

# Financial *Status Report*

March 31, 2023

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through March 31, 2023. It compares revenues and expenditures for the first nine months of fiscal year 2022-23 and fiscal year 2021-22. In addition, the financial status of the Water and Wastewater Enterprises are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles.

## General Fund Revenues



**Property Taxes (\$52.7 million)** – The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 8.13% for fiscal year 2022-23. This is the tenth year in a row that Carlsbad's assessed values have increased from year to year, and in line with assessed value increases with other cities in San Diego County for the year. This reflects continued strength in the regional housing market. The increase in this year's assessed values is due to a large increase in the assessed values of residential properties in the city; the city saw smaller increases in commercial and industrial property values for the year. This is the eighth year in a row since the Great Recession ended that the city saw increases in assessed values in all three property components (residential, commercial and industrial).

The property taxes for the first nine months of the fiscal year have increased by 8% as compared to the prior fiscal year. The primary reasons for the increase are:

- Current taxes are up by \$2.7 million or 7.3% mainly due to increased assessed values.
- Supplemental and surplus property taxes are \$549,000 higher when compared with the prior year.
- Aircraft taxes are also up \$560,000 or 41% due to an increase in aircrafts being housed at the airport.



**Sales Taxes (\$42.3 million)** – For the first nine months of the fiscal year, sales tax revenues are \$3.5 million higher than the same period in the previous fiscal year. Sales tax revenues to date for the current fiscal year represent the city's first advance for the first calendar quarter of 2023, the city's sales tax revenues for the third and fourth calendar quarters of 2022, and a large portion of the city's second calendar quarter of 2022 sales tax revenues.

In the prior fiscal year, the city saw accelerated recovery from the impacts of the COVID-19 pandemic including the shelter-in-place orders, which essentially shut down all non-essential businesses, and where small businesses in the State of California were allowed to defer sales tax payments. FY 2021-22 experienced historically high levels of sales tax revenues.

For sales occurring in the fourth calendar quarter of 2022 (the most recent data available), key year-over-year gains were seen in new auto sales and light industry. During the same period, key declines were seen in apparel stores. The largest economic segments in the city are automobile dealers, general retail stores, and restaurants. Together, they generate 76% of the city's sales tax revenues.



**Transient Occupancy Tax (\$26.5 million)** – The city’s third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$28.8 million for the current fiscal year. A tax of 10% of the rent amount is collected on all occupancies less than 30 days (transient) in duration. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of February 2023. TOT collected for the nine months of the fiscal year reflects an increase of \$4.4 million, or 20%, more than the previous year.

Currently, there are 4,776 hotel rooms in service (of 5,067 total rooms built in the city and 343 registered short-term vacation rentals). The average occupancy of hotel rooms over the most recent 12 months has been 70.8% which is slightly higher than 65.0% at this time last year.



**Business License Tax (\$2.6 million)** – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$6.2 million for the current fiscal year. Business license revenues are down \$192,500, or 4%, from the previous fiscal year. The decrease is due to a reduction in payments received for overdue business license renewals and penalties that were received last year and as a result of COVID-19.

There are currently 9,514 licensed businesses operating within the city, five less than the prior year. The majority of taxed businesses (6,375 businesses) are located in Carlsbad, with 2,462 of these businesses home-based.

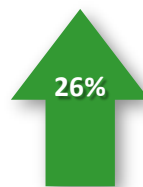


**Interdepartmental Charges (\$4.4 million)** – Interdepartmental charges are up by \$453,000 when compared with the same period last year. These charges are generated through engineering services charged to capital projects (up \$281,000 due to more staff time charged to capital projects); reimbursed work from other funds (up \$15,700); and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund (up \$156,000).



**Income from Investments and Property (\$4.7 million)** – For the first nine months of the fiscal year, income from investments and property is up \$730,000 compared to the previous fiscal year. This increase is largely due to a 53.6% rise in yield from 1.16% as of March 2022 to 2.03% as of March 2023.

Throughout the pandemic, the Federal Reserve had maintained an effective benchmark rate between 0 and 0.25%. However, inflation has been on a historic rise for much of the last year and resulted in the Federal Reserve increasing benchmark rates all the way to 4.75%-5% as of March 2023. While 2022 saw repeated and large interest rate hikes, 2023 is expected to see hiking interest rates at a slower and more deliberate pace.



**Recreation Fees (\$2.2 million)** – Recreation fees are generated through instructional classes, camps, youth and adult sports, special events, parent participation preschool, senior programs, and various aquatic programs. Recreation revenues are up by \$461,000 compared to last year at this time. While programs began to reopen more in the summer of 2021, this increase can also be attributed to recovery growth since the onset of the pandemic.



**Development Related Revenues (\$3.5 million)** – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 20% increase for the first nine months of the fiscal year.

Development related fees are paid by developers to cover a portion of the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Activity during the third fiscal quarter of fiscal year 2022-23 included permits associated with the new residential construction of 16 second dwelling units, 12 condominiums, 3 single family homes, 110 apartments (70 for Aviara Apartments and 40 for Pacific Wind Apartments) and various homeowner improvements. Commercial permit activity included permits associated with the Beach Village Life Hotel (40,000 sq. ft.) and a commercial building at the Raceway development (27,000 sq. ft.) as well as permits related to various tenant improvements.

One source of development related revenue is building permits, which are up 43% compared to last fiscal year. The year-to-date valuation of new construction in the current fiscal year is \$194.1 million. This represents a \$61.5 million, or 46%, increase over the previous fiscal year.



**Franchise Tax (\$2.6 million)** – Franchise taxes are generated from public utility sources, such as San Diego Gas & Electric (SDG&E), trash collection franchises, and cable franchises conducting business within city limits. Franchise tax revenue is estimated to be at \$6.9 million for the current fiscal year. Year-to-date franchise taxes are \$342,000 higher when compared to the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are up \$7,200 representing a relatively nominal amount of change for subscription services (premium video, equipment rental, on-demand, and programming services). An increase in trash collection revenue of \$304,000 resulted from the city’s most recent contract with Republic Services, the city’s waste services provider.

SDG&E pays franchise taxes for the use of public land over which they transport gas and electric services. In addition, SDG&E pays an “in-lieu” franchise tax based on the value of gas and electricity transported through SDG&E lines but purchased from another source. The “in-lieu” tax was put in place to capture the franchise taxes on gas and electricity that is transported using public lands, but which would not otherwise be included in the calculations for franchise taxes. Approximately 46% of the city’s franchise taxes are anticipated to be received from SDG&E in April 2023.



**Ambulance Fees (\$3.9 million)** – The city bills any individual who is transported in one of the city’s ambulances. Through March 2023, receipts from ambulance fees are up \$1.6 million, or 70%, compared to last fiscal year. The increase in revenue for the first nine months of the fiscal year is mainly due to an increase in the number of billable transports, 5,525 in the first nine months of fiscal year 2022-23 versus 4,529 at the same time in the prior fiscal year.



**Other Revenue Sources (\$1 million)** – Other revenue sources have increased by 72,600 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, rights-of-way, and other city-owned property; donations; reimbursement from the Gas Tax Fund for traffic signal maintenance; and miscellaneous reimbursed expenses and refunds of prior year fees. The increase

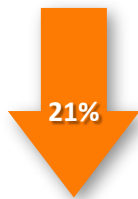
to date is related to higher amounts received for developer funded studies in the current fiscal year when compared to the prior fiscal year.



**Other Licenses and Permits (\$724,000)** – Other licenses and permits consist of fire protection services, right-of-way, lagoon, grading, hazardous uses, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity. Other licenses and permit revenues can vary throughout the year. To date, the decrease of \$91,000 is primarily a result of decreased coastal development and right of way permits when compared to the same period last year.



**Fines and Forfeitures (\$301,000)** – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. The increase to date of \$48,000 is mainly due to increases in code violation assessments.

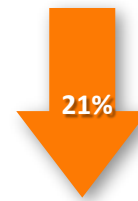


**Intergovernmental Revenues (\$875,000)** – Intergovernmental revenues include homeowners property tax exemption revenue and miscellaneous receipts received from the state or federal governments, as well as local school districts. Various miscellaneous receipts comprise the \$875,000 received this year which represents a decrease of 21% over the same period last year. This decrease is mainly due to federal reimbursements received for COVID-19 related sick leave that were received in the prior fiscal year that were not repeated in the current

fiscal year.



**Transfer Taxes (\$934,000)** – When real property is sold, the County Assessor’s Office charges a transfer tax. The transfer tax rate in San Diego County is \$0.0011 multiplied by the selling price of the property. The city receives 50% of the transfer tax charged for sales within the City of Carlsbad. Revenues have decreased over the same period last year due to a decrease in property transfers.



**Other Charges or Fees (\$994,000)** – Other charges or fees are generated through the sale of city documents, such as staff reports, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc. These fees are down by \$272,000, or 21% mainly due to a decrease in fire mutual aid response reimbursements when compared to the prior fiscal year.

A detailed schedule of General Fund revenues is provided on the following page.

**GENERAL FUND  
REVENUE COMPARISON**

	REVENUE BUDGETED FOR FY 2022-23	REVENUE EXPECTED THROUGH 03/31/23	ACTUAL FY 2022 AS OF 03/31/22	ACTUAL FY 2023 AS OF 03/31/2023	CHANGE FROM YTD 2022 TO YTD 2023	PERCENT CHANGE
<b>TAXES</b>						
PROPERTY TAX	\$81,508,000	\$49,481,343	\$48,575,209	\$52,678,138	\$4,102,929	8%
SALES TAX	49,123,000	37,278,001	38,835,524	42,346,454	3,510,930	9%
TRANSIENT OCCUPANCY TAX	28,803,000	19,653,769	22,110,079	26,462,680	4,352,601	20%
FRANCHISE TAX	6,958,000	2,491,844	2,281,602	2,623,485	341,883	15%
BUSINESS LICENSE TAX	6,242,000	4,633,539	4,913,611	4,721,106	(192,505)	-4%
TRANSFER TAX	1,570,000	1,062,578	1,474,559	934,212	(540,347)	-37%
<b>TOTAL TAXES</b>	<b>174,204,000</b>	<b>114,601,074</b>	<b>118,190,584</b>	<b>129,766,075</b>	<b>11,575,491</b>	<b>10%</b>
<b>INTERGOVERNMENTAL</b>						
VEHICLE LICENSE FEES	50,000	50,000	133,433	118,477	(14,956)	-11%
HOMEOWNERS EXEMPTIONS	353,000	176,500	169,133	168,461	(672)	0%
OTHER REIMBURSEMENT	752,809	82,134	809,413	587,742	(221,671)	-27%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>1,155,809</b>	<b>308,634</b>	<b>1,111,979</b>	<b>874,680</b>	<b>(237,299)</b>	<b>-21%</b>
<b>LICENSES AND PERMITS</b>						
BUILDING PERMITS	900,000	586,587	1,102,455	1,577,122	474,667	43%
OTHER LICENSES & PERMITS	963,000	745,224	815,730	724,367	(91,363)	-11%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>1,863,000</b>	<b>1,331,811</b>	<b>1,918,185</b>	<b>2,301,489</b>	<b>383,304</b>	<b>20%</b>
<b>CHARGES FOR SERVICES</b>						
PLANNING FEES	456,000	311,693	476,136	395,491	(80,645)	-17%
BUILDING DEPARTMENT FEES	895,317	626,907	604,745	750,031	145,286	24%
ENGINEERING FEES	608,900	471,302	723,953	757,505	33,552	5%
AMBULANCE FEES	3,850,000	2,596,243	2,309,838	3,917,891	1,608,053	70%
RECREATION FEES	2,315,500	1,520,842	1,774,109	2,235,009	460,900	26%
OTHER CHARGES OR FEES	1,504,300	1,114,380	1,266,043	993,975	(272,068)	-21%
<b>TOTAL CHARGES FOR SERVICES</b>	<b>9,630,017</b>	<b>6,641,368</b>	<b>7,154,824</b>	<b>9,049,902</b>	<b>1,895,078</b>	<b>26%</b>
<b>FINES AND FORFEITURES</b>	<b>210,750</b>	<b>155,453</b>	<b>252,963</b>	<b>301,440</b>	<b>48,477</b>	<b>19%</b>
<b>INCOME FROM INVESTMENTS &amp; PROPERTY</b>	<b>5,481,000</b>	<b>3,851,180</b>	<b>3,923,400</b>	<b>4,655,445</b>	<b>732,045</b>	<b>19%</b>
<b>INTERDEPARTMENTAL CHARGES</b>	<b>5,236,449</b>	<b>3,858,705</b>	<b>3,916,308</b>	<b>4,368,935</b>	<b>452,627</b>	<b>12%</b>
<b>OTHER REVENUE SOURCES</b>	<b>1,275,564</b>	<b>1,021,693</b>	<b>946,981</b>	<b>1,019,582</b>	<b>72,601</b>	<b>8%</b>
<b>TRANSFERS IN</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>(10,000)</b>	<b>-100%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$199,066,589</b>	<b>\$131,779,919</b>	<b>137,425,224</b>	<b>\$152,337,548</b>	<b>\$14,912,324</b>	<b>10.9%</b>

(1)

(1) Calculated General Fund revenues are 16% above estimates as of March 31, 2023.

## Expenditures

Total General Fund expenditures and encumbrances through the month of March 2023 are \$165.3 million, compared to \$163.2 million at the same time last year. While the year-over-year change is \$2.1 million or 1.3%, there are varying factors in how each of the respective years' expenditure totals are derived. During the first quarter of fiscal year 2021-22, City Council authorized a \$10.7 million transfer related to the Technology Investment Program in support of the Strategic Digital Transformation Investment Program, a \$7.8 million transfer to the General Capital Construction Fund from fiscal year 2020-21 General Fund surplus, and a \$5.5 million additional discretionary payment to CalPERS. During the first quarter of fiscal year 2022-23, City Council authorized a \$10.2 million transfer to the city's Workers' Compensation Internal Service Fund, a \$1 million transfer to the city's Risk Management Internal Service Fund, and a \$1.4 million to the city's Fleet Maintenance Internal Service Fund. While surplus authorizations in accordance with City Council Policy Statement No. 87 were higher in fiscal year 2021-22 and resulted in additional expenditures through the first two quarters, the fiscal year 2022-23 adopted budget was \$13.8 million or 7.5% greater than the previous year which contributed to comparable expenditure totals in both years.

The remaining budget available through the fiscal year ending June 30, 2023, is \$62.9 million, or 27.6%. If funds were spent in the same proportion as the previous year, the General Fund would have 26.7% or \$59.4 million available. Excluding transfers out, contingencies, and non-departmental charges, the percentage available on March 31, 2023, is 28.3%, slightly less than the 28.4% available on March 31, 2022.

The adopted General Fund budget for fiscal year 2022-23 increased by 7.5% or \$13.8 million when compared to last fiscal year due to:

- Increased personnel costs (increase of \$9.8 million):
  - \$5.5 million in salaries and wages due to the addition of 24 new full-time positions and 3.4 full-time equivalent part-time positions.
  - \$3.5 million in health insurance and retirement benefits costs
  - \$0.8 million increase in other personnel costs (Medicare, unemployment and disability benefits)
  - (\$2.0) million in vacancy savings. The fiscal year 2022-23 budget introduced a mechanism for accounting for vacancy savings at the beginning of the budget cycle rather than at the end. This mechanism (1) reduces the amount of budget in the General Fund, (2) closer alignment between budgeted and actual personnel costs, (3) increased alignment with the city's 10-year forecast
- Decreased maintenance and operations costs (decrease of \$1.1 million):
  - Under the direction of the City Manager, departments were instructed to identify budgetary savings for fiscal year 2022-23 which resulted in a \$1.5 million reduction in base operating costs.
- \$6.5 million increase in transfers. This increase was a result of a temporary reduction in capital project transfers in fiscal year 2021-22 as a result of COVID-19 and its anticipated adverse fiscal impacts.

CalPERS and pension funding has been and will continue to be a challenge for participating agencies. CalPERS administers the city's defined benefit pension plan and costs have been increasing in past years as CalPERS addresses a structural shortfall in plan assets to cover unfunded liabilities. 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. Since fiscal year 2016-17, the City Council has approved additional discretionary payments of \$56.4 million to decrease future costs of the city's unfunded actuarial liability and strive to achieve a funded status of 80% in accordance with City Council Policy Statement No. 86. CalPERS latest actuarial valuation report (as of June 30, 2021), the city had a combined pension funded status of 86% which was predominantly driven by CalPERS' fiscal year 2020-21 investment return of 21.3%. This positive return will not impact the city's required contributions until fiscal year 2023-24. CalPERS recently announced preliminary net investment return of -6.1% for fiscal year 2021-22 which will significantly reduce the city's total funded status and have a tremendous impact on the city's future costs. This negative return will not impact the

city's required contributions until fiscal year 2024-25. Staff will continue to monitor CalPERS' strategies and performance and report to City Council as necessary and appropriate.

The city will continue monitoring spending and intends to return to the City Council in early 2023 with a midyear review of the General Fund's budget. Staff plans to propose adjustments to current year revenue forecasts and may propose expenditure adjustments in line with the city's evolving economic situation.

A detailed schedule of General Fund expenditures is provided below.

<b>GENERAL FUND EXPENDITURE STATUS BY DEPARTMENT</b>					
<b>DEPARTMENT DESCRIPTION</b>	<b>ADOPTED</b>	<b>WORKING</b>	<b>AS OF 03/31/2023</b>		
	<b>BUDGET FY 2022-23</b>	<b>BUDGET FY 2022-23 (a)</b>	<b>AMOUNT COMMITTED (b)</b>	<b>AVAILABLE BALANCE</b>	<b>% AVAILABLE (c)</b>
<b>POLICY AND LEADERSHIP GROUP</b>					
CITY ATTORNEY	\$2,033,508	\$2,103,944	\$1,416,806	\$687,138	32.7%
CITY CLERK SERVICES	1,394,162	1,450,310	852,767	597,543	41.2%
CITY COUNCIL	652,220	653,264	431,652	221,612	33.9%
CITY MANAGER	2,156,145	2,332,291	1,627,842	704,449	30.2%
CITY TREASURER	249,945	214,664	93,212	121,452	56.6%
COMMUNICATIONS & ENGAGEMENT	1,979,186	2,601,885	2,028,208	573,677	22.0%
<b>TOTAL POLICY AND LEADERSHIP GROUP</b>	<b>8,465,166</b>	<b>9,356,358</b>	<b>6,450,487</b>	<b>2,905,871</b>	<b>31.1%</b>
<b>ADMINISTRATIVE SERVICES</b>					
ADMINISTRATION	747,797	756,348	536,790	219,558	29.0%
FINANCE	5,472,176	6,035,401	4,204,987	1,830,414	30.3%
HUMAN RESOURCES	5,264,775	5,329,529	3,638,663	1,690,866	31.7%
INNOVATION & ECONOMIC DEVELOPMENT	2,585,951	2,653,533	1,732,603	920,930	34.7%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>14,070,699</b>	<b>14,774,811</b>	<b>10,113,043</b>	<b>4,661,768</b>	<b>31.6%</b>
<b>PUBLIC SAFETY</b>					
POLICE	51,240,884	56,662,946	41,290,823	15,372,123	27.1%
FIRE	37,756,943	39,502,653	27,426,349	12,076,304	30.6%
<b>TOTAL PUBLIC SAFETY</b>	<b>88,997,827</b>	<b>96,165,599</b>	<b>68,717,172</b>	<b>27,448,427</b>	<b>28.5%</b>
<b>COMMUNITY SERVICES</b>					
COMMUNITY SERVICES ADMINISTRATION	675,917	842,700	641,077	201,623	23.9%
COMMUNITY DEVELOPMENT	10,384,700	12,754,845	8,992,864	3,761,981	29.5%
HOUSING & HOMELESS SERVICES	3,134,115	3,838,192	2,936,682	901,510	23.5%
LIBRARY & CULTURAL ARTS	14,088,425	14,422,200	9,873,525	4,548,675	31.5%
PARKS & RECREATION	21,167,014	22,026,639	16,417,954	5,608,685	25.5%
<b>TOTAL COMMUNITY SERVICES</b>	<b>49,450,171</b>	<b>53,884,576</b>	<b>38,862,102</b>	<b>15,022,474</b>	<b>27.9%</b>
<b>PUBLIC WORKS</b>					
PUBLIC WORKS ADMINISTRATION	1,440,649	1,508,318	1,043,202	465,116	30.8%
CONSTRUCTION MANAGEMENT & INSPECTIONS	3,262,768	3,511,909	2,358,527	1,153,382	32.8%
ENVIRONMENTAL SUSTAINABILITY	1,159,789	1,639,413	1,175,334	464,079	28.3%
FACILITIES	6,768,736	8,366,112	6,356,886	2,009,226	24.0%
TRANSPORTATION	9,707,559	11,259,626	8,657,802	2,601,824	23.1%
<b>TOTAL PUBLIC WORKS</b>	<b>22,339,501</b>	<b>26,285,378</b>	<b>19,591,751</b>	<b>6,693,627</b>	<b>25.5%</b>
<b>NON-DEPARTMENTAL &amp; CONTINGENCY</b>					
(d) OTHER NON-DEPARTMENTAL	1,021,658	3,019,456	759,871	2,259,585	74.8%
OPERATING TRANSFERS OUT	13,600,000	24,208,252	20,808,267	3,399,985	14.0%
CONTINGENCY	500,000	492,224	0	492,224	100.0%
<b>TOTAL NON-DEPT &amp; CONTINGENCY</b>	<b>15,121,658</b>	<b>27,719,932</b>	<b>21,568,138</b>	<b>6,151,794</b>	<b>22.2%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$198,445,022</b>	<b>\$228,186,654</b>	<b>\$165,302,693</b>	<b>\$62,883,961</b>	<b>27.6%</b>

(a) Working budget includes the adopted budget, open encumbrances from the end of the prior fiscal year, approved carry forwards of the prior fiscal year and all other council approvals.

(b) Actual expenditures on a budgetary basis include encumbrances and exclude non-budgeted items.

(c) Amount available would be 26.7% if funds were spent in the same proportion as the previous year.

(d) Other non-departmental includes property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

## Council Contingency

The City Council has allocated \$500,000 out of the General Fund budget for unanticipated emergencies or unforeseen program needs. Below is a listing of the City Council's contingency:

### CONTINGENCY ACCOUNT USE OF FUNDS

EXPLANATION	AMOUNT	DATE	RESOLUTION NUMBER
<b>ADOPTED BUDGET</b>	\$500,000		
<b>USES:</b>			
Community Spirit Grant - Carlsbad Educational Foundation-Razorback Invitational	(1,915)	8/8/2022	NA - See Note 1
Community Spirit Grant - Carlsbad Chamber of Commerce - Older & Bolder Expo	(5,000)	8/8/2022	NA - See Note 1
Community Spirit Grant - Carlsbad High School - Lancer Day Parade	<u>(861)</u>	10/27/2022	NA - See Note 1
<b>TOTAL USES</b>	<u>(7,776)</u>		
<b>AVAILABLE BALANCE</b>	<u><b>\$492,224</b></u>		

Note 1 - City Council Policy 51 gives authorization to the City Manager, or designee, to approve Winning Teams and Community Spirit Grants up to \$5,000 per grant.

## Donations

Carlsbad Municipal Code 2.08.100 authorizes the city manager to accept donations on behalf of the city in an amount or of value of up to \$5,000 per donation. These donations shall be used in accordance with the donor's intent or added to the city's contingency account. Below is a listing of all donations, that have been accepted during fiscal year 2022-23:

### Donations Fiscal Year 2022 - 23

Department	Intention	Qtr. 1	Qtr. 2	Jan.	Feb	Mar	Qtr. 3	Total
Parks & Recreation	Leo Carrillo Ranch Cash Donations	\$6,166	\$1,329	\$263	\$357	\$5,474	\$6,094	\$13,589
Parks & Recreation	Opportunity Grant Donations	3,253	2,207	473	1,200	1,796	3,469	8,929
Parks & Recreation	Senior Center Cash Donations	1,894	1,962	1,145	707	223	2,075	5,931
Parks & Recreation	Senior Meals Cash Donations	3,392	4,380	1,682	2,138	1,711	5,531	13,303
Parks & Recreation	Senior Transportation Cash Donations	375	353	160	184	177	521	1,249
Parks & Recreation	Special Events Cash Donations	1,000	0	0	2	0	2	1,002
Parks & Recreation	Teen Programs	0	0	0	2,266	0	2,266	2,266
Parks & Recreation	Tree San Diego planting event (Stagecoach)	0	4,900	0	0	0	0	4,900
Subtotal - Parks & Recreation		\$16,080	\$15,131	\$3,723	\$6,854	\$9,381	\$19,958	\$51,169
Library & Cultural Arts	Book Purchases	\$5,150	\$150	\$0	\$0	\$0	\$0	\$5,300
Library & Cultural Arts	Genealogy Program	0	3,039	3,035	0	0	3,035	6,074
Library & Cultural Arts	Films in Schulman Auditorium	0	1,050	0	0	0	0	1,050
Library & Cultural Arts	Support Library Programs and Services	148	2,007	1,000	1	0	1,001	3,156
Subtotal - Library & Cultural Arts		\$5,298	\$6,246	\$4,035	\$1	\$0	\$4,036	\$15,580
Fire	Food gifts for crews	\$0	\$417	\$0	\$50	\$0	\$50	\$467
Subtotal - Fire		\$0	\$417	\$0	\$50	\$0	\$50	\$467
<b>Total Donations</b>		<b>\$21,378</b>	<b>\$21,794</b>	<b>\$7,758</b>	<b>\$6,905</b>	<b>\$9,381</b>	<b>\$24,044</b>	<b>\$67,216</b>



# Water Enterprise

WATER OPERATIONS FUND						
March 31, 2023						
	BUDGET	YTD (*)	YTD (*)	CHANGE FROM	PERCENT	
	FY 2022-23	3/31/2022	3/31/2023	YTD 2021-22 TO	CHANGE	
				YTD 2022-23		
<b>REVENUES:</b>						
WATER DELIVERY	\$ 41,300,000	\$ 30,322,078	\$ 29,881,589	\$ (440,489)	-1.5%	
INTEREST	354,500	259,028	393,020	133,992	51.7%	
MISC. SERVICE CHARGES	321,000	210,981	212,396	1,415	0.7%	
PROPERTY TAXES	4,441,344	2,916,091	3,138,013	221,922	7.6%	
FINES, FORFEITURES & PENALTIES	161,750	93,895	283,142	189,247	201.6%	
OTHER REVENUES	411,544	2,680,209	383,125	(2,297,084)	-85.7%	
<b>TOTAL OPERATING REVENUE</b>	<b>46,990,138</b>	<b>36,482,282</b>	<b>34,291,285</b>	<b>(2,190,997)</b>	<b>-6.0%</b>	
<b>EXPENSES:</b>						
STAFFING	4,301,517	2,987,396	3,138,681	151,285	5.1%	
INTERDEPARTMENTAL SERVICES	3,161,356	2,207,606	2,371,338	163,732	7.4%	
PURCHASED WATER	27,300,000	18,754,280	18,674,264	(80,016)	-0.4%	
MWD/CWA FIXED CHARGES	6,885,000	5,042,759	5,098,290	55,531	1.1%	
OUTSIDE SERVICES/MAINTENANCE	2,411,554	625,643	619,764	(5,879)	-0.9%	
DEPRECIATION/REPLACEMENT	5,000,000	3,375,000	3,749,999	374,999	11.1%	
MISCELLANEOUS EXPENSES	1,106,939	493,862	641,638	147,776	29.9%	
CAPITAL OUTLAY	77,088	16,958	32,776	15,818	93.3%	
<b>TOTAL OPERATING EXPENSES</b>	<b>50,243,454</b>	<b>33,503,504</b>	<b>34,326,751</b>	<b>823,246</b>	<b>2.5%</b>	
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (3,253,316)</b>	<b>\$ 2,978,778</b>	<b>\$ (35,466)</b>	<b>\$ (3,014,243)</b>	<b>-101.2%</b>	

(\*) Adjusted to reflect timing differences for water purchases and depreciation.

## Revenues



- Decrease in water operating revenues due to 4.62% decrease in water volume sales, offset by increase in user rates in January 2023.
- Interest earnings increased due to a 53.6% increase in the yield of the Treasurer's portfolio combined with an 8.5% increase in the monthly average cash balance.
- The increase in property taxes is primarily due to increase in assessed property values.
- The increase in fines is due to reinstatement of customer late charges starting in January 2022.
- Decrease in other revenues was due to a prior year receipt of \$1.4 million for the Carlsbad Municipal Water District's share of damages awarded for rates that were unlawfully assessed to the city between 2011 and 2014, and a transfer in of \$1.1 million from other city funds due to a consolidation of the city's CalPERS post retirement benefit plans.

## Expenses



- The increase in staffing expenses includes salary increases and vacancies experienced in prior fiscal year offset by an annual required contribution to the city's unfunded pension liability balance with CalPERS.
- Higher interdepartmental expenses resulted from increased personnel related costs, and general liability insurance.
- Purchased water expenses have decreased from the prior year due to a 7.7% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) offset by a 7.9% decrease in the amount of water purchased.
- Miscellaneous expenses increased from timing of purchase of replacement meters.
- Capital outlay increased due to additional fleet vehicle purchase.

# Wastewater Enterprise

<b>WASTEWATER OPERATIONS FUND</b>					
<b>March 31, 2023</b>					
	<b>BUDGET</b>	<b>YTD*</b>	<b>YTD*</b>	<b>CHANGE FROM</b>	<b>PERCENT</b>
	<b>FY 2022-23</b>	<b>3/31/2022</b>	<b>3/31/2023</b>	<b>YTD 2021-22 TO</b>	<b>CHANGE</b>
				<b>YTD 2022-23</b>	
<b>REVENUES:</b>					
CHARGES FOR CURRENT SERVICES	19,000,000	11,330,025	13,953,238	2,623,213	23.2%
INTEREST	95,000	74,094	107,439	33,345	45.0%
OTHER REVENUES	181,500	106,914	280,600	173,686	162.5%
<b>TOTAL OPERATING REVENUE</b>	<b>19,276,500</b>	<b>11,511,033</b>	<b>14,341,277</b>	<b>2,830,244</b>	<b>24.6%</b>
<b>EXPENSES:</b>					
STAFFING	2,971,244	1,926,466	1,997,038	70,572	3.7%
INTERDEPARTMENTAL SERVICES	1,519,845	1,007,995	1,133,334	125,339	12.4%
ENCINA PLANT SERVICES	4,665,000	5,427,201	4,423,161	(1,004,040)	-18.5%
OUTSIDE SERVICES/MAINTENANCE	1,825,185	256,096	291,529	35,433	13.8%
DEPRECIATION/REPLACEMENT	5,300,000	3,975,000	3,974,999	(1)	0.0%
MISCELLANEOUS EXPENSES	1,158,133	427,250	507,183	79,933	18.7%
CAPITAL OUTLAY	9,750	46,811	0	(46,811)	-100.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>17,449,157</b>	<b>13,066,819</b>	<b>12,327,244</b>	<b>(739,575)</b>	<b>-5.7%</b>
<b>OPERATING INCOME/LOSS</b>	<b>1,827,343</b>	<b>(1,555,786)</b>	<b>2,014,033</b>	<b>3,569,819</b>	<b>-229.5%</b>

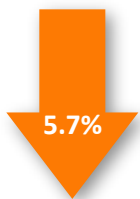
(\*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

## Revenues



- Charges for current services are higher than in the prior year due primarily to a 20% rate increase that went into effect January 2023.
- Interest earnings increased due to a 53.6% increase in the yield of the Treasurer's portfolio combined with a 7.8% increase in the monthly average cash balance.
- The increase in other revenues is due to customer late charges resuming after the COVID-19 pandemic in January 2022 and reimbursement for interdepartmental labor charges.

## Expenses



- The increase in staffing expenses is driven by salary increases offset by annual required contribution to the city's unfunded pension liability balance with CalPERS.
- Higher interdepartmental expenses resulted from increased personnel related costs, and general liability insurance.
- Higher miscellaneous expenses from purchase of parts.
- The capital outlay in fiscal year 2021-22 was for the procurement of a utility truck.