

PREPARED BY THE FINANCE DEPARTMENT

# Financial *Status Report*



December 31, 2023

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through December 31, 2023. It compares revenues and expenditures for the first six months of fiscal year 2023-24 and fiscal year 2022-23. In addition, the financial status of the Water, Wastewater and Golf Course Enterprise Funds 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

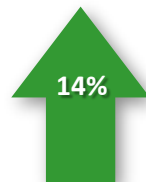


**Property Taxes (\$32.7 million)** – The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 6.26% for fiscal year 2023-24. This is the 11th year in a row that Carlsbad's 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. The increase in this year's assessed values

is due to increases in the assessed values of residential and commercial properties in the city; the city saw a smaller increase in industrial property values for the year. This is the ninth 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). Although increases in residential assessed values were recorded for fiscal year 2023-24, the county is now experiencing historically low for-sale housing inventory with housing prices remaining steady.

The property taxes for the first half of the fiscal year have increased by 10% as compared to the prior fiscal year. The primary reasons for the increase are:

- Current taxes are up by \$1.8 million or 6.7% mainly due to increased assessed property values.
- Aircraft taxes are also up \$910,000 or 47% due to an increase in aircraft assessed values (32%) combined with an increase in the number of aircrafts being housed at the airport.



**Sales Taxes (\$30.4 million)** – For the first half of the fiscal year, sales tax revenues are \$3.7 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 sales tax revenues for the third calendar quarter of 2023 and the first advance for the fourth calendar quarter of 2023.

In fiscal year 2021-22, the city experienced accelerated recovery after the impacts of the COVID-19 pandemic. Fiscal year 2022-23 saw historically high levels of sales tax revenues driven by inflation and sustained by consumer demand. The city is anticipating that this growth in sales will level off and slowdown this fiscal year.

For sales occurring in the third calendar quarter of 2023 (the most recent data available), key year-over-year gains were seen in new auto sales. The largest economic segments in the city are automobile dealers, general retail stores, and restaurants. Together, they generate approximately 70% of the city's sales tax revenues.

A significant portion of the year-over-year increase is attributed to the auto sales sector and a correction in methodology for how respective sales were being assigned and reported. It is not yet determined whether this will be a one-time or ongoing experience.



**Transient Occupancy Tax (\$19.1 million)** – The city’s third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$32.8 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 November 2023. TOT collected for the first half of the fiscal year reflects a decrease of \$1.1 million or 5.5%, when compared to the previous year.

Currently, there are 4,768 hotel rooms in service (of 5,059 total rooms built in the city and 426 registered short-term vacation rentals). The average occupancy of hotel rooms over the most recent 12 months has been 70.4% which is the same percentage when compared to this time last year. Average daily room rates in October, November and December of 2023 were 3.5% lower than the previous year on average. While occupancy rates remain stable, it will be important to monitor the impact of average daily room rate fluctuations on occupancy rates moving forward.



**Business License Tax (\$3.1 million)** – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$6.4 million for the current fiscal year. Business license revenues are up \$212,700, or 7%, from the previous fiscal year. The increase is due to an increase in license renewal revenue offset by a slight reduction in penalty revenue from overdue business license renewals when compared to the prior year.

There are currently 9,490 licensed businesses operating within the city, 12 less than the prior year. The majority of taxed businesses (6,373 businesses) are located in Carlsbad, with 2,368 of these businesses home-based.



**Interdepartmental Charges (\$3.1 million)** – Interdepartmental charges are up by \$172,100 when compared with the same period last year. These charges are generated through engineering services charged to capital projects (up \$107,000 due to more staff time charged to capital projects); reimbursed work from other funds; and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund (up \$65,000).



**Income from Investments and Property (\$3.6 million)** – For the first half of the fiscal year, income from investments and property is up \$576,700 compared to the previous fiscal year. This increase is largely due to a 42% rise in yield from 2.01% as of December 2022 to 2.49% as of December 2023 along with a 5.1% increase in the average cash balance held in the General Fund.

Throughout the pandemic, the Federal Reserve had maintained an effective benchmark interest rate between 0 and 0.25%. However, inflation which had been on a historic rise for much 2022 and into 2023 resulted in the Federal Reserve increasing benchmark rates all the way to a target range of 5.25%-5.5% as of July 2023. While 2022 saw repeated interest rate hikes, 2023 experienced smaller interest rate hikes at a slower and more deliberate pace. Recent indicators suggest that economic activity has been expanding at a solid pace, and although inflation has eased over the past year and prices have started to come down, the Federal Reserve continues to hold interest rates steady at the target range of 5.25 to 5.5%, the highest it has been in more than 20 years. It is expected that rates will hold steady with the intent to reduce as inflation decreases.



**Recreation Fees (\$1.9 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 \$133,400 compared to last year at this time. Half of this increase is attributable to an increase in aquatic lesson revenue and the other half is related to an increase in instructional class revenue.



**Development Related Revenues (\$2.1 million)** – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 12% decrease for the first three 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 second quarter fiscal year 2023-24 included permits associated with the new residential construction of 17 second dwelling units, 51 condominiums (44 units for Chinquapin Coastal and 7 units at Marja Acres), 7 single family homes, 47 apartments (Marja Acres senior affordable units) and various homeowner improvements. Commercial and Industrial permit activity included permits associated with an industrial building for Ionis (164,833 sq. ft.) and 3,427 commercial sq. ft. for a Chik-Fil-A restaurant.

One source of development related revenue is building permits, which are at the same level of \$1 million in revenues when compared to last fiscal year. The year-to-date valuation of new construction in the current fiscal year is \$181 million. This represents a \$66 million, or 58%, increase in valuation over the previous fiscal year.



**Franchise Tax (\$1.7 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 \$7.1 million for the current fiscal year. Year-to-date franchise taxes are \$30,000 higher when compared to the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down \$119,000 representing a decrease in the number of subscription service subscribers (premium video, equipment rental, on-demand, and programming services). An increase in trash collection revenue of \$149,000 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 2024.



**Ambulance Fees (\$3.3 million)** – The city bills any individual who is transported in one of the city’s ambulances. Through December 2023, receipts from ambulance fees are up \$1.2 million, or 60%, compared to last fiscal year. The increase in revenue for the first half of the fiscal year is mainly due to changes to the ambulance fee schedule that the City Council approved in June 2023 along with an increase in the number of billable transports, 3,875 in the first half of fiscal year 2023-24 versus 3,720 at the same time in the prior fiscal year.



**Other Revenue Sources (\$341,000)** – Other revenue sources have decreased by \$514,000 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; and miscellaneous reimbursed expenses and refunds of prior year fees. The decrease to date is related to higher amounts received for developer funded studies in the prior fiscal year when compared to the current fiscal year.



**Other Licenses and Permits (\$528,000)** – 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 increase of \$88,400 over the prior year is primarily a result of increased right of way and coastal development permits when compared to the same period last year.



**Fines and Forfeitures (\$191,100)** – 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 decrease to date of \$39,600 is mainly due to decreases in code violation assessments (\$42,000) when compared to the previous fiscal year as well as the elimination of overdue fines (\$8,000) for library materials offset by a small increase in parking and vehicle citations and fees.



**Intergovernmental Revenues (\$989,200)** – Intergovernmental revenues include homeowners property tax exemption revenue and miscellaneous receipts and grants received from the state or federal governments, as well as local school districts. Various miscellaneous receipts comprise the \$989,200 received this year which represents an increase of 79% over the same period last year. This increase is mainly due to state reimbursements received for two planning related state grant awards.



**Transfer Taxes (\$518,500)** – 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 (\$796,800)** – 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 up by \$264,400, or 50% mainly due to an increase in annual fire inspection fees, false alarm response fees and 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 2023-24	REVENUE EXPECTED THROUGH 12/31/23	ACTUAL FY 2023 AS OF 12/31/22	ACTUAL FY 2024 AS OF 12/31/23	CHANGE FROM YTD 2023 TO YTD 2024	PERCENT CHANGE
<b>TAXES</b>						
PROPERTY TAX	\$84,246,868	\$28,779,607	\$29,791,843	\$32,701,345	\$2,909,502	10%
SALES TAX	51,064,943	24,216,800	26,645,722	30,379,803	3,734,081	14%
TRANSIENT OCCUPANCY TAX	32,861,193	19,401,010	20,238,806	19,120,221	(1,118,585)	-5.5%
FRANCHISE TAX	7,084,717	1,545,385	1,708,792	1,738,561	29,769	2%
BUSINESS LICENSE TAX	6,435,502	2,923,621	2,887,870	3,100,617	212,747	7%
TRANSFER TAX	1,624,950	720,846	606,629	518,500	(88,129)	-15%
<b>TOTAL TAXES</b>	<b>183,318,173</b>	<b>77,587,269</b>	<b>81,879,662</b>	<b>87,559,047</b>	<b>5,679,385</b>	<b>7%</b>
<b>INTERGOVERNMENTAL</b>						
VEHICLE LICENSE FEES	83,951	0	0	0	0	0%
HOMEOWNERS EXEMPTIONS	353,000	52,686	50,768	49,142	(1,626)	-3%
OTHER REIMBURSEMENT	599,000	148,302	500,998	940,045	439,047	88%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>1,035,951</b>	<b>200,987</b>	<b>551,766</b>	<b>989,187</b>	<b>437,421</b>	<b>79%</b>
<b>LICENSES AND PERMITS</b>						
BUILDING PERMITS	1,250,000	573,472	1,009,970	1,010,424	454	0%
OTHER LICENSES & PERMITS	850,500	379,367	439,391	527,814	88,423	20%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>2,100,500</b>	<b>952,839</b>	<b>1,449,361</b>	<b>1,538,238</b>	<b>88,877</b>	<b>6%</b>
<b>CHARGES FOR SERVICES</b>						
PLANNING FEES	442,000	184,654	246,652	383,902	137,250	56%
BUILDING DEPARTMENT FEES	861,000	526,727	583,169	360,211	(222,958)	-38%
ENGINEERING FEES	774,000	408,087	522,387	333,014	(189,373)	-36%
AMBULANCE FEES	6,798,000	3,231,942	2,077,050	3,325,165	1,248,115	60%
RECREATION FEES	2,598,600	1,495,368	1,799,550	1,932,912	133,362	7%
OTHER CHARGES OR FEES	1,584,245	635,448	532,431	796,801	264,370	50%
<b>TOTAL CHARGES FOR SERVICES</b>	<b>13,057,845</b>	<b>6,482,226</b>	<b>5,761,239</b>	<b>7,132,005</b>	<b>1,370,766</b>	<b>24%</b>
<b>FINES AND FORFEITURES</b>	<b>276,200</b>	<b>158,178</b>	<b>230,765</b>	<b>191,139</b>	<b>(39,626)</b>	<b>-17%</b>
<b>INCOME FROM INVESTMENTS &amp; PROPERTY</b>	<b>5,948,225</b>	<b>2,624,278</b>	<b>3,047,278</b>	<b>3,624,004</b>	<b>576,726</b>	<b>19%</b>
<b>INTERDEPARTMENTAL CHARGES</b>	<b>5,746,232</b>	<b>2,782,555</b>	<b>2,901,367</b>	<b>3,073,469</b>	<b>172,102</b>	<b>6%</b>
<b>OTHER REVENUE SOURCES</b>	<b>987,000</b>	<b>397,580</b>	<b>854,589</b>	<b>340,600</b>	<b>(513,989)</b>	<b>-60%</b>
<b>TRANSFERS IN</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$212,480,126</b>	<b>\$91,185,911</b>	<b>96,676,027</b>	<b>\$104,447,689</b>	<b>\$7,771,662</b>	<b>8.0%</b>

(1)

(1) Calculated General Fund revenues are 15% above estimates as of December 31, 2023.



## Expenditures

Total General Fund expenditures and encumbrances-those funds either spent or committed for specific expenses- through the month of December 2023 are \$129.5 million, compared to \$124.5 million at the same time last year. The remaining budget available through the fiscal year ending June 30, 2024, is \$112.0 million, or 46.4%. If funds were spent in the same proportion as the previous year, the General Fund would have 45.7% or \$104.6 million available. Excluding transfers out, contingencies, and non-departmental charges, the percentage available on December 31, 2023, is 45.7%, slightly less than the 46.9% available on December 31, 2022.

The fiscal year 2023-24 budget was developed with a focus on resiliency over the long-term and reflects a call for departments to increase efficiency and find new ways to reduce ongoing spending. In addition to lowering base spending in the General Fund by \$2.3 million at a time when inflation is 6%, the adopted budget reduced city staffing by the equivalent of 12 positions.

With the development and adoption of the city's fiscal year 2023-24 budget, the city forecasted that ongoing spending would exceed ongoing revenues as soon as fiscal year 2025-26. Since the adoption of this year's budget and the close of fiscal year 2022-23, staff presented an updated forecast at the City Council meeting on October 24, 2023, that showed this shortfall is now projected to occur in fiscal year 2028-29, which was primarily driven by stronger-than-expected revenue performance. This year's budget scales back custodial services, nonessential park maintenance, printing and other administrative expenses, travel and training for city staff, and city cell phone use, among other areas expected to have a minimal impact on the community.

The adopted General Fund budget for fiscal year 2023-24 increased by 9.3% or \$18.5 million when compared to last fiscal year due to:

- Increased personnel costs (increase of \$6 million or 4.8%):
  - \$5.2 million in salaries and wages due to negotiated salary increases offset by a reduction in total full-time equivalent positions of 12.06.
  - \$0.2 million in health insurance and retirement benefits costs.
  - \$0.6 million increase in other personnel costs (Medicare, unemployment and disability benefits).
- Increased maintenance and operations costs (increase of \$5.6 million):
  - Overall, total maintenance and operations costs are projecting an increase, however, this category includes a one-time appropriation of \$5.22 million from General Fund reserves toward regional efforts to lower the railroad tracks in Carlsbad. Excluding this one-time use of reserves, the maintenance and operations costs are projected to increase just 0.7% for fiscal year 2023-24 when compared to fiscal year 2022-23. With year-over-year increases in inflation of 8.2% and 6.4%, respectively, this relatively minor increase in maintenance and operations is a tremendous achievement that was accomplished through a strategic analysis of budget reductions.
- Increase in transfers to other city funds (increase of \$8.3 million):
  - The city annually budgets 6% of General Fund revenues as a transfer to the Infrastructure Replacement Fund, General Capital Construction Fund and The Technology Investment Capital Fund to help fund major new construction, maintenance and replacement of city infrastructure and facilities and the city's future technology needs.
  - \$7.4 million in additional transfers was budgeted for the General Capital Construction Fund and funded by the General Fund's budgeted operating surplus. The General Capital Construction Fund is funded by the General Fund and includes many capital projects programmed in the future. The level of funding necessary to fully fund these projects is an increasing concern. This one-time transfer amount will assist with funding the city's general capital construction into the future.

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, 2022), the city had a combined pension funded status of 74.6%, reduced from the prior year's status of 86%. This reduction was predominantly driven by CalPERS' fiscal year 2021-22 investment loss of -6.1%. This negative return will not impact the city's required contributions until fiscal year 2024-25.

The City Council approved the establishment of a Public Agencies Post-Employment Benefits Trust (Section 115 Trust) on September 12, 2023. This trust allows the city to stabilize pension cost volatility, maintain local control over the city's assets and earn a potentially higher rate of return than if the assets were kept within the General Fund. The City Council approved an initial trust contribution of \$10 million on September 26, 2023.

City staff will continue to provide regular financial updates to the City Council throughout fiscal year 2023-24. Identifying a potential structural deficit early has allowed the city to take a thoughtful approach to solutions, exploring new ways to reduce spending and increase revenue.

A detailed schedule of General Fund expenditures is provided on the next page.

**GENERAL FUND  
EXPENDITURE STATUS BY DEPARTMENT**

DEPARTMENT DESCRIPTION	ADOPTED	WORKING	AS OF 12/31/23		
	BUDGET FY 2023-24	BUDGET FY 2023-24 (a)	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
<b>POLICY AND LEADERSHIP GROUP</b>					
CITY ATTORNEY	\$2,115,596	\$2,115,596	\$1,076,803	\$1,038,793	49.1%
CITY CLERK	1,274,455	1,298,267	629,782	668,485	51.5%
CITY COUNCIL	607,078	612,881	264,352	348,529	56.9%
CITY MANAGER	2,184,823	2,298,394	1,282,253	1,016,141	44.2%
CITY TREASURER	279,149	279,149	101,867	177,282	63.5%
COMMUNICATIONS & ENGAGEMENT	1,953,098	2,227,156	1,242,782	984,374	44.2%
<b>TOTAL POLICY AND LEADERSHIP GROUP</b>	<b>8,414,199</b>	<b>8,831,443</b>	<b>4,597,839</b>	<b>4,233,604</b>	<b>47.9%</b>
<b>ADMINISTRATIVE SERVICES</b>					
ADMINISTRATION	784,107	807,692	412,180	395,512	49.0%
FINANCE	5,323,368	5,726,992	2,817,345	2,909,647	50.8%
HUMAN RESOURCES	5,029,995	5,238,274	2,384,555	2,853,719	54.5%
INNOVATION & ECONOMIC DEVELOPMENT	2,608,489	2,812,757	1,460,231	1,352,526	48.1%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>13,745,959</b>	<b>14,585,715</b>	<b>7,074,311</b>	<b>7,511,404</b>	<b>51.5%</b>
<b>PUBLIC SAFETY</b>					
POLICE	55,615,155	60,559,650	32,960,048	27,599,602	45.6%
FIRE	37,882,886	41,689,777	23,797,948	17,891,829	42.9%
<b>TOTAL PUBLIC SAFETY</b>	<b>93,498,041</b>	<b>102,249,427</b>	<b>56,757,996</b>	<b>45,491,431</b>	<b>44.5%</b>
<b>COMMUNITY SERVICES</b>					
COMMUNITY SERVICES ADMINISTRATION	585,411	733,802	455,329	278,473	37.9%
COMMUNITY DEVELOPMENT	11,012,958	13,516,576	7,151,213	6,365,363	47.1%
HOUSING & HOMELESS SERVICES	2,765,195	3,219,743	1,928,073	1,291,670	40.1%
LIBRARY & CULTURAL ARTS	13,637,285	14,157,554	6,952,716	7,204,838	50.9%
PARKS & RECREATION	21,055,565	22,052,001	12,698,871	9,353,130	42.4%
<b>TOTAL COMMUNITY SERVICES</b>	<b>49,056,414</b>	<b>53,679,676</b>	<b>29,186,202</b>	<b>24,493,474</b>	<b>45.6%</b>
<b>PUBLIC WORKS</b>					
PUBLIC WORKS ADMINISTRATION	1,562,272	1,595,344	753,640	841,704	52.8%
CONSTRUCTION MANAGEMENT & INSPECTIONS	3,257,906	3,341,081	1,642,648	1,698,433	50.8%
ENVIRONMENTAL SUSTAINABILITY	1,178,783	1,580,542	882,041	698,501	44.2%
FACILITIES	7,497,115	8,752,270	5,133,531	3,618,739	41.3%
TRANSPORTATION	9,732,215	10,876,588	5,652,461	5,224,127	48.0%
<b>TOTAL PUBLIC WORKS</b>	<b>23,228,291</b>	<b>26,145,825</b>	<b>14,064,321</b>	<b>12,081,504</b>	<b>46.2%</b>
<b>NON-DEPARTMENTAL &amp; CONTINGENCY</b>					
(d) OTHER NON-DEPARTMENTAL	1,356,700	2,062,990	564,389	1,498,601	72.6%
VILLAGE TRENCHING	5,220,000	5,220,000	0	5,220,000	100.0%
OPERATING TRANSFERS OUT	21,910,000	28,210,000	17,254,998	10,955,002	38.8%
CONTINGENCY	500,000	497,000	0	497,000	100.0%
<b>TOTAL NON-DEPT &amp; CONTINGENCY</b>	<b>28,986,700</b>	<b>35,989,990</b>	<b>17,819,387</b>	<b>18,170,603</b>	<b>50.5%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$216,929,604</b>	<b>\$241,482,076</b>	<b>\$129,500,056</b>	<b>\$111,982,020</b>	<b>46.4%</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 mid-year council approvals.

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

(c) Amount available would be 45.7% 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
<b>ADOPTED BUDGET</b>	\$500,000
<b>USES:</b>	
Transfer to City Council travel budget (Resolution 2023-279)	(3,000)
<b>TOTAL USES</b>	<u>(3,000)</u>
<b>AVAILABLE BALANCE</b>	<u><u>\$497,000</u></u>

## 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 2023-24:

### Donations Fiscal Year 2023 - 24

Department	Intention	Qtr. 1	Oct.	Nov.	Dec.	Qtr. 2	Total
Parks & Recreation	Leo Carrillo Ranch Cash Donations	\$3,500	\$3,364	\$209	\$768	\$4,341	\$7,841
Parks & Recreation	Opportunity Grant Donations	2,011	800	857	239	1,896	3,907
Parks & Recreation	Senior Center Cash Donations	629	157	1,176	75	1,408	2,037
Parks & Recreation	Senior Meals Cash Donations	6,399	1,987	3,069	2,110	7,166	13,565
Parks & Recreation	Senior Transportation Cash Donations	403	147	181	133	461	864
Parks & Recreation	Special Events Cash Donations	1,000	0	0	0	0	1,000
Parks & Recreation	Teen Program Cash Donations	1	2	0	0	2	3
Parks & Recreation	Parks Maintenance Cash Donations	1,850	0	0	0	0	1,850
Subtotal - Parks & Recreation		\$15,793	\$6,457	\$5,492	\$3,325	\$15,274	\$31,067
Library & Cultural Arts	Book Purchases	\$0	\$0	\$0	\$100	\$100	\$100
Library & Cultural Arts	Support Library Programs and Services	102	121	3,002	1,264	4,387	4,489
Subtotal - Library & Cultural Arts		\$102	\$121	\$3,002	\$1,364	\$4,487	\$4,589
Fire	Food gifts for crews	\$24	\$0	\$80	\$800	\$880	\$904
Fire	Stuffed animals for ambulances	0	90	0	0	90	90
Subtotal - Fire		\$24	\$90	\$80	\$800	\$970	\$994
<b>Total Donations</b>		<b>\$15,919</b>	<b>\$6,668</b>	<b>\$8,574</b>	<b>\$5,489</b>	<b>\$20,731</b>	<b>\$36,650</b>

# Water Enterprise

## WATER OPERATIONS FUND December 31, 2023

	BUDGET FY 2023-24	YTD* 12/31/2022	YTD* 12/31/2023	CHANGE FROM YTD 2022-23 TO YTD 2023-24	PERCENT CHANGE
<b>REVENUES:</b>					
WATER DELIVERY	\$ 41,688,000	\$ 22,032,282	\$ 21,789,600	\$ (242,682)	-1.1%
INTEREST	389,000	242,381	352,792	110,411	45.6%
MISC. SERVICE CHARGES	441,000	160,054	207,295	47,241	29.5%
PROPERTY TAXES	4,729,000	1,975,123	1,288,966	(686,157)	-34.7%
FINES, FORFEITURES & PENALTIES	411,000	195,763	197,671	1,908	1.0%
OTHER REVENUES	491,000	266,560	221,075	(45,485)	-17.1%
<b>TOTAL OPERATING REVENUE</b>	<b>48,149,000</b>	<b>24,872,163</b>	<b>24,057,399</b>	<b>(814,764)</b>	<b>-3.3%</b>
<b>EXPENSES:</b>					
STAFFING	4,782,779	2,254,553	2,303,806	49,253	2.2%
INTERDEPARTMENTAL SERVICES	3,765,584	1,581,586	1,883,304	301,718	19.1%
PURCHASED WATER	30,805,000	13,684,365	15,130,334	1,445,969	10.6%
MWD/CWA FIXED CHARGES	7,550,000	3,395,390	3,398,802	3,413	0.1%
OUTSIDE SERVICES/MAINTENANCE	3,141,059	321,107	275,943	(45,164)	-14.1%
DEPRECIATION/REPLACEMENT	5,000,000	2,499,998	2,489,459	(10,539)	-0.4%
MISCELLANEOUS EXPENSES	986,543	355,556	307,283	(48,273)	-13.6%
CAPITAL OUTLAY	194,302	32,776	60,936	28,160	85.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>56,225,267</b>	<b>24,125,331</b>	<b>25,849,867</b>	<b>1,724,536</b>	<b>7.1%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (8,076,267)</b>	<b>\$ 746,832</b>	<b>\$ (1,792,468)</b>	<b>\$ (2,539,300)</b>	<b>-340.0%</b>

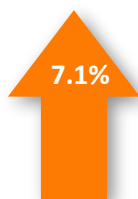
\*Adjusted to reflect timing differences for water purchases and depreciation.

### Revenues



- Decrease in water operating revenues due to 3.7% decrease in water volume sales, offset by increase in user rates effective January 2023.
- Interest earnings increased due to a 42.4% increase in the yield of the Treasurer's portfolio offset by a 6.1% decrease in the monthly average cash balance.
- The increase in misc. service charges is due to reimbursement for interdepartmental labor charges.
- The decrease in other revenues is from higher revenue in prior year due to a loss recovery.
- The decrease in property taxes is primarily due to an allocation to recycled water starting July 2023 offset by an increase in assessed property values.

### Expenses



- The increase in staffing expenses due to negotiated increases in salary.
- Higher interdepartmental expenses resulted from increased personnel related costs, and general liability insurance.
- Purchased water expenses have increased from the prior year due to a 7.8% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) offset by a 2.5% decrease in the amount of water purchased.
- Outside services decreased from asphalt repairs in prior year.
- Miscellaneous expense decreased due to reduction in association dues.
- Capital outlay decrease due to additional fleet vehicle purchase in prior year.

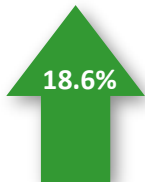
# Wastewater Enterprise

## WASTEWATER OPERATIONS FUND December 31, 2023

	BUDGET FY 2023-24	CHANGE FROM			
		YTD* 12/31/2022	YTD* 12/31/2023	YTD 2022-23 TO YTD 2023-24	PERCENT CHANGE
<b>REVENUES:</b>					
CHARGES FOR CURRENT SERVICES	21,939,000	9,172,435	10,791,754	1,619,319	17.7%
INTEREST	110,000	63,011	132,883	69,872	110.9%
OTHER REVENUES	307,000	153,627	208,495	54,868	35.7%
<b>TOTAL OPERATING REVENUE</b>	<b>22,356,000</b>	<b>9,389,073</b>	<b>11,133,132</b>	<b>1,744,059</b>	<b>18.6%</b>
<b>EXPENSES:</b>					
STAFFING	3,322,088	1,433,599	1,603,116	169,517	11.8%
INTERDEPARTMENTAL SERVICES	1,929,134	756,091	963,710	207,619	27.5%
ENCINA PLANT SERVICES	6,000,000	3,013,640	3,207,535	193,895	6.4%
OUTSIDE SERVICES/MAINTENANCE	1,993,412	190,978	215,609	24,631	12.9%
DEPRECIATION/REPLACEMENT	5,300,000	2,649,998	2,637,480	(12,518)	-0.5%
MISCELLANEOUS EXPENSES	827,614	347,678	308,652	(39,026)	-11.2%
CAPITAL OUTLAY	24,651	0	572	572	100.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>19,396,899</b>	<b>8,391,984</b>	<b>8,936,674</b>	<b>544,690</b>	<b>6.5%</b>
<b>OPERATING INCOME/LOSS</b>	<b>2,959,101</b>	<b>997,089</b>	<b>2,196,458</b>	<b>1,199,369</b>	<b>120.3%</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 in January 2023.
- Interest earnings increased due to a 42.4% increase in the yield of the Treasurer's portfolio combined with a 32.9% increase in the monthly average cash balance.
- The increase in other revenues reimbursement for interdepartmental labor charges.

### Expenses



- The increase in staffing expenses is driven by negotiated salary increases.
- Higher interdepartmental expenses resulted from increased personnel related costs, and general liability insurance.
- Lower miscellaneous expenses from purchase of parts.

# Golf Course Enterprise

## GOLF COURSE FUND December 31, 2023

	BUDGET FY 2023-24	YTD		CHANGE FROM	
		12/31/2022	12/31/2023	YTD 2022-23 TO YTD 2023-24	PERCENT CHANGE
<b>REVENUES:</b>					
GOLF COURSE	5,271,000	2,919,491	2,912,020	(7,471)	-0.3%
FOOD & BEVERAGE	4,025,000	197,309	228,971	31,662	16.0%
PRO SHOP	434,000	145,463	248,515	103,052	70.8%
PRACTICE CENTER	355,000	2,602,290	2,527,147	(75,143)	-2.9%
OTHER REVENUES	164,500	212,594	385,575	172,982	81.4%
<b>TOTAL OPERATING REVENUE</b>	<b>10,249,500</b>	<b>6,077,147</b>	<b>6,302,228</b>	<b>225,082</b>	<b>3.7%</b>
<b>EXPENSES:</b>					
GENERAL & ADMINISTRATIVE	5,801,000	2,661,986	2,985,422	323,436	12.2%
COURSE & GROUNDS	1,311,000	690,750	640,035	(50,715)	-7.3%
FOOD & BEVERAGE	348,000	181,701	187,125	5,424	3.0%
PRO SHOP	97,000	50,984	37,881	(13,103)	-25.7%
COST OF SALES	1,207,000	672,363	687,424	15,061	2.2%
DEPRECIATION/REPLACEMENT	750,000	1,700,002	375,000	(1,325,002)	-77.9%
MISCELLANEOUS EXPENSES	347,040	27,181	90,130	62,950	231.6%
CAPITAL OUTLAY	1,092,226	329,452	554,418	224,966	68.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>10,953,266</b>	<b>6,314,419</b>	<b>5,557,435</b>	<b>(756,983)</b>	<b>-12.0%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(703,766)</b>	<b>(237,272)</b>	<b>744,793</b>	<b>982,065</b>	<b>-413.9%</b>

### Revenues



- Primary operating revenues at the golf course have remained relatively consistent year over year. Slight decrease in demand offset by increase in rates.
- Other revenues increased notably over the prior period due to timing adjustments related to interest earnings on cash and investments on hand.

### Expenses



- General & Administrative costs increased over the prior period as a result of cost of living increases and lingering inflation.
- This increase was absorbed by prudent operational spend over grounds maintenance and the pro shop.
- Depreciation has decreased by 78% when compared to the prior year. This is due to the fact that the original course land improvements are now fully depreciated.
- Miscellaneous expenses appears to have increased; however, the prior period experienced a one-time accounting adjustment for legal expenses that reduced the bottom line expense total.
- Capital outlay higher from additional replacements of mower and carts.