106	96	119 ¹	119	119	134
12	13	13 ¹	15	15	15

559	559	559	535 ³	535	549
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288	288	288	272	265	265
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350	350	350	350	350	350
7,334	7,337	7,388	7,520	7,527	8,838
177	178	179	181	181	194



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