

FISCAL YEAR ENDED

JUNE 30, 2021

Annual Comprehensive Financial Report





**Fiscal Year Ended June 30, 2021  
Annual Comprehensive Financial Report**

# Annual Comprehensive Financial Report

Fiscal Year Ended  
June 30, 2021

*Prepared by the*



Finance Department  
1635 Faraday Ave.  
Carlsbad, CA 92008  
[www.carlsbadca.gov](http://www.carlsbadca.gov)

**CITY OF CARLSBAD**  
**Annual Comprehensive Financial Report**  
**Year Ended June 30, 2021**

**Table of Contents**

	<b>Page</b>
<b>Introductory Section:</b>	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association	19
Location Map	20
List of City Officials	21
Organization Chart	22
<b>Financial Section:</b>	
Independent Auditor’s Report	23
Management’s Discussion and Analysis	26
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	46
Statement of Activities	48
Fund Financial Statements:	
Balance Sheet – Governmental Funds	50
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	53
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	54
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	57
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	58
Statement of Net Position – Proprietary Funds	60
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	64
Statement of Cash Flows – Proprietary Funds	66
Statement of Fiduciary Net Position – Fiduciary Funds	70
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	71
Notes to the Financial Statements	72
Required Supplementary Information	119
Schedule of Changes in Net Pension Liability and Related Ratios During Measurement Period	120
Schedule of Pension Plan Contributions	125
Schedule of Changes in Net OPEB Liability and Related Ratios During Measurement Period	126
Schedule of OPEB Plan Contributions	129

## Table of Contents (continued)

	<b>Page</b>
Combining and Individual Fund Financial Statements and Schedules	131
Combining Balance Sheet – Nonmajor Governmental Funds	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	136
Combining Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) – Special Revenue Funds	140
Combining Schedule of Revenue and Expenditures – Budget and Actual (Budgetary Basis) – Capital Project Funds	143
Combining Statement of Net Position – Internal Service Funds	144
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	146
Combining Statement of Cash Flows – Internal Service Funds	148
Combining Statement of Fiduciary Net Position	152
Combining Statement of Changes in Fiduciary Net Position	153

## Statistical Section:

Table of Contents	155
Financial Trends	
Net Position by Component – Last Ten Fiscal Years	156
Changes in Net Position – Last Ten Fiscal Years	158
Fund Balances of Governmental Funds – Last Ten Fiscal Years	162
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	164
Revenue Capacity	
General Governmental Tax Revenues by Source – Last Ten Fiscal Years	166
Water and Wastewater Rates – Last Ten Fiscal Years	167
Assessed Value of Taxable Property – Last Ten Fiscal Years	169
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	170
Principal Property Taxpayers – Current Year and Nine Years Ago	172
Property Tax Levies and Collections – Last Ten Fiscal Years	173
Debt Capacity	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	175
Schedule of Direct and Overlapping Bonded Debt – Current Fiscal Year	176
Direct and Overlapping Debt – Last Ten Fiscal Years	178
Legal Debt Margin Information – Last Ten Fiscal Years	180
Pledged-Revenue Coverage – Last Ten Fiscal Years	182
Demographic and Economic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	184
Principal Employers – Current Year and Nine Years Ago	187
Operating Information	
Authorized Full and $\frac{3}{4}$ Time City Government Employees by Program Area – Last Ten Fiscal Years	188
Operating Indicators by Function/Program – Last Ten Fiscal Years	190
Capital Asset Statistics – Last Ten Fiscal Years	192



This page is intentionally left blank.









November 30, 2021

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

**LETTER OF TRANSMITTAL  
FISCAL YEAR 2020-21 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Honorable Mayor, City Council, and Residents:

I am pleased to present the fiscal year 2020-21 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, 2021.

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, Davis Farr LLP, has issued an unmodified (“clean”) opinion on the city’s financial statements for the fiscal year that ended June 30, 2021. The independent auditor’s report is located at the front of the financial section of this Annual Comprehensive Financial Report.

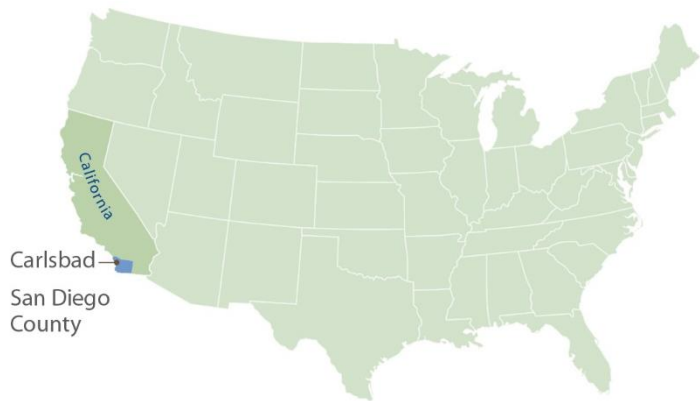
Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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 January 2022 and made publicly available on the city’s website in the city’s separately issued Compliance Reports and Other Financial Information.

## 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 February and March 2021 for three public workshops to **develop goals** for the fiscal year 2021-22 budget. Taking into account work that was already put in motion through public input into the fiscal year 2020-21 budget, the City Council asked staff to focus on four main areas:

- Engage the community through a citizens committee to create a new plan to manage growth in Carlsbad in a way that maintains an excellent quality of life
- Reduce the homeless unsheltered population, among those who want help, by 50% within five years, with quarterly reports until the city decreases the unsheltered homeless population or five years
- Bring the Fire Department into conformance with Standards of Cover evaluation
- Conduct a facilitated City Council Workshop to work on team building and City Council communication and an ethics ordinance to support the delivery of superior public service

In addition to these four goals, the City Council asked that three principles be integrated into day-to-day activities. These include early and meaningful public engagement, technology infrastructure, and diversity, equity and inclusion.

**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

Over one year ago, the unprecedented impacts of the Coronavirus Disease 2019 (“COVID-19”) began challenging the City of Carlsbad, the state of California, the nation, and the entire world. The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. The city subsequently declared a local emergency on March 17, 2020, and a countywide stay-at-home order began on March 19, 2020. The governor introduced a tiered reopening system, called the “Blueprint for a Safer Economy” on August 28, 2020, imposing criteria on tightening and loosening COVID-19 allowable activities. On June 15, 2021, the governor ordered the full reopening of California’s economy because vaccine supply was sufficient and hospitalization rates were stable and low. However, during the entire fiscal year the world, nation, state and city grappled with the ongoing economic effects of COVID-19.

The economic impacts of COVID-19 to the federal, state, and regional economies have been unparalleled, impacting all businesses. Those impacts have been disproportionate depending on industry, size of business, and even ownership structure. In Carlsbad, the most profound effects have been concentrated in the restaurant, travel, entertainment and leisure & hospitality sectors. Prior to the pandemic, Carlsbad boasted a low estimated unemployment rate of 2.9%. At the height of the pandemic, unemployment spiked to 13.8%. Unemployment improved to a low estimate of 5.7% in November 2020, before rising to 6.6% in December 2020 amid the surge of cases and corresponding health orders. Since then, estimated unemployment has dropped again and was at 6.6% in June 2021.

To spawn economic recovery, several federal, state and local programs were approved, providing substantial resources for businesses. This includes 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. Due to many of these programs, traditional debt-financing has been less appealing for businesses. National interest rates held lower than pre-pandemic levels, with one-year rates at 0.07%, ten-year rates at 1.45%, and 30-year rates at 2.06% in June 2021.

Maintaining good fiscal health remains a top priority of the city. 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, have begun to recover as COVID-19 restrictions were lifted, but the recovery will be partially offset by the loss of federal and state aid that was provided during the pandemic. Some sectors like leisure & hospitality have bounced back very strong during the 2021 summer, but others, like business travel, are projected to recover slowly, which could have a lasting impact on the city’s third largest revenue source, transient occupancy tax. Expenditures and revenues will be closely monitored, 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 prepares a Ten-Year Financial Forecast ("Forecast") that evaluates known internal and external issues impacting the city's financial condition. The Forecast is intended to help the city achieve the following:

1. The city can attain and maintain financial sustainability
2. The city has sufficient long-term information to guide financial decisions
3. The city has sufficient resources to provide programs and services for the stakeholders
4. Identify potential risks to on-going operations in the long-term financial planning process and communicate these risks on an annual basis
5. Establish mechanisms to identify early warning indicators
6. 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. It does not make 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; and allow 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 ongoing projected expenditures exceed ongoing 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. COVID-19 and the economic uncertainty associated with the pandemic period 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, constructing and operating new public facilities, and planning resources needed to build them. The city prepares a ten-year operating forecast for the General Fund, a fifteen-year Capital Improvement Program, and a five-year Strategic Digital Transformation Investment Program. As part of the Capital Improvement Program and new Strategic Digital Transformation Investment Program, the city annually calculates the amounts needed to pay for the various 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 annually, the residents of Carlsbad can be assured that the proper maintenance and replacement, as needed, will be performed on streets, parks, and many facilities for which the city is responsible.

Employee retirement costs continue to require ongoing prudent fiscal management. 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, and the City Council recently approved two additional discretionary contributions of \$10 million and \$6.4 million to boost the city's funding level to 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. In order 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 federal American Rescue Plan Act of 2021 was passed on March 11, 2021 and allocated \$12.6 million in COVID-19 recovery funds to the city, half in fiscal year 2020-21 and half in fiscal year 2021-22. The American Rescue Plan Act provides an infusion of resources to help turn the tide on the pandemic, to address its economic fallout and to 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. The city plans to use 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. Additional guidelines are still expected and pending from the United States Department of the Treasury. Following the current guidance, the city's revenue loss from the COVID-19 pandemic is estimated to have resulted in a total projected revenue loss of more than the \$12.6 million available.

## FINANCIAL MANAGEMENT POLICIES

#### Revenue Policies

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

Revenues from "one-time" or limited duration revenue sources are not used for ongoing operating expenses. Fees and charges for services are evaluated and, if necessary, adjusted annually to ensure that they generate sufficient revenues to meet service delivery costs. The city establishes user charges at a level

generally related to the full cost (operating, direct, indirect, and capital costs) of providing the service, unless City Council determines that a subsidy from the General Fund is in the public interest. The city also considers market rates and charges levied by other municipalities of similar size for like services when establishing rates, fees, and charges. Enterprise and Internal Service Funds are to be self-supporting.

#### [Expenditure and Budget Policies](#)

Major expenditure categories are projected on a ten-year basis. The city operates on a current funding basis. Expenditures are budgeted and controlled so as not to exceed current revenues plus the planned use of any accumulated fund balances. Ongoing annual operating expenditures shall not exceed annual operating revenues, 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 investment program budget each year, and the budgets are adopted by June 30 of each year. Financial status reports are prepared monthly 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 finetune 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. Finance oversees the general level of accountability related to budgetary integrity through systematic checks and balances and various internal controls.

The city's [General Fund Surplus Policy-City Council Policy No. 87](#) 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 reserve deficiencies, up to the minimum level as set forth in the [General Fund Reserve Policy-City Council Policy No. 74](#) and then any pension liability deficiencies, as defined in [City Council Policy No. 86, Pension Funding Policy](#).

The City Manager is then authorized to approve the carryforward of any unencumbered and unspent and unencumbered budget for a particular item less than \$100,000 into the following fiscal year. These items are limited to one-time expenditures and cannot be 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 best practices by forecasting 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 are 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.

In March 2021, the City Council adopted a [Long Term General Fund Capital Funding Policy-City Council Policy No. 91](#) which is designed to ensure the needs of the city are met; provide a funding source for long-term, large value capital purchases; and demonstrate continued prudent fiscal management. Additionally, the policy set guidelines for establishing a plan to replenish capital fund balances to include both how such replenishment is to be funded and the period over which the replenishment is to occur. The city commits to targeting a transfer to the city's long-term capital funds of 6% of budgeted General Fund revenues that will be proposed during the annual budget process or on an as needed basis.



## 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.

The [General Fund Reserve Policy-City Council Policy No. 74](#) 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 years 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 or not 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 and Water Operating Fund Reserves](#) 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 setting 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 [Pension Funding Policy-City Council Policy No. 86](#) 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.

## Strategic Digital Transformation Investment Program

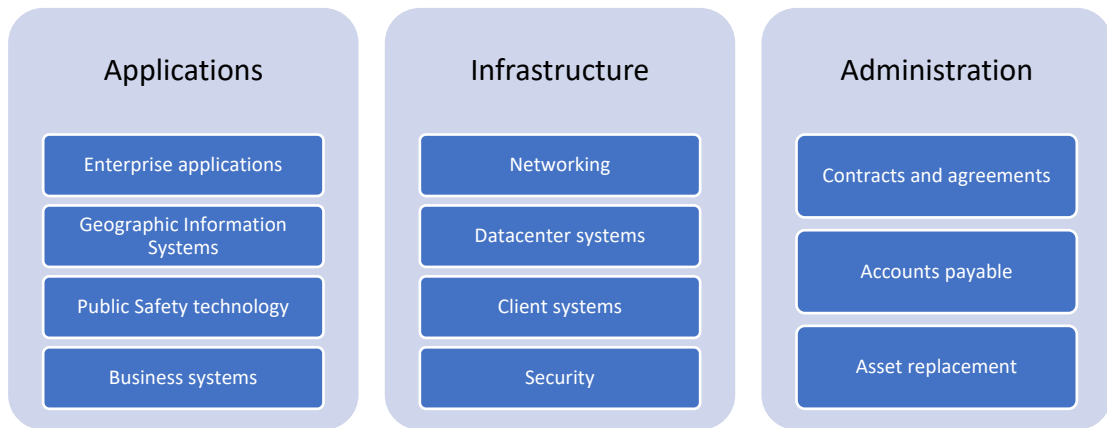
The Strategic Digital Transformation Investment Program, or SDTIP, is a comprehensive approach to planning for and funding digital transformation efforts throughout the city. It is informed by the City Council approved [Connected Carlsbad: An Inclusive City Innovation Roadmap](#), the [Internal Digital 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.

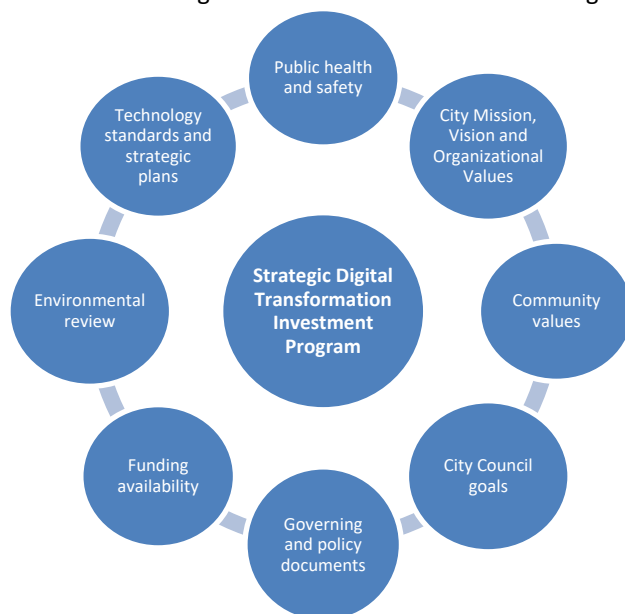
## SDTIP Project Evaluation

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



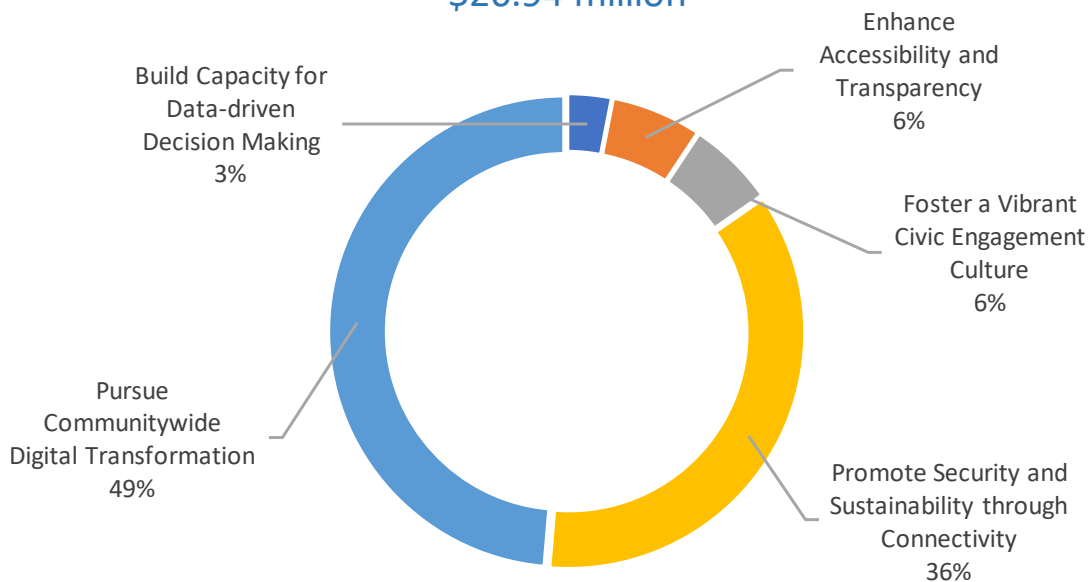
- Coordination of IT investments across the enterprise to avoid duplication, maximizing the return on investment and increasing efficiency
- Effective articulation of the business case including valid operational benefits of the project
- Accuracy and reasonableness of cost and benefit estimates
- Consideration 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.

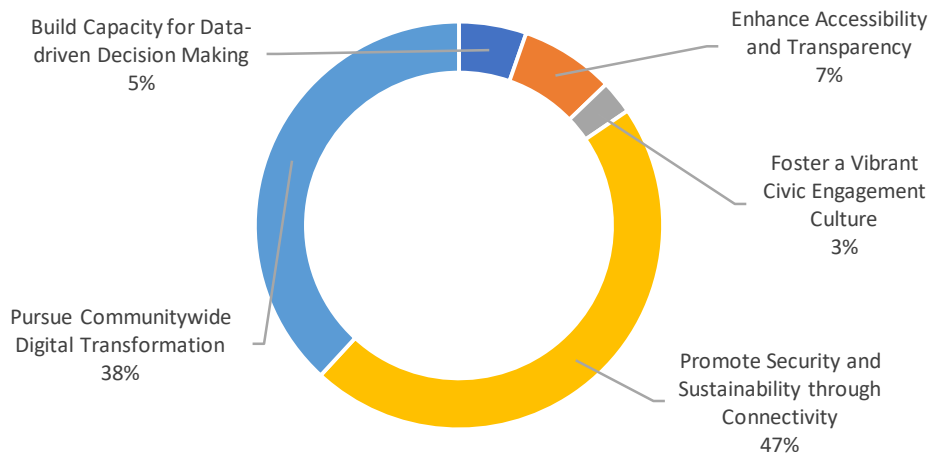
**Promote Security and Sustainability through Connectivity**  
\$9.7 million

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

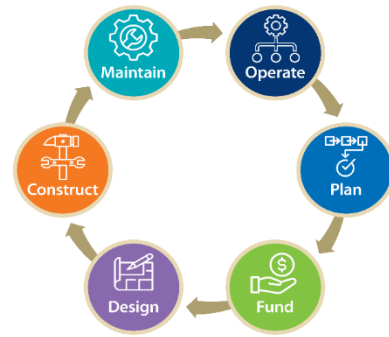
The City of Carlsbad’s SDTIP for fiscal year 2021-22 to fiscal year 2025-26 outlines 33 projects at an estimated total cost of \$26.94 million. Of the \$26.94 million, \$15.41 million is for new or increased funding for projects over the next five years. The information provided for future years reflects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

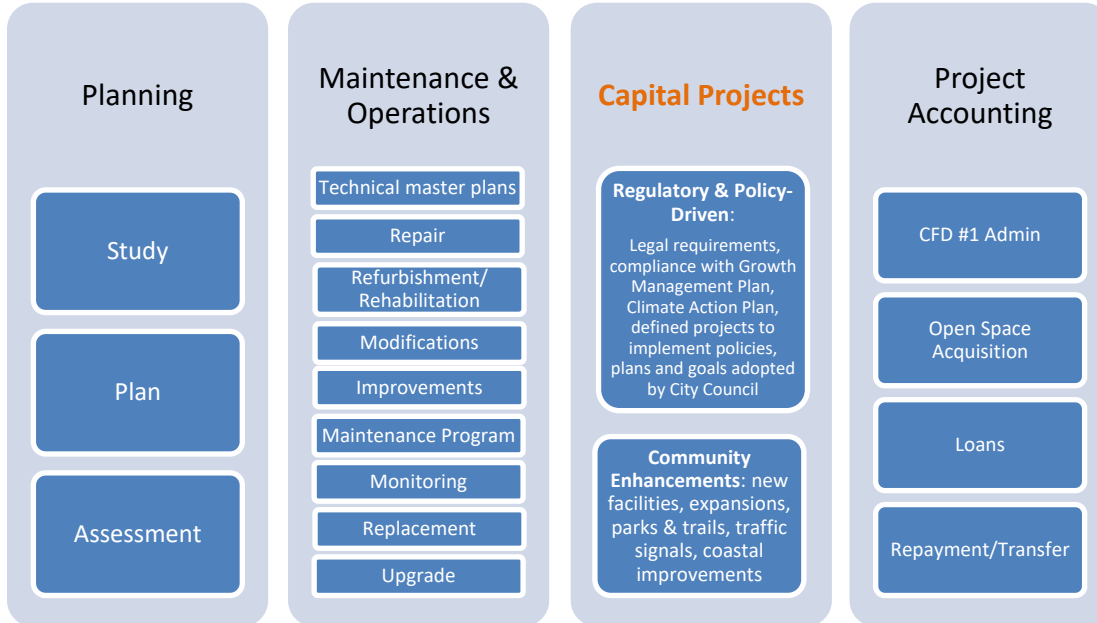
The City of Carlsbad Capital Improvement Program, or CIP, reflects the city’s ongoing commitment to maintaining the highest standards of quality facilities for the community today and in the future. It is a planning document, not a commitment for spending. The 15-year program outlines the expenditure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

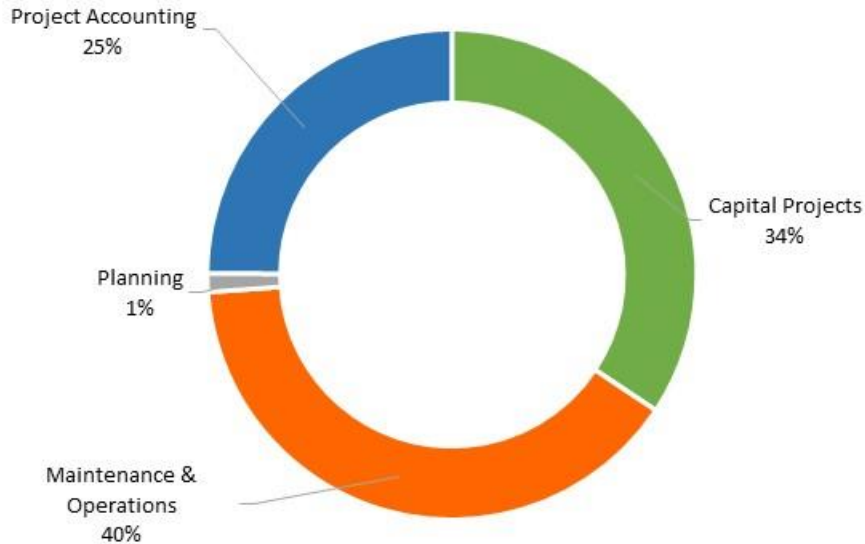


In anticipation of revenue decreases in some capital funding sources, staff recommended funding adjustments in fiscal year 2021-22 that focused on matching existing resources with realistic and achievable project schedules. New project requests were minimized and the city remains committed to continue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



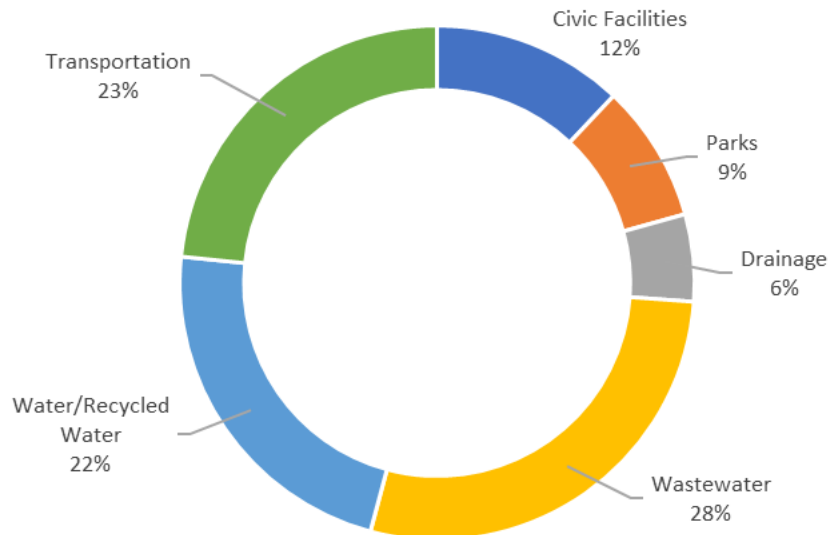
Transportation  
\$23.6 million

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, 2020. This was the 23rd 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 Davis Farr 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,



**Ryan Green**  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Carlsbad  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



## **Elected Officials**

Matt Hall, Mayor  
Keith Blackburn, Mayor Pro Tem – District 2  
Vacant, Council Member – District 1  
Priya Bhat-Patel, Council Member – District 3  
Teresa Acosta, Council Member – District 4  
Barbara Engleson, City Clerk  
Craig Lindholm, City Treasurer

## **Leadership Team**

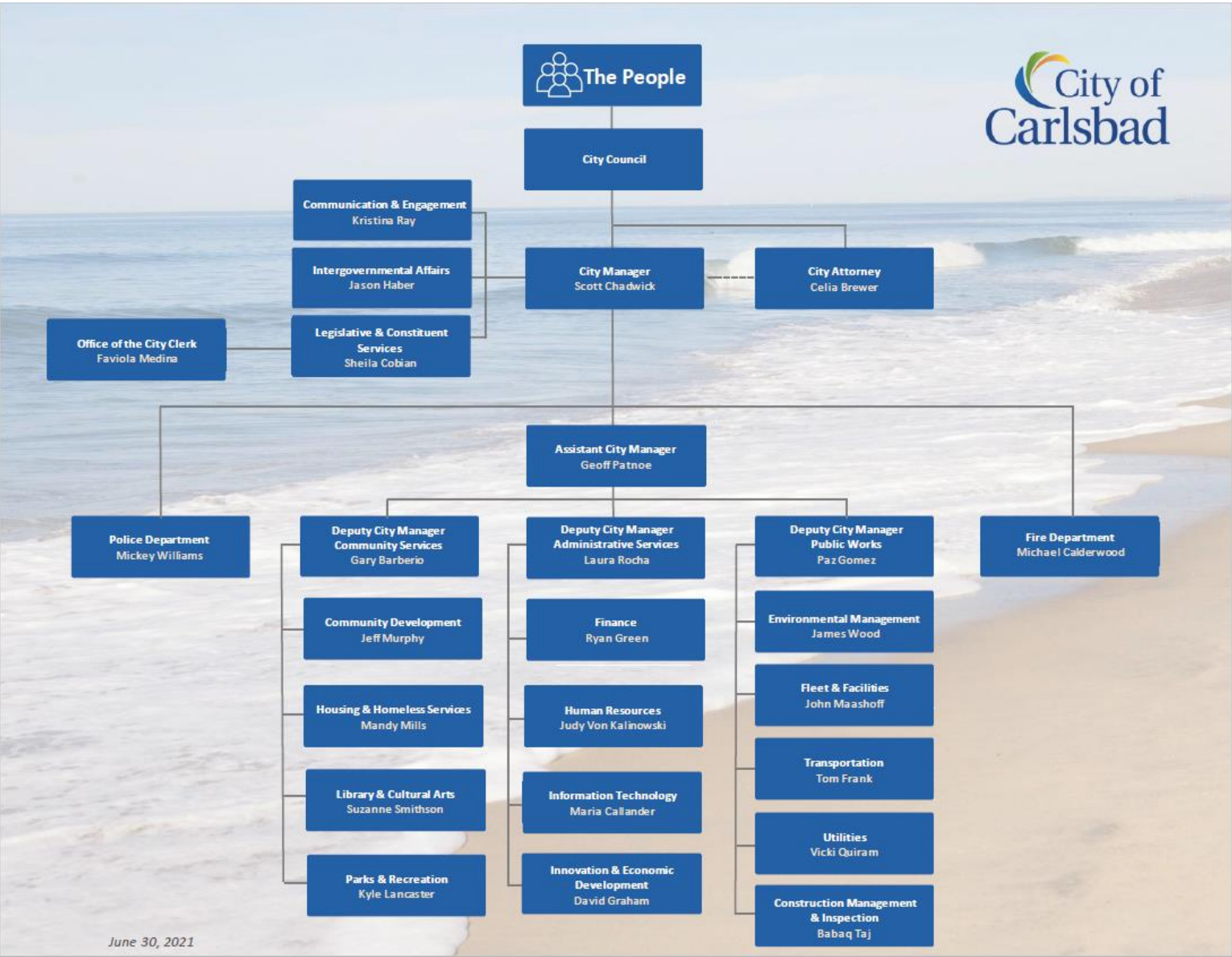
Scott Chadwick, City Manager  
Celia Brewer, City Attorney  
Geoff Patnoe, Assistant City Manager

Gary Barberio, Deputy City Manager, Community Services  
Laura Rocha, Deputy City Manager, Administrative Services  
Paz Gomez, Deputy City Manager, Public Works  
Michael Calderwood, Fire Chief  
Mickey Williams, Police Chief  
Babaq Taj, Engineering Manager  
David Graham, Chief Innovation Officer  
Faviola Medina, City Clerk Services Manager  
James Wood, Environmental Management Director  
Jason Haber, Intergovernmental Affairs Director  
Jeff Murphy, Community Development Director  
John Maashoff, Public Works Manager  
Judy von Kalinowski, Human Resources Director  
Kristina Ray, Communication & Engagement Director  
Kyle Lancaster, Parks & Recreation Director  
Mandy Mills, Housing & Homeless Services Director  
Maria Callander, Information Technology Director  
Morgen Fry, Executive Assistant to the City Manager  
Ryan Green, Finance Director  
Sheila Cobian, Director of Legislative and Constituent Services  
Suzanne Smithson, Library & Cultural Arts Director  
Tom Frank, Transportation Director  
Vicki Quiram, Utilities Director

## **Boards and Commissions Chairs**

Eric Larson, Agricultural Conversion Mitigation Fee Ad Hoc Citizens' Advisory Committee  
Emma Jadhav, Arts Commission  
Fred Briggs, Beach Preservation Commission  
Timothy Stripe, Carlsbad Golf Lodging Business Improvement District  
Timothy Stripe, Carlsbad Tourism Business Improvement District Board  
Rebecca Tam, Community Development Block Grant Citizen Advisory Committee  
Chad Majer, Historic Preservation Commission  
John Nguyen-Cleary, Housing Commission  
Michael Fabiano, Independent Redistricting Commission  
Gina Payne McBride, Library Board of Trustees  
Michael Luna, Parks & Recreation Commission  
Roy Meenes, Planning Commission  
John Rodenhausen, Senior Commission  
Monica Gocan, Traffic & Mobility Commission

*As of 6/30/2021*



June 30, 2021







## **Independent Auditor's Report**

City Council  
City of Carlsbad  
Carlsbad, California

### **Report on the Financial Statements**

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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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 of Carlsbad, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the statement of revenues, expenditures and changes in fund balance – budget and actual of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described further in note 21 to the financial statements, during the year ended June 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios During Measurement Period, Schedule of Pension Plan Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios During Measurement Period and Schedule of OPEB Plan Contributions* be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlsbad's basic financial statements. The *combining and individual nonmajor fund financial statements, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and the budget to actual schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 *combining and individual nonmajor fund financial statements and budget to actual schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the City of Carlsbad'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 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 City of Carlsbad's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California  
November 30, 2021



## 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, 2021. 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).

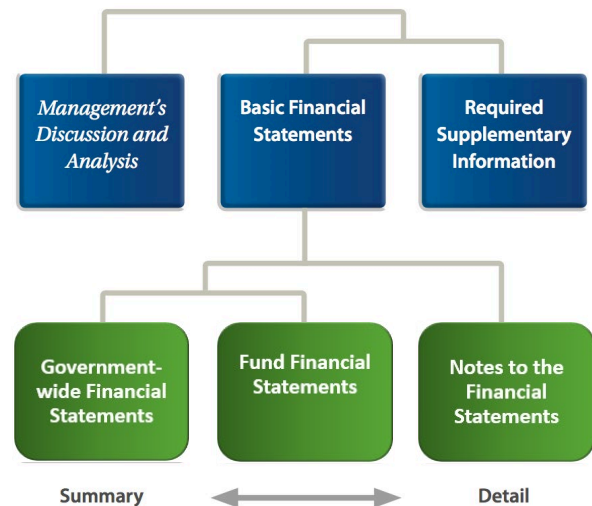
The city has three kinds of funds:

- *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, 2021, as shown below, was \$1.86 billion. The city's net position increased by \$28.5 million as compared to the prior fiscal year. This increase was heavily impacted by revenues exceeding expenses for the year which resulted in a \$14.7 million increase in citywide cash balances. Other factors leading to the higher net position included an increase in receivable balances, capital assets, a reduction in outstanding debt, the impacts of the city recording the annual pension activities (an increase in deferred outflows and smaller increases in the net pension liability and deferred inflows), and decreases in other liabilities (lower accrued liabilities and estimated claims payable). These increases were partially offset by an increase in deposits payable and various other minor changes. 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
	2020	2021	2020	2021	2020	2021	2020-21
Current and other assets	\$702.3	\$675.5	\$167.5	\$218.5	\$869.8	\$894.0	2.8%
Net OPEB asset	0.0	0.0	0.8	0.0	0.8	0.0	-100.0%
Capital assets	791.3	789.3	366.5	375.2	1,157.8	1,164.5	0.6%
<b>Total assets</b>	<b>1,493.6</b>	<b>1,464.8</b>	<b>534.8</b>	<b>593.7</b>	<b>2,028.4</b>	<b>2,058.5</b>	1.5%
<b>Deferred outflows</b>	<b>33.5</b>	<b>46.1</b>	<b>2.2</b>	<b>3.5</b>	<b>35.7</b>	<b>49.6</b>	38.9%
Other liabilities	33.8	44.6	25.3	18.1	59.1	62.7	6.1%
Net OPEB liability	3.7	2.8	0.2	0.4	3.9	3.2	-17.9%
Net pension liability	139.2	154.4	11.0	12.0	150.2	166.4	10.8%
Long-term debt outstanding	0.0	0.0	13.6	13.7	13.6	13.7	0.7%
<b>Total liabilities</b>	<b>176.7</b>	<b>201.8</b>	<b>50.1</b>	<b>44.2</b>	<b>226.8</b>	<b>246.0</b>	8.5%
<b>Deferred inflows</b>	<b>4.4</b>	<b>1.0</b>	<b>0.4</b>	<b>0.1</b>	<b>4.8</b>	<b>1.1</b>	-77.1%
Net position							
Net investment in capital assets	791.1	789.3	351.2	361.5	1,142.3	1,150.8	0.7%
Restricted	268.5	269.1	41.2	41.5	309.7	310.6	0.3%
Unrestricted	286.4	249.7	94.1	149.9	380.5	399.6	5.0%
<b>Total net position, as restated</b>	<b>\$1,346.0</b>	<b>\$1,308.1</b>	<b>\$486.5</b>	<b>\$552.9</b>	<b>\$1,832.5</b>	<b>\$1,861.0</b>	1.6%

As noted earlier, over time, net position may serve as a useful indicator of the city's financial position. For the city, assets currently exceed liabilities by \$1.86 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 2020-21 due primarily to additional developer donated assets (streets, sidewalks, streetlights, water and wastewater lines) netted with a decrease in outstanding debt (primarily Recycled Water).

Of the city's total net position, 17% represents resources that are subject to external restrictions on usage. The remaining balance of unrestricted net position (\$399.6 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 increase in city cash. Notably, the unrestricted net position of governmental activities decreased and the business-type activities balance increased from the previous fiscal year. This was largely due to a \$47 million transfer from the General Fund to the Golf Course Fund. The General Fund had previously advanced funds to the Golf Course Fund for the construction of the course and partially subsidized the operations of the course in prior fiscal years. However, it was determined that repayment of the advance balance is not projected in the near or foreseeable future.

### Changes in Net Position

The condensed summary of activities below shows that net position increased by \$28.5 million during the year. This increase occurs when revenues earned and special items are greater than expenses incurred.

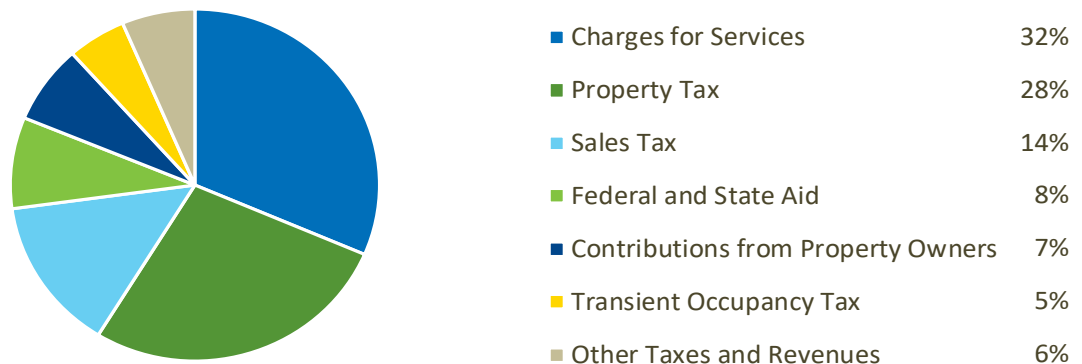
	Governmental Activities		Business-Type Activities		Total		Percentage Change 2020-21
	2020	2021	2020	2021	2020	2021	
<b>Revenues</b>							
Program revenues							
Charges for services	\$19.2	\$20.0	\$70.4	\$75.2	\$89.6	\$95.2	6.2%
Operating grants and contributions	18.5	26.5	0.4	3.5	18.9	30.0	58.7%
Capital grants and contributions	16.8	9.6	6.3	7.6	23.1	17.2	-25.5%
General revenues							
Property taxes	73.9	78.2	4.2	4.5	78.1	82.7	5.9%
Sales and use taxes	36.5	42.6	-	-	36.5	42.6	16.7%
Other taxes	31.4	28.8	-	-	31.4	28.8	-8.3%
Income from property and investments	20.2	5.1	5.0	0.6	25.2	5.7	-77.4%
Other	0.6	0.5	-	-	0.6	0.5	-16.7%
<b>Total revenues</b>	<b>217.1</b>	<b>211.3</b>	<b>86.3</b>	<b>91.4</b>	<b>303.4</b>	<b>302.7</b>	-0.2%
<b>Expenses</b>							
General government	24.3	20.0	-	-	24.3	20.0	-17.7%
Public safety	75.2	80.3	-	-	75.2	80.3	6.8%
Community services	60.8	57.7	-	-	60.8	57.7	-5.1%
Public works	41.4	35.5	-	-	41.4	35.5	-14.3%
Carlsbad Municipal Water District	-	-	51.2	56.3	51.2	56.3	10.0%
Golf course	-	-	10.3	10.3	10.3	10.3	0.0%
Wastewater	-	-	16.9	9.0	16.9	9.0	-46.7%
Solid waste	-	-	4.4	5.1	4.4	5.1	15.9%
<b>Total expenses</b>	<b>201.7</b>	<b>193.5</b>	<b>82.8</b>	<b>80.7</b>	<b>284.5</b>	<b>274.2</b>	-3.6%
Excess (deficiency) before transfers	15.4	17.8	3.5	10.7	18.9	28.5	50.8%
Special items - Golf Course debt	-	(8.4)	-	8.4	-	-	0.0%
Transfers	(0.3)	(47.3)	0.3	47.3	-	-	0.0%
<b>Increase (decrease) in net position</b>	<b>15.1</b>	<b>(37.9)</b>	<b>3.8</b>	<b>66.4</b>	<b>18.9</b>	<b>28.5</b>	50.8%
Beginning position, as restated	1,330.9	1,346.0	482.7	486.5	1,813.6	1,832.5	1.0%
<b>Ending net position</b>	<b>\$1,346.0</b>	<b>\$1,308.1</b>	<b>\$486.5</b>	<b>\$552.9</b>	<b>\$1,832.5</b>	<b>\$1,861.0</b>	1.6%

There were several reasons for the increase in net position:

- Intergovernmental revenues received from COVID-19 related programs such as the CARES Act, American Rescue Plan Act, and Operation Collaboration
- Fiscal discipline implemented by the city due to the budget uncertainty resulting from COVID-19 restrictions
- “Savings” in the General Fund totaling \$17.9 million is being carried forward into fiscal year 2021-22 by various major service areas within the city to enhance and provide for future services and programs (indicating that spending levels in fiscal year 2020-21 were less than budgeted expenditures)
- Revenues and transfers received in the city’s capital project funds for future projects
- Donations of infrastructure assets from developers

Approximately 71% of the revenues of the city’s governmental funds are generated through taxes collected (i.e. property tax, sales tax, transient occupancy tax, etc.), and approximately 82% 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 2020-21  
\$302.7 Million



The city’s revenues, particularly transient occupancy tax, sales tax and recreation related revenues, were projected to be significantly impacted by COVID-19 related restrictions. Most of the city’s hotels, including the larger hotels, were closed for a significant portion of the year, and many parks and recreation programs were cancelled and closed during the majority of the fiscal year due to the COVID-19 emergency. One measure of the magnitude that the pandemic had on the city’s transient occupancy tax revenues is the average occupancy rate. In fiscal year 2020-21, the city’s hotels had an average occupancy rate of 58% compared to 70% in fiscal year 2018-19. As a result, transient occupancy tax revenues finished at levels comparable with fiscal year 2012-13. Similarly, recreation fee revenues were 47% lower than pre-pandemic periods, also in line with fiscal year 2012-13 revenues. Conversely, sales tax revenues were boosted by the federal stimulus packages and increased consumer savings, as well as the expiration of a deferment program that allowed small businesses to delay their sales tax payments. These factors led to the city’s highest sales tax revenues during any fiscal year.

The city’s largest revenue source, property taxes, increased due to assessed values increasing by 4.8% in total for all components: residential, commercial and industrial properties. This was the sixth year in a row that the city had growth in all three assessed value components. The city also experienced increases in aircraft taxes due to an increase in the number of aircraft domiciled at Palomar Airport and an increase in payments for previous years’ taxes due to extensions that were allowed during the COVID-19 pandemic that expired in the current year.

The city experienced an increase in business license revenue, despite a decrease in the number of businesses licensed in the city at June 30, 2021, due largely to increased economic activity. Development remained relatively strong for the year, although it expectedly slowed when compared to the prior fiscal year. The city saw infill residential development



(especially in the Village area of the city) as well as some of the last remaining master planned community development. There was very little commercial and industrial development during the year, similar to the prior fiscal year.

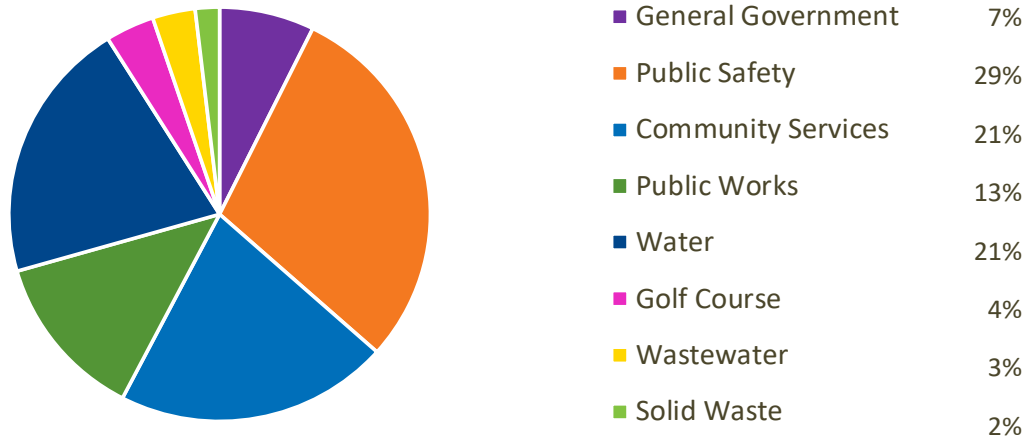
Income from property and investments were heavily impacted by three factors: unrealized losses created by adjusting the city’s investments to their fair market value at June 30, 2021, a decrease in the average yield on the treasurer’s portfolio for the year (down 72 basis points from last fiscal year to 1.35%), and a 0.8% increase in the average cash balance. These factors combined to create a decrease in income from property and investments when compared to the prior fiscal year.

The primary contributors to the city’s charges for services are water and wastewater customers. An increase in total water revenues was driven primarily by higher demand and rate increases implemented in January 2020 and 2021. Wastewater charges increased due to rate increases and development throughout the city. During the COVID-19 shutdown, a decrease in commercial customer water usage partially offset the wastewater revenue increase because commercial and industrial wastewater rates in Carlsbad are based on water usage. Together, these factors led to an 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 \$274.2 million in fiscal year 2020-21 which was moderately lower (3.6%) than prior fiscal year costs of \$284.5 million. The majority of the decrease in program costs came from salary and benefit cost savings related to facility closures during the pandemic, and the city’s efforts to defer costs while city revenues were largely uncertain. Departments were asked to eliminate travel, postpone trainings, delay new programs, defer the hiring of new staff members, and to be additionally prudent in their spending of city funds. Increases were seen in public safety as the city focused efforts on emergency related projects such as Operation Collaboration, a north county collaboration to vaccinate residents. The city’s water district also saw increases as the cost of water and amount of water purchased increased.

### Functional Expenses for Fiscal Year 2020-21

\$274.2 Million



- General Government (7%)

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 (13%)

Public Works is responsible for building and maintaining all city infrastructure assets. This service area includes Public Works Administration, Facilities & Fleet, Environmental Management, 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 Management 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 (21%)

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 (3%)

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.

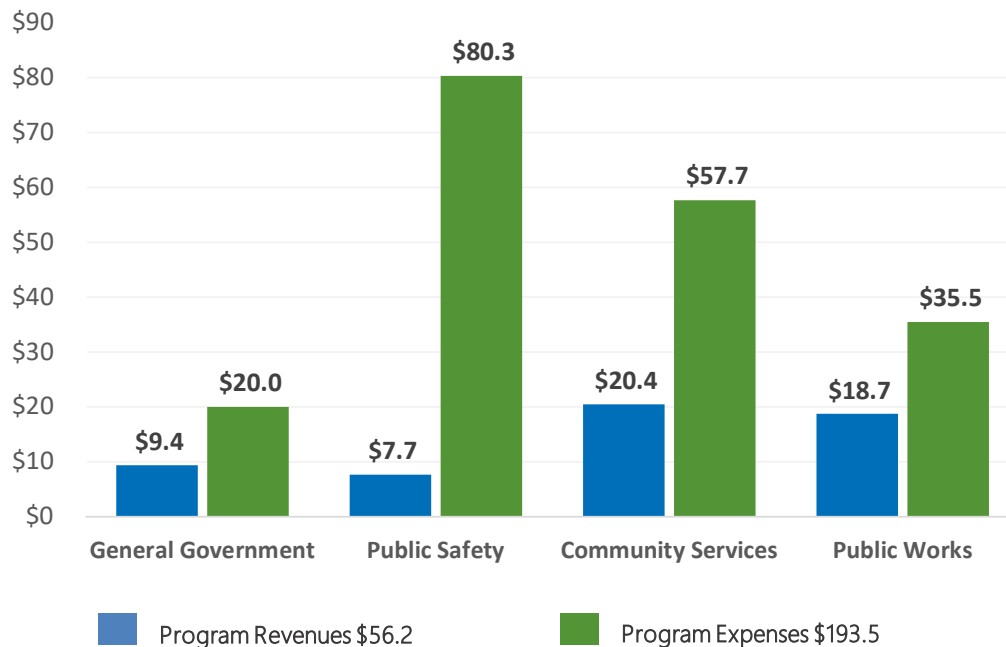
The following sections provide information about the operations of the governmental and business-type activities.

### Governmental Activities

The decrease in net position for governmental activities was \$36.7 million. This decrease was primarily driven by the \$47 million transfer from the governmental activities to the business-type activities. The transfer was required a result of the collectability of the General Fund's prior advances to the Golf Course Fund. Total revenues from governmental activities of \$211.3 million (\$56.1 million in program revenues and \$155.2 million in general revenues) offset by \$193.5 million in total costs of governmental activities partially offset the decrease resulting from the transfers.

The following table 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).

**Governmental Activities**  
**Program Revenues and Expenses**  
 Fiscal Year 2020-21  
 (in millions)

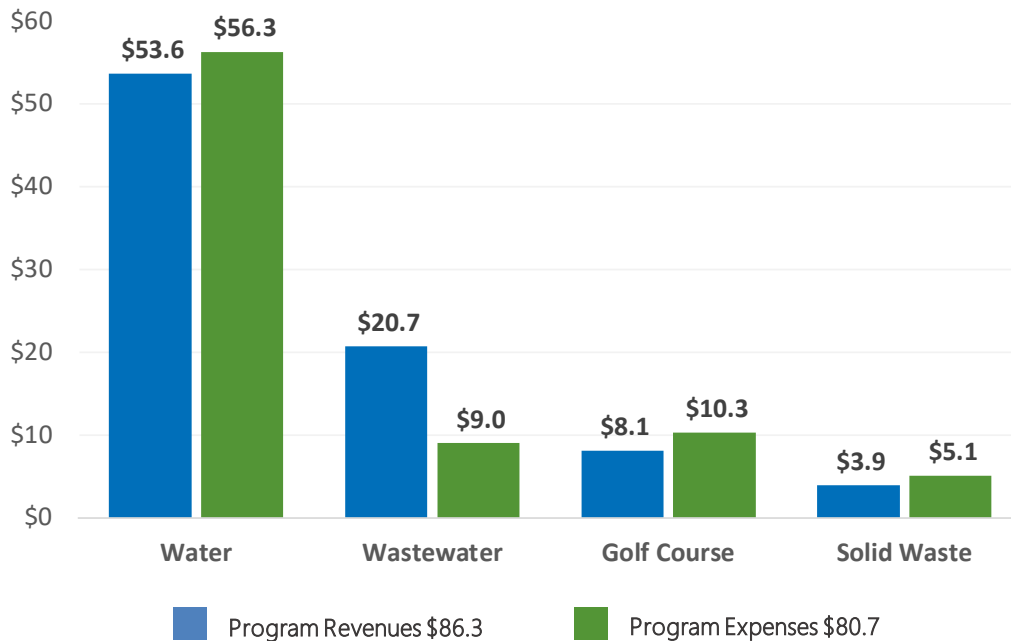


Revenues are generated through several sources to cover the cost of the city’s programs. Total revenues of \$211.3 million include fees and charges paid by those who directly benefit from the programs (\$20.0 million), grants and contributions from other governments and organizations which subsidize certain programs (\$36.1 million), and taxes and other revenues (such as income from property and investments) received by the city to pay for the “public benefit” portion.

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. There are still some master planned communities that were recently completed or are near completion, such as Poinsettia 61. The developers of these communities have dedicated or will dedicate infrastructure to the city, a requirement for development.

**Business-Type Activities**  
 Program Revenues and Expenses  
 Fiscal Year 2020-21  
 (in millions)



Program revenues for the city’s business-type activities totaled \$86.3 million for the year, while program expenses equaled \$80.7 million.

Water program revenues are generated primarily from the sale of water, but also from developer donated assets and grants. Program expenses were slightly higher than revenues; however, the water program also collected \$4.5 million in general revenues to end the fiscal year with a positive change in net position. The revenues were impacted by an increase in water demand and rates (1% beginning in January 2020 and 2021) offset by a decrease in capital grants. Water program expenses were higher than the prior year due to increased water purchase cost and more water purchases needed to meet the demand.

Wastewater program revenues finished significantly higher at \$20.7 million than program expenses of \$9.0 million due to the recognition of \$4.8 million in capital restricted fees, \$1.2 million in large developer donated assets of sewer lines at El Camino Real and Telaga Road, and operating revenues exceeding operating expenses.

The city’s golf course enterprise was in its 14th full year of operation and finished the fiscal year with a net loss of \$2.2 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 82,000 rounds played which more than offset lost revenues from food & beverage sales. Golf course revenues were sufficient to fund 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, 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.

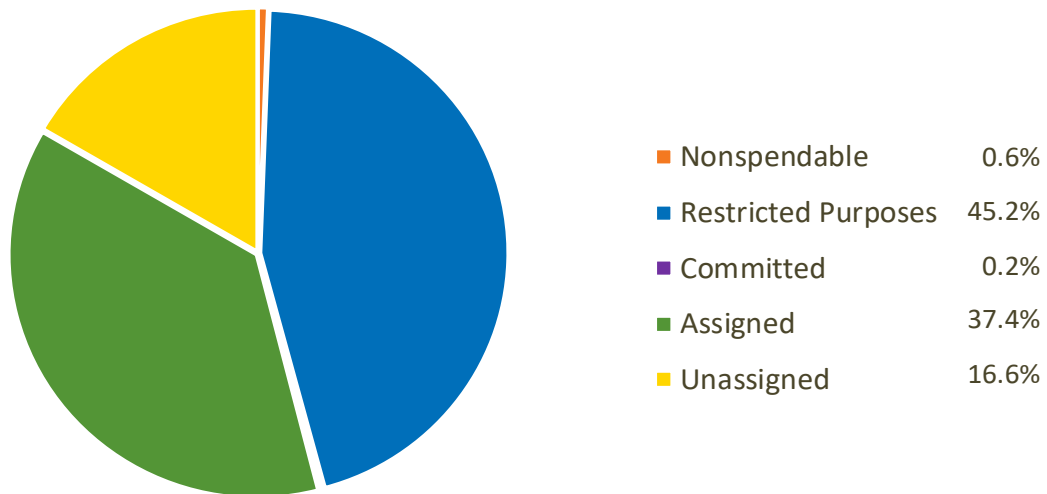
### Financial Analysis of the City's Funds

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 2020-21  
\$594.9 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. Detail of the fund balances by classification is shown in Note 10 of the financial statements. At the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of \$594.9 million, down \$26.4 million from the year before. Approximately 1% (\$3.4 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 45% (\$269.1 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% (\$222.3 million) of the city's fund balance. Almost 17% (\$99.0 million) of the fund balance is unassigned, which is available for spending at the City Council's discretion. Of the unassigned fund balance, the City Council has \$9.6 million set aside for economic uncertainty purposes. However, accounting standards require that the \$9.6 million set aside be shown as part of the city's unassigned fund balance.



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 \$159.8 million, a decrease of \$31.1 million. As previously mentioned, the City Council authorized the transfer of \$47.0 million in nonspendable fund balance to the golf course fund which is the primary cause of the decrease.

The unassigned fund balance portion of the General Fund was \$99.3 million, a decrease of \$10.7 million from last fiscal year. During the fiscal year the city used a portion of the General Fund’s unassigned balance: \$1.5 million of the economic set aside was used to cover COVID-19 related costs; \$10 million of the unassigned balance was used to paydown the city’s unfunded pension liability; \$3.5 million of the unassigned balance was transferred to the city’s long-term capital project funds for future projects; and \$4.2 million of the unassigned balance was used to fund the one-time costs associated with the City Council’s goals. Partially offsetting these decreases includes revenues that exceeded total expenditures, and changes in open purchase orders at fiscal year end, among other factors.

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	\$ 99.3	\$ 65.4
Economic uncertainty set aside	(9.6)	-
Unassigned fund balance, excluding economic uncertainty	89.7	65.4
Fiscal year 2020-21 adopted General Fund budgeted expenditures	\$ 163.6	\$ 163.6
General Fund reserve percentage	61%	40%
General Fund reserve percentage, excluding economic uncertainty	55%	40%

General Fund revenues increased by 4.7% 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 \$8.1 million higher, the majority of which was seen in the fourth quarter of the fiscal year. The city also saw a large increase in intergovernmental revenues, a result of \$6.3 million received in American Rescue Plan Act funding as well as CARES Act funding from the federal government. 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 saw large decreases as the interest rates in bond markets declined significantly.

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 the fiscal year. The city realized savings in general government and community services as some city facilities were shut down due to COVID-19 restrictions, and innovation projects slowed when compared to the prior year. Public safety expenditure increases were realized in emergency operations, field operations and investigative services. A major factor in the increase was the additional \$10 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
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	
<b>Revenues</b>				
Taxes	\$141.3	\$149.4	\$8.1	5.7%
Intergovernmental	3.4	10.1	6.7	197.1%
Licenses and permits	2.7	2.4	(0.3)	-11.1%
Charges for services	7.5	7.5	0.0	0.0%
Fines and forfeitures	0.5	0.4	(0.1)	-20.0%
Income from property and investments	12.0	5.6	(6.4)	-53.3%
Miscellaneous	1.7	1.6	(0.1)	-5.9%
<b>Total revenues</b>	<b>169.1</b>	<b>177.0</b>	<b>7.9</b>	<b>4.7%</b>
<b>Expenditures</b>				
General government	25.2	22.0	(3.2)	-12.7%
Interdepartmental charges	(5.1)	(5.1)	0.0	0.0%
Public safety	70.5	78.3	7.8	11.1%
Community services	43.2	40.5	(2.7)	-6.3%
Public works	18.6	18.5	(0.1)	-0.5%
<b>Total expenditures</b>	<b>152.4</b>	<b>154.2</b>	<b>1.8</b>	<b>1.2%</b>
Excess (deficiency) before transfers	16.7	22.8		
Transfers in	0.0	0.0		
Transfers out	(11.5)	(57.0)		
<b>Increase (decrease) in fund balance</b>	<b>5.2</b>	<b>(34.2)</b>		
Beginning fund balance, as restated	185.6	194.0		
<b>Ending fund balance</b>	<b>\$190.8</b>	<b>\$159.8</b>		

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.

The Park Development Fund continued to collect assessments for the future construction and refurbishment of city facilities.

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 \$4.5 million for the year. Operating revenues were approximately \$51.5 million and operating expenses were approximately \$55.9 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 \$0.5 million and property taxes of \$4.5 million. Income before transfers, capital contributions and special items for the year was \$0.2 million.

The Wastewater Fund had an annual operating gain of \$6.0 million for the fiscal year. Total revenues from operations were up from the prior year and budget, due primarily to higher commercial water consumption, the rate determining factor for commercial customers. Revenues were also increased from fees collected from sewer benefit areas that was repurposed for use on capital projects. Lower operating expenses were primarily the result of decreased wastewater plant costs and decreased depreciation expense on recently added capital assets. Nonoperating revenues did not result in any change to the \$6.0 million operating income before transfers and capital contributions.

In the fourteenth year of operation, the Golf Course Fund had an operating loss of \$2.2 million. Excluding depreciation of the enterprise's assets (\$3.6 million), the Golf Course Fund's income was \$1.4 million. Revenues exceeded expectations in the current year due to phased reopening of businesses closed from COVID-19 restrictions driving increased 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 \$1.1 million for the year. Revenues were slightly lower 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 did not result in any change to the \$1.1 million operating income 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 \$148.3 million, or approximately 27% of the total enterprise funds net position. This unrestricted balance increased mostly from removal of the Golf Course Fund advance. 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 \$41.5 million, or 8%, 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 2020-21**

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 \$1.6 million increase in revenue estimates included:

- An increase in sales tax revenue resulting from a 1st quarter sales tax audit
- The revenue adjustment to offset fiscal year 2020-21 mutual aid overtime for Operation Collaboration COVID-19 vaccination program expenses
- Grant funds received from the Coastal Conservancy for the South Carlsbad Boulevard Climate Adaptation Project
- Adult literacy and family literacy grant funds received during the year
- Reimbursement for mutual aid overtime
- Developer deposits received during the year
- Revenue received from neighboring cities to fund the Innovate78 contract agreement with San Diego Regional Economic Development Corporation
- Reimbursement from SANDAG for the Carlsbad Connector program

The increase from the total original expenditure and transfers budget to the final budget amounted to \$90.8 million primarily due to:

- Transfers of \$47 million to the Golf Course Fund and \$3.5 million to the Infrastructure Replacement Fund
- Outstanding purchase orders at June 30, 2020 totaling \$10.5 million carried forward into fiscal year 2020-21
- The remaining balance of innovation funds at June 30, 2020 totaling \$10.8 million carried forward into fiscal year 2020-21 and transferred to the Technology Investment Capital Fund
- The appropriation of additional funds related to COVID-19 related expenditures
- The appropriation for increased parks sanitizing and cleaning costs related to COVID-19
- The carryforward of other unspent funds at June 30, 2020 planned to be used for:
  - External legal services
  - A Unified Communication System
  - Schulman Auditorium AV system maintenance
  - Redistricting contractor services
  - Mylar back file conversion project
  - Additional Climate Action Plan costs
  - Preventative health screenings for chronic conditions per National Fire Protection Association Guidelines
  - Cannon Park playground refurbishment
  - Public arts
  - COVID-19 related cleaning services and
- Mutual aid overtime costs
- Additional costs related to the modification of overtime calculations for Fire employees
- 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:

- Higher than expected intergovernmental revenues, sales tax and transient occupancy tax
- 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
  - Departments cutting back on expenditures due to the COVID-19 pandemic
  - Unfilled staff vacancies
  - Overall awareness of fiscal responsibility throughout the city
  - Deferral of projects
  - Accumulated savings set aside for future technology and innovation enhancements

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
	2020	2021	2020	2021	2020	2021	2020-21	2020-21
Land	\$155.9	\$160.6	\$9.3	\$9.3	\$165.2	\$169.9	\$4.7	2.8%
Construction in progress	16.2	18.1	24.8	21.4	41.0	39.5	(1.5)	-3.7%
Buildings and other structures	138.3	138.3	41.1	41.2	179.4	179.5	0.1	0.0%
Improvements other than buildings	93.8	98.9	53.2	53.5	147.0	152.4	5.4	3.7%
Machinery and equipment	51.7	52.2	13.9	14.0	65.6	66.2	0.6	0.9%
Infrastructure	734.3	738.3	379.6	402.5	1,113.9	1,140.8	26.9	2.4%
Wastewater treatment facility	-	-	60.3	62.4	60.3	62.4	2.1	3.5%
Intangibles	5.0	6.5	-	-	5.0	6.5	1.5	29.7%
	1,195.2	1,212.9	582.2	604.3	1,777.4	1,817.2	39.8	2.2%
Accumulated depreciation	(403.9)	(423.6)	(215.7)	(229.0)	(619.6)	(652.6)	(33.0)	5.3%
<b>Total</b>	<b>\$791.3</b>	<b>\$789.3</b>	<b>\$366.5</b>	<b>\$375.3</b>	<b>\$1,157.8</b>	<b>\$1,164.6</b>	<b>\$6.8</b>	<b>0.6%</b>

At the end of fiscal year 2020-21, 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:

- Installation of digital information network
- Installation of adaptive signal coordination systems
- Improvements to Village Art building
- Replacement of Hidden Canyon playground mat
- Installation of one traffic signal
- Replacement of data switches
- Improvements to Dove library parking lot accessibility, lighting and sidewalk
- Replacement of city records management system with Laserfiche software
- Upgrade to financial systems software to Finance Enterprise
- Acquisition of a parcel of land known as Windsor Pointe
- Replacement of City Hall monitors
- Replacement of recycled water pipelines
- Whiting-Turner donated assets (wastewater lines, drainage and improvements on existing streets)
- Presidio Cornerstone donated assets (water and wastewater lines)
- Carlsbad Buena Vista donated assets (water and wastewater lines, sidewalks, improvements on existing streets and street lighting)
- Seascape development donated assets (water lines, wastewater lines, drainage, sidewalks, street lighting and improvements on existing streets)
- Ocean Street 8 Owner donated assets (water lines, drainage, sidewalks and improvements on existing streets)
- Pivotal 650 California Street donated assets (water and wastewater lines, and improvements on existing streets)
- Tabata Family Trust donated assets (water lines, wastewater lines, drainage, sidewalks, street lighting and improvements on existing streets)
- Pino Vitti donated assets (water lines, wastewater lines, sidewalks, street lighting and improvements on existing streets)
- Magnolia A3 donated assets (water lines, wastewater lines, drainage, sidewalks, landscaping and improvements on existing streets)
- NWB Carlsbad donated assets (water lines and improvements to existing streets)
- 11 defibrillators
- 46 vehicles
- One wet dry hydro-excavator
- One trailer mounted jetting unit



- One motorcycle
- One CCTV transporter
- One stump cutter
- One woodchipper
- One vacuum excavator
- One utility four-wheeler

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**  
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2020	2021	2020	2021	2020	2021	2020-21
Loans	\$0.0	\$0.0	\$15.3	\$13.7	\$15.3	\$13.7	-10.5%
Capital leases	0.2	0.0	0.0	0.0	0.2	0.0	-100.0%
<b>Total</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$15.3</b>	<b>\$13.7</b>	<b>\$15.5</b>	<b>\$13.7</b>	<b>-11.6%</b>

At fiscal year-end, the city had \$13.7 million in loans and capital leases, a decrease of \$1.8 million from last year, as shown in the table above. Regular payments were made on all the city’s outstanding loans and capital leases. More detail about the city’s long-term liabilities is presented in Note 7 of the financial statements.

**Economic Factors and Next Year’s Budgets and Rates for Fiscal Year 2021-22**

- The State of California adopted its Fiscal Year 2021-22 Annual Budget and is projecting reserves reach \$21 billion and an ending fund balance of \$7 billion. The budget reflects significantly higher revenues than were estimated at the time of the fiscal year 2021-22 Budget Act due to the impacts of COVID-19. Further, the budget package uses \$8.9 billion in American Rescue Plan Act fiscal relief funds to offset General Fund revenue losses that have occurred, relative to the pre-pandemic trajectory, due to the COVID-19 public health emergency. This lowers General Fund costs by that amount. The spending plan dedicates the vast majority to one-time or temporary program augmentations. Some major General Fund spending choices in the 2021-22 Budget Act affecting the city are listed below.
  - Pay down deferrals of required minimum annual funding to schools and community colleges
  - Golden State Stimulus payments
  - Funding for housing and homelessness programs, including flexible aid to local governments to address homelessness in their communities
  - Second round of grants to small businesses and nonprofit cultural institutions

- Wildfire and forest resilience package
- Statewide broadband infrastructure
- A variety of resources and environment programs
- Litter abatement and beautification projects on state highways and local roads
- Increasing eligibility and participation in the CalWORKS and food assistance programs
- Property tax, the largest source of General Fund revenues, is expected to grow by 1.8% in fiscal year 2021-22. While the residential real estate market in Carlsbad has seen significant increases in values, commercial property assessed values are expected to remain flat. The median price of a single-family residence in Carlsbad, based on resale data from Zillow, was up by 13.7% year over year in March 2021.
- Sales Tax revenues generally move in step with economic conditions. Overall, the City of Carlsbad’s economy has been neutral during the pandemic – the economic conditions of some segments have suffered, and others have grown. The city has also been benefitting 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. Easing of the COVID-19 related restrictions is expected to lead to an 11% increase over fiscal year 2020-21 levels to a total of \$44.0 million in sales tax revenues for fiscal year 2021-22. This is 8% higher than the sales tax peak of \$40.8 million in fiscal year 2018-19 and is expected due to high levels of consumer savings coupled with pent-up demand for particular segments
- Transient Occupancy Tax (TOT, or hotel tax) is forecasted to increase by 47% in fiscal year 2021-22 when compared to estimated fiscal year 2020-21 revenues. The increase, while significant, is still lower than peak levels seen in fiscal year 2018-19. The recovery of TOT is expected to be partial as the city’s hotels are largely driven by the tourists in the summer and group business travel in the winter. With the economy fully reopened in June, the summer season is expected to be robust. However, with the trend of remote work and decreased business travel that is largely related to the impacts of COVID-19, the city’s business-related travel is anticipated to recover slowly. 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.
- The city approved 23.5 new full-time positions and 6.2 part-time positions in the General Fund, primarily in the following main areas:
  - New positions to support the new Housing & Homeless Services Department
  - Nine paramedic firefighters
  - New positions for the Police Department’s Homeless Outreach Team
  - A senior program manager for the Diversity, Equity & Inclusion Program
  - Several part-time to full-time position conversions
  - Several new part-time positions and the reinstatement of part-time aquatic positions to pre-COVID-19 levels
- As part of CalPERS’ strategy to ensure the plan’s sustainability, CalPERS deliberately raised participating agencies’ contributions over several years to improve the plan’s long-term funded status. 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 \$10 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
- Through Memorandums of Understanding (MOUs):
  - The Carlsbad City Employees’ Association (CCEA) employees will receive a 2.5% salary increase on Jan. 1, 2022.
  - The Carlsbad Firefighters Association (CFA) will receive a 4.0% salary increase on Jan. 1, 2022.
  - The City Council has not determined what the following groups will receive on Jan. 1, 2022:
    - Fire Management and General Management employees
    - Carlsbad Police Management Association (CPMA) employees (currently negotiating)
    - Carlsbad Police Officers Association (CPOA) employees (currently negotiating)

These factors were considered when preparing the city’s General Fund budget for fiscal year 2021-22. Budgeted expenditures increased by 12.8% to \$184.6 million. The total personnel budget for fiscal year 2021-22 is \$116.3 million, which is 10.7% more than the previous year’s personnel budget of \$105.0 million. The total maintenance and operations budget for fiscal year 2021-22 is \$60.3 million, which is 17.8% more than the previous year’s budget of \$51.2 million. The



total capital outlay budget for fiscal year 2021-22 is \$0.9 million, \$0.5 million more than the previous year. The fiscal year 2021-22 budget reflects the plan to reinstate city services back to pre-pandemic levels and operationalize the City Council's goals. The increase includes \$5.9 million in one-time costs associated with the goals and the addition of 23.5 new full-time and 6.2 part-time employees which are mostly associated with the goals.

Transfers out of the General Fund are budgeted at \$7.1 million, a \$0.1 million increase from the prior fiscal year. The General Fund transferred \$5.4 million to the General Capital Construction Fund for major new construction of city infrastructure and facilities; the similar transfer to the Infrastructure Replacement Fund for maintenance or replacement of city infrastructure and facilities was not needed because of the offset for the cancellation of \$5.1 million in funds for the Fire Station 4 Expansion project.

Adding to the adopted budget of \$184.6 million for the General Fund, funds will be carried over to fiscal year 2021-22: approximately \$2.0 million in unspent fiscal year 2020-21 budgeted expenditures, \$9.8 million in unspent innovation fund budgeted expenditures, \$6.4 million for a CalPERS additional discretionary payment, and \$12.2 million in open encumbrances as of June 30, 2021.

During the current fiscal year, the unassigned fund balance in the General Fund decreased by \$10.9 million to \$99.3 million. However, due to fiscal discipline, expenditures were below the budget by \$25.7 million. Based on fiscal year 2021-22 projections, the unassigned General Fund balance is expected to be reduced by approximately \$5.8 million.

Projected revenues are currently sufficient to build the approved projects listed in the fiscal year 2020-21 CIP. The city's business-type activities reflect the following:

Water revenues are expected to increase from 2% rate increase starting January 2022 assuming the same quantity of water sold. Wastewater revenues are projected to increase slightly due to customer demand and a shift of demand from residential to commercial customers.

The effective increase in purchase costs for CMWD is projected to be approximately 3.9%. The cost of water purchased from the San Diego County Water Authority is projected to increase due to decreased countywide demand and increases in Metropolitan Water District's water rates, inter alia. Cost increases are being partially mitigated through planned draws on San Diego County Water Authority's rate stabilization fund. Healthy reserves have allowed CMWD to keep local rates low during fiscal year 2021-22. A recent cost of service study will set rate increases based on increased purchase rates, capital repair costs and increases to cost of materials starting in 2022.

Wastewater rates increased 3% for calendar year 2021 with planned increases based on a recent cost study expected to go into effect in 2022. The increases are needed to offset increasing costs of capital repair based on an updated sewer master plan and higher costs of materials, increasing costs of odor control chemicals, and increased costs from the operator of the wastewater treatment facility.

Solid Waste revenues are projected to increase moderately and the fund expects to run a 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 2021 offset by an expected decrease from reopening of other competing businesses and activities. 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 Administrative Services Department, 1635 Faraday Avenue, Carlsbad, CA 92008, 760-602-2430, or find additional information at [www.carlsbadca.gov](http://www.carlsbadca.gov).





**Statement of Net Position**  
**June 30, 2021**

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 624,616,452	\$ 196,386,006	\$ 821,002,458
Deposits	200,432	-	200,432
Receivables:			
Interest	5,247,445	685,482	5,932,927
Taxes	13,527,673	29,974	13,557,647
Other	1,046,864	554,328	1,601,192
Accounts, net of allowances	1,923,145	11,647,966	13,571,111
Due from other governments	1,343,695	5,552,542	6,896,237
Internal balances	(2,627,139)	2,627,139	-
Inventories	344,776	813,227	1,158,003
Prepaid items	2,777,822	151,713	2,929,535
Loan and reimbursement receivables, net of allowances	24,833,116	-	24,833,116
Land held for resale	2,285,722	-	2,285,722
Capital assets:			
Land	160,619,596	9,330,718	169,950,314
Construction in progress	18,154,248	21,380,351	39,534,599
Buildings and other structures	138,281,470	41,175,467	179,456,937
Improvements other than buildings	98,889,725	53,509,748	152,399,473
Machinery and equipment	52,220,679	13,963,957	66,184,636
Infrastructure	738,257,324	402,470,807	1,140,728,131
Wastewater treatment facility	-	62,425,149	62,425,149
Intangible assets	6,483,648	-	6,483,648
Less accumulated depreciation	(423,571,946)	(229,028,524)	(652,600,470)
Total capital assets	789,334,744	375,227,673	1,164,562,417
<b>Total assets</b>	<b>1,464,854,747</b>	<b>593,676,050</b>	<b>2,058,530,797</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - OPEB related items	2,916,391	538,649	3,455,040
Deferred outflows of resources - pension related items	43,201,359	2,971,345	46,172,704
<b>Total deferred outflows of resources</b>	<b>46,117,750</b>	<b>3,509,994</b>	<b>49,627,744</b>

The notes to the financial statements are an integral part of this statement.





**Statement of Net Position (continued)**  
**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accrued liabilities	\$ 18,279,836	\$ 4,042,877	\$ 22,322,713
Accrued interest payable	-	44,276	44,276
Due to other governments	49,132	12,961,396	13,010,528
Estimated claims payable	14,146,021	-	14,146,021
Deposits payable	11,195,474	939,873	12,135,347
Unearned revenue	915,942	38,327	954,269
Noncurrent liabilities:			
Due within one year	-	1,658,821	1,658,821
Due in more than one year:			
Loans payable and capital leases	-	12,091,078	12,091,078
Net OPEB liability	2,799,783	354,191	3,153,974
Net pension liability	154,426,420	12,047,042	166,473,462
<b>Total liabilities</b>	<b>201,812,608</b>	<b>44,177,881</b>	<b>245,990,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - OPEB related items	182,976	65,955	248,931
Deferred inflows of resources - pension related items	842,684	48,824	891,508
<b>Total deferred inflows of resources</b>	<b>1,025,660</b>	<b>114,779</b>	<b>1,140,439</b>
<b>NET POSITION</b>			
Net investment in capital assets	789,334,744	361,477,774	1,150,812,518
Restricted for:			
Capital assets	212,635,840	41,461,775	254,097,615
Lighting and landscaping districts	9,225,568	-	9,225,568
Affordable housing	40,988,135	-	40,988,135
Other purposes	6,250,598	-	6,250,598
Unrestricted	249,699,344	149,953,835	399,653,179
<b>Total net position</b>	<b>\$ 1,308,134,229</b>	<b>\$ 552,893,384</b>	<b>\$ 1,861,027,613</b>

The notes to the financial statements are an integral part of this statement.



**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 20,002,696	\$ 1,259,648	\$ 8,033,583	\$ 930
Public safety	80,294,584	5,020,236	2,650,581	-
Community services	57,654,582	8,079,724	10,859,966	1,488,437
Public works	35,480,588	5,662,440	4,914,549	8,076,137
Interest and fiscal charges on long-term debt	436	-	-	-
<b>Total governmental activities</b>	<b>193,432,886</b>	<b>20,022,048</b>	<b>26,458,679</b>	<b>9,565,504</b>
<b>Business-type activities:</b>				
Carlsbad Municipal Water District	56,318,872	49,667,581	1,792,425	2,107,290
Golf course	10,280,089	8,107,466	-	-
Wastewater	9,062,816	14,026,739	1,157,360	5,493,915
Solid waste	5,086,004	3,387,077	534,632	-
<b>Total business-type activities</b>	<b>80,747,781</b>	<b>75,188,863</b>	<b>3,484,417</b>	<b>7,601,205</b>
<b>Total primary government</b>	<b>\$ 274,180,667</b>	<b>\$ 95,210,911</b>	<b>\$ 29,943,096</b>	<b>\$ 17,166,709</b>

General revenues:  
 Property taxes  
 Sales and use taxes  
 Transient occupancy taxes  
 Franchise taxes  
 Business license taxes  
 Real property transfer taxes  
 Income from property and investments  
 Other general revenues  
 Special items-Golf Course debt  
 Transfers  
 Total general revenues, special items, and transfers  
 Change in net position  
 Net position at beginning of year, as restated  
 Net position at end of year

The notes to the financial statements are an integral part of this statement.

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (10,708,535)	\$ -	\$ (10,708,535)
(72,623,767)	-	(72,623,767)
(37,226,455)	-	(37,226,455)
(16,827,462)	-	(16,827,462)
(436)	-	(436)
(137,386,655)	-	(137,386,655)
-	(2,751,576)	(2,751,576)
-	(2,172,623)	(2,172,623)
-	11,615,198	11,615,198
-	(1,164,295)	(1,164,295)
-	5,526,704	5,526,704
(137,386,655)	5,526,704	(131,859,951)
78,239,492	4,490,519	82,730,011
42,579,211	-	42,579,211
15,583,688	-	15,583,688
5,773,811	-	5,773,811
5,704,576	-	5,704,576
1,786,173	-	1,786,173
5,035,615	639,262	5,674,877
516,472	-	516,472
(8,427,362)	8,427,362	-
(47,272,546)	47,272,546	-
99,519,130	60,829,689	160,348,819
(37,867,525)	66,356,393	28,488,868
1,346,001,754	486,536,991	1,832,538,745
\$ 1,308,134,229	\$ 552,893,384	\$ 1,861,027,613



**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Community Facilities District No. 1	General Capital Construction	Infrastructure Replacement
<b>ASSETS</b>				
Cash and investments	\$ 160,339,923	\$ 94,992,909	\$ 43,092,669	\$ 124,415,160
Receivables:				
Interest	730,248	329,881	-	433,878
Taxes	13,526,783	890	-	-
Other	851,243	15,283	-	-
Accounts, net of allowances	468,173	-	-	-
Due from other funds	300,012	-	-	-
Due from other governments	287,001	-	-	-
Inventories	10,564	-	-	-
Prepaid items	649,970	-	-	-
Land held for resale	-	-	-	-
Loans receivable, net of allowances	1,531,162	-	-	-
Deposits	200,432	-	-	-
Advances to other funds	1,253,825	1,525,948	-	-
<b>Total assets</b>	<b>\$ 180,149,336</b>	<b>\$ 96,864,911</b>	<b>\$ 43,092,669</b>	<b>\$ 124,849,038</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 7,710,563	\$ 141,930	\$ 1,250,560	\$ 484,569
Due to other funds	993,748	-	-	-
Deposits payable	10,724,357	13,000	-	-
Due to other governments	2,967	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	737,627	-	-	-
<b>Total liabilities</b>	<b>20,169,262</b>	<b>154,930</b>	<b>1,250,560</b>	<b>484,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	159,458	-	-	-
<b>Total deferred inflows of resources</b>	<b>159,458</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	3,445,521	-	-	-
Restricted	-	96,709,981	-	-
Committed	1,000,000	-	-	-
Assigned	56,114,979	-	41,842,109	124,364,469
Unassigned	99,260,116	-	-	-
<b>Total fund balances</b>	<b>159,820,616</b>	<b>96,709,981</b>	<b>41,842,109</b>	<b>124,364,469</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 180,149,336</b>	<b>\$ 96,864,911</b>	<b>\$ 43,092,669</b>	<b>\$ 124,849,038</b>

The notes to the financial statements are an integral part of this statement.

Park Development	Other Governmental Funds	Total Governmental Funds
\$ 14,098,254	\$ 135,771,804	\$ 572,710,719
49,166	3,543,590	5,086,763
-	-	13,527,673
-	180,338	1,046,864
-	1,449,866	1,918,039
-	-	300,012
-	1,056,694	1,343,695
-	2,145	12,709
-	856	650,826
-	2,285,722	2,285,722
-	23,301,954	24,833,116
-	-	200,432
-	5,744,116	8,523,889
<u>\$ 14,147,420</u>	<u>\$ 173,337,085</u>	<u>\$ 632,440,459</u>

\$ -	\$ 1,311,704	\$ 10,899,326
-	300,012	1,293,760
-	456,149	11,193,506
-	46,165	49,132
5,650,000	2,873,889	8,523,889
-	178,315	915,942
<u>5,650,000</u>	<u>5,166,234</u>	<u>32,875,555</u>

-	4,505,452	4,664,910
-	4,505,452	4,664,910

-	856	3,446,377
8,497,420	163,892,740	269,100,141
-	-	1,000,000
-	-	222,321,557
-	(228,197)	99,031,919
<u>8,497,420</u>	<u>163,665,399</u>	<u>594,899,994</u>

<u>\$ 14,147,420</u>	<u>\$ 173,337,085</u>	<u>\$ 632,440,459</u>
----------------------	-----------------------	-----------------------



*This page is intentionally left blank.*



## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2021

Total fund balances - governmental funds \$ 594,899,994

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds	769,696,375
Internal service funds	19,638,369
Total capital assets	<u>789,334,744</u>

Deferred outflows are not an available resource and therefore, are not reported in the funds.

Governmental funds	44,277,540
Internal service funds	1,840,210
Total deferred outflows	<u>46,117,750</u>

Internal service funds are used by management to charge the costs of fleet management, self insured benefits, information technologies, records management, risk management and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Total internal service fund net position	47,424,399
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,633,391)
Internal service fund net position included as part of total capital assets	(19,638,369)
Internal service fund net position included as part of deferred outflows	(1,840,210)
Internal service fund net position included as part of long-term liabilities	7,016,857
Internal service fund net position included as part of deferred inflows	39,408
Net internal service fund net position	<u>31,368,694</u>

Interest receivable on advances to other funds is not a current financial resource and therefore is not recognized as revenue in the funds until received.

34,458

Development fees receivable are not a current financial resource and therefore are not recognized as revenue in the funds until received.

1,429,966

A portion of deferred grant revenues are not available to pay for current period expenditures and therefore are not recognized in the funds.

125,000

Interest receivable on housing loans is not a current financial resource and therefore is not recognized as revenue in the funds until received.

3,075,486

Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore, are not reported in the funds.

Governmental funds	(150,209,346)
Internal service funds	(7,016,857)
Total long-term liabilities	<u>(157,226,203)</u>

Deferred inflows represent an acquisition of net position that applies to a future period so it will not be recognized until that time.

Governmental funds	(986,252)
Internal service funds	(39,408)
Total deferred inflows	<u>(1,025,660)</u>

Net position of governmental activities	<u>\$ 1,308,134,229</u>
---	-------------------------

The notes to the financial statements are an integral part of this statement.



**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Community Facilities District No. 1	General Capital Construction
<b>Revenues:</b>			
Taxes	\$ 149,397,305	\$ 1,424,880	\$ -
Intergovernmental	10,115,918	-	-
Licenses and permits	2,398,980	-	-
Charges for services	7,503,388	-	-
Fines and forfeitures	423,380	-	-
Income from property and investments	5,641,716	349,229	-
Contributions from property owners	-	512,370	-
Donations	-	-	-
Miscellaneous	1,604,683	-	154,470
<b>Total revenues</b>	<b>177,085,370</b>	<b>2,286,479</b>	<b>154,470</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	22,099,329	105,795	-
Less: interdepartmental charges	(5,146,267)	-	-
Public safety	78,328,413	-	-
Community services	40,500,659	-	-
Public works	18,463,529	-	-
Capital outlay	-	476,385	5,086,289
<b>Debt service:</b>			
Principal retirement	7,970	-	-
Interest and fiscal charges	218	-	-
<b>Total expenditures</b>	<b>154,253,851</b>	<b>582,180</b>	<b>5,086,289</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>22,831,519</b>	<b>1,704,299</b>	<b>(4,931,819)</b>
<b>Other financing sources (uses):</b>			
Transfers in	10,000	-	4,500,000
Transfers out	(57,012,546)	-	-
<b>Total other financing sources (uses)</b>	<b>(57,002,546)</b>	<b>-</b>	<b>4,500,000</b>
<b>Net change in fund balances</b>	<b>(34,171,027)</b>	<b>1,704,299</b>	<b>(431,819)</b>
Fund balances at beginning of year, as restated	193,991,643	95,005,682	42,273,928
Fund balances at end of year	\$ 159,820,616	\$ 96,709,981	\$ 41,842,109

The notes to the financial statements are an integral part of this statement.



Infrastructure Replacement	Park Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,640,131	\$ 155,462,316
-	-	13,537,077	23,652,995
-	-	-	2,398,980
-	-	4,111,694	11,615,082
-	-	5,751	429,131
204,670	41,052	781,012	7,017,679
-	1,240,730	4,096,601	5,849,701
-	-	321,213	321,213
-	-	27,191	1,786,344
<u>204,670</u>	<u>1,281,782</u>	<u>27,520,670</u>	<u>208,533,441</u>
-	-	244,777	22,449,901
-	-	-	(5,146,267)
-	-	402,874	78,731,287
-	-	12,766,757	53,267,416
-	-	1,527,264	19,990,793
3,333,332	1,118	12,493,070	21,390,194
-	-	-	7,970
-	-	16,961	17,179
<u>3,333,332</u>	<u>1,118</u>	<u>27,451,703</u>	<u>190,708,473</u>
<u>(3,128,662)</u>	<u>1,280,664</u>	<u>68,967</u>	<u>17,824,968</u>
4,500,000	-	750,000	9,760,000
-	-	(60,000)	(57,072,546)
<u>4,500,000</u>	<u>-</u>	<u>690,000</u>	<u>(47,312,546)</u>
1,371,338	1,280,664	758,967	(29,487,578)
122,993,131	7,216,756	162,906,432	624,387,572
<u>\$ 124,364,469</u>	<u>\$ 8,497,420</u>	<u>\$ 163,665,399</u>	<u>\$ 594,899,994</u>





**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, 2021**

Net change in fund balances - total governmental funds	\$ (29,487,578)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Purchase of capital assets	17,604,642
Gain on the disposal of capital assets	(99,428)
Depreciation expense	(22,688,260)
Governmental funds do not reflect the donation of capital assets as revenues.	1,543,454
Unpaid interest income on advances to other funds is not a current financial resource and therefore is not recognized as revenue in the funds until received.	16,756
Received interest income on advances to other funds is not a current financial resource and therefore is recognized as revenue in the funds.	(2,681,952)
Writ-offs of previously recognized interest income on golf course advance is not recognized as an expenditure in the governmental funds.	(8,427,362)
Unpaid development fees are not a current financial resource and therefore are not recognized as revenue in the funds until received.	1,429,966
Revenues that are recorded in the funds that are not recorded in the statement of activities due to measurement differences.	64,506
Unpaid interest revenue on advances for housing loans is not a current financial and therefore is not recognized as revenue in the funds until received.	3,075,486
The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	7,970
The net revenue of activities of internal service funds is reported with governmental activities.	514,975
Adjustments made to the net pension and net OPEB liabilities do not use current financial resources and therefore, are not recognized in the funds.	1,257,034
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>2,266</u>
Change in net position of governmental activities	<u>\$ (37,867,525)</u>

The notes to the financial statements are an integral part of this statement.



**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
General Fund  
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget - Over/(Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 140,716,000	\$ 140,780,200	\$ 149,397,305	\$ 8,617,105
Intergovernmental	924,000	1,757,249	10,115,918	8,358,669
Licenses and permits	1,814,000	1,814,000	2,398,980	584,980
Charges for services	7,415,000	7,827,822	7,503,388	(324,434)
Fines and forfeitures	515,000	515,000	423,380	(91,620)
Income from property and investments	7,482,000	7,492,000	7,998,952	506,952
Miscellaneous	956,000	1,224,238	1,604,683	380,445
<b>Total revenues</b>	<b>159,822,000</b>	<b>161,410,509</b>	<b>179,442,606</b>	<b>18,032,097</b>
<b>Expenditures:</b>				
Current:				
General government	23,434,636	43,407,013	25,419,627	(17,987,386)
Less: interdepartmental charges	(4,955,962)	(4,955,962)	(5,146,267)	(190,305)
Public safety	71,766,577	81,238,585	80,132,785	(1,105,800)
Community services	42,648,122	49,127,083	44,264,702	(4,862,381)
Public works	18,762,702	23,170,537	21,654,706	(1,515,831)
<b>Total expenditures</b>	<b>151,656,075</b>	<b>191,987,256</b>	<b>166,325,553</b>	<b>(25,661,703)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,165,925</b>	<b>(30,576,747)</b>	<b>13,117,053</b>	<b>43,693,800</b>
<b>Other financing sources (uses):</b>				
Transfers in	10,000	10,000	10,000	-
Transfers out	(7,009,000)	(57,512,546)	(57,012,546)	500,000
<b>Total other financing sources (uses)</b>	<b>(6,999,000)</b>	<b>(57,502,546)</b>	<b>(57,002,546)</b>	<b>500,000</b>
<b>Net change in fund balances</b>	<b>1,166,925</b>	<b>(88,079,292)</b>	<b>(43,885,493)</b>	<b>\$ 44,193,799</b>
Fund balance at beginning of year, as restated	193,991,643	193,991,643	193,991,643	
Fund balance at end of year	<u>\$ 195,158,568</u>	<u>\$ 105,912,351</u>	<u>\$ 150,106,150</u>	

The notes to the financial statements are an integral part of this statement.



**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
General Fund (continued)  
For the Year Ended June 30, 2021**

**BUDGET-TO-GAAP RECONCILIATION**

	Actual Amounts (Budgetary Basis)
<b>Revenues</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (previous page).	\$ 179,442,606
The recording of unrealized gains and losses on the city's investments are shown for financial reporting purposes (pursuant to GASB 31), but are not shown for budgetary purposes.	<u>(2,357,236)</u>
	<u>\$ 177,085,370</u>
<b>Expenditures</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (previous page).	\$ 166,325,553
Differences - budget to GAAP:	
Encumbrances are shown in the year encumbered for budgetary purposes, but in the year paid for financial reporting purposes.	<u>(12,071,702)</u>
	<u>\$ 154,253,851</u>

The notes to the financial statements are an integral part of this statement.



**Statement of Net Position  
Proprietary Funds  
June 30, 2021**

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 134,471,029	\$ 2,791,263	\$ 45,350,047
Receivables:			
Interest	472,560	6,896	158,024
Taxes	29,974	-	-
Other	-	25,149	-
Accounts, net of allowances	8,348,664	2,207	2,321,298
Due from other funds	1,048,262	-	-
Due from other governments	2,607,382	-	2,945,160
Inventories	657,997	140,712	14,518
Prepaid items	89,002	62,540	171
<b>Total current assets</b>	<b>147,724,870</b>	<b>3,028,767</b>	<b>50,789,218</b>
Capital assets:			
Land	1,914,871	4,786,745	2,629,102
Construction in progress	2,266,081	6,631	19,107,639
Buildings and other structures	21,005,016	20,170,451	-
Improvements other than buildings	2,322,172	44,052,752	7,134,824
Machinery and equipment	10,989,380	1,906,589	1,067,988
Infrastructure	262,320,164	-	140,150,643
Wastewater treatment facility	-	-	62,425,149
Intangible assets	-	-	-
Less accumulated depreciation	(95,902,091)	(43,858,439)	(89,267,994)
Total capital assets (net of accumulated depreciation)	<b>204,915,593</b>	<b>27,064,729</b>	<b>143,247,351</b>
<b>Total noncurrent assets</b>	<b>204,915,593</b>	<b>27,064,729</b>	<b>143,247,351</b>
<b>Total assets</b>	<b>352,640,463</b>	<b>30,093,496</b>	<b>194,036,569</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - OPEB related items	384,066	-	90,912
Deferred outflows of resources - pension related items	1,771,129	-	780,681
<b>Total deferred outflows of resources</b>	<b>2,155,195</b>	<b>-</b>	<b>871,593</b>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		Governmental
Nonmajor		Activities -
Solid		Internal
Waste	Totals	Service
		Funds
\$ 13,773,667	\$ 196,386,006	\$ 51,905,733
48,002	685,482	160,682
-	29,974	-
529,179	554,328	-
975,797	11,647,966	5,106
-	1,048,262	-
-	5,552,542	-
-	813,227	332,067
-	151,713	2,126,996
<u>15,326,645</u>	<u>216,869,500</u>	<u>54,530,584</u>
-	9,330,718	-
-	21,380,351	820,801
-	41,175,467	-
-	53,509,748	-
-	13,963,957	34,714,847
-	402,470,807	-
-	62,425,149	-
-	-	3,155,837
-	(229,028,524)	(19,053,116)
-	<u>375,227,673</u>	<u>19,638,369</u>
-	<u>375,227,673</u>	<u>19,638,369</u>
<u>15,326,645</u>	<u>592,097,173</u>	<u>74,168,953</u>
63,671	538,649	159,908
419,535	2,971,345	1,680,302
<u>483,206</u>	<u>3,509,994</u>	<u>1,840,210</u>

(continued)



**Statement of Net Position  
Proprietary Funds (continued)  
June 30, 2021**

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
<b>LIABILITIES</b>			
Current liabilities:			
Accrued liabilities	1,451,268	427,050	662,949
Accrued interest payable	44,276	-	-
Due to other funds	-	-	46,534
Due to other governments	8,246,700	-	4,703,753
Estimated claims payable	-	-	-
Current portion of loans payable	1,658,821	-	-
<b>Total current liabilities</b>	<b>11,401,065</b>	<b>427,050</b>	<b>5,413,236</b>
Noncurrent liabilities:			
Deposits payable	102,690	481,006	356,177
Unearned revenue	-	-	10,000
Net OPEB liability	207,532	-	72,541
Net pension liability	7,180,879	-	3,165,198
Loans payable	12,091,078	-	-
<b>Total noncurrent liabilities</b>	<b>19,582,179</b>	<b>481,006</b>	<b>3,603,916</b>
<b>Total liabilities</b>	<b>30,983,244</b>	<b>908,056</b>	<b>9,017,152</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - OPEB related items	56,302	-	5,320
Deferred inflows of resources - pension related items	29,102	-	12,828
<b>Total deferred inflows of resources</b>	<b>85,404</b>	<b>-</b>	<b>18,148</b>
<b>NET POSITION</b>			
Net investment in capital assets	191,165,694	27,064,729	143,247,351
Restricted for:			
Capital assets	36,704,578	-	4,757,197
Unrestricted	95,856,738	2,120,711	37,868,314
<b>Total net position (deficit)</b>	<b>\$ 323,727,010</b>	<b>\$ 29,185,440</b>	<b>\$ 185,872,862</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net position of business-type activities

The notes to the financial statements are an integral part of this statement.



Enterprise Funds		Governmental
Nonmajor		Activities -
Solid		Internal
Waste	Totals	Service
		Funds
1,501,610	4,042,877	7,380,510
-	44,276	-
7,980	54,514	-
10,943	12,961,396	-
-	-	14,146,021
-	1,658,821	-
<u>1,520,533</u>	<u>18,761,884</u>	<u>21,526,531</u>
-	939,873	1,968
28,327	38,327	-
74,118	354,191	204,229
1,700,965	12,047,042	6,812,628
-	12,091,078	-
<u>1,803,410</u>	<u>25,470,511</u>	<u>7,018,825</u>
<u>3,323,943</u>	<u>44,232,395</u>	<u>28,545,356</u>
4,333	65,955	11,799
6,894	48,824	27,609
<u>11,227</u>	<u>114,779</u>	<u>39,408</u>
-	361,477,774	19,638,369
-	41,461,775	-
<u>12,474,681</u>	<u>148,320,444</u>	<u>27,786,030</u>
<u>\$ 12,474,681</u>	<u>551,259,993</u>	<u>\$ 47,424,399</u>
	<u>1,633,391</u>	
	<u>\$ 552,893,384</u>	



**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021**

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
Operating revenues:			
Water sales	\$ 49,313,865	\$ -	\$ -
Wastewater service charges	-	-	14,026,739
Golf course operations	-	8,105,675	-
Other charges for services	353,716	-	-
Miscellaneous	1,792,425	1,791	1,157,360
<b>Total operating revenues</b>	<b>51,460,006</b>	<b>8,107,466</b>	<b>15,184,099</b>
Operating expenses:			
Encina plant operations	1,218,079	-	4,060,896
Purchased water	27,362,142	-	-
Golf course operations	-	6,696,313	-
Depreciation	5,914,562	3,577,013	4,355,958
Fuel and supplies	-	-	-
Claims and premiums expense	-	-	-
Small equipment purchases	-	-	-
General and administrative	21,499,580	6,763	713,862
<b>Total operating expenses</b>	<b>55,994,363</b>	<b>10,280,089</b>	<b>9,130,716</b>
<b>Operating income (loss)</b>	<b>(4,534,357)</b>	<b>(2,172,623)</b>	<b>6,053,383</b>
Nonoperating revenues (expenses):			
Income from property and investments	496,313	95,044	30,908
Interest expense and fees	(292,567)	-	-
Gain (loss) on sale of property	(90)	-	-
Property taxes	4,490,519	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>4,694,175</b>	<b>95,044</b>	<b>30,908</b>
<b>Income (loss) before transfers, capital contributions and special items</b>	<b>159,818</b>	<b>(2,077,579)</b>	<b>6,084,291</b>
Transfers in	-	47,031,506	-
Transfers out	-	-	-
Capital contributions:			
Capital restricted fees and grants	863,016	-	4,251,735
Developer constructed assets	1,244,274	-	1,242,180
Other	-	-	-
Special items-Golf Course debt	-	8,427,362	-
<b>Change in net position</b>	<b>2,267,108</b>	<b>53,381,289</b>	<b>11,578,206</b>
Total net position (deficit) at beginning of year	321,459,902	(24,195,849)	174,294,656
Total net position (deficit) at end of year	<b>\$ 323,727,010</b>	<b>\$ 29,185,440</b>	<b>\$ 185,872,862</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Changes in net position of business-type activities

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		Governmental
Nonmajor	Totals	Activities -
Solid Waste		Internal
		Service Funds
\$ -	\$ 49,313,865	\$ -
-	14,026,739	-
-	8,105,675	-
3,387,077	3,740,793	22,785,718
534,632	3,486,208	518,465
<u>3,921,709</u>	<u>78,673,280</u>	<u>23,304,183</u>
-	5,278,975	-
-	27,362,142	-
-	6,696,313	-
-	13,847,533	2,712,987
-	-	1,488,319
-	-	5,461,168
-	-	687,076
5,047,690	27,267,895	14,862,263
<u>5,047,690</u>	<u>80,452,858</u>	<u>25,211,813</u>
<u>(1,125,981)</u>	<u>(1,779,578)</u>	<u>(1,907,630)</u>
16,997	639,262	63,198
-	(292,567)	(3,360)
-	(90)	42,739
-	4,490,519	-
<u>16,997</u>	<u>4,837,124</u>	<u>102,577</u>
<u>(1,108,984)</u>	<u>3,057,546</u>	<u>(1,805,053)</u>
281,040	47,312,546	40,000
(40,000)	(40,000)	-
-	5,114,751	-
-	2,486,454	-
-	-	2,280,028
-	8,427,362	-
<u>(867,944)</u>	<u>66,358,659</u>	<u>514,975</u>
<u>13,342,625</u>		<u>46,909,424</u>
<u>\$ 12,474,681</u>		<u>\$ 47,424,399</u>
	(2,266)	
	<u>\$ 66,356,393</u>	



**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 49,690,413	\$ 8,094,756	\$ 13,893,397
Receipts from interfund charges	-	-	-
Payments to suppliers	(40,235,138)	(6,594,784)	(1,994,462)
Payments to employees	(7,414,680)	-	(2,312,409)
Internal activity - payments to other funds	(3,413,519)	-	(1,395,257)
Claims and premiums paid	-	-	-
Other receipts	1,792,425	1,791	1,157,360
Other disbursements	(5,956)	-	(4,189,543)
Net cash provided (used) by operating activities	<u>413,545</u>	<u>1,501,763</u>	<u>5,159,086</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Capital restricted fees	803,826	-	4,251,735
Purchase of capital assets	(6,820,548)	(365,381)	(13,128,426)
Gross proceeds from the sale of capital assets	-	-	-
Principal paid on capital debt	(1,620,408)	-	-
Interest and other fees paid	(256,076)	-	-
Proceeds from state and local grants	59,190	-	-
Property taxes received	4,499,984	-	-
Net cash (used in) capital and related financing activities	<u>(3,334,032)</u>	<u>(365,381)</u>	<u>(8,876,691)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	604,701	91,258	81,033
Net increase (decrease) in cash and cash equivalents	<u>(2,315,786)</u>	<u>1,227,640</u>	<u>(3,636,572)</u>
Cash and cash equivalents at beginning of year	<u>136,786,815</u>	<u>1,563,623</u>	<u>48,986,619</u>
Cash and cash equivalents at end of year	<u>\$ 134,471,029</u>	<u>\$ 2,791,263</u>	<u>\$ 45,350,047</u>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		Governmental
Nonmajor	Totals	Activities - Internal Service Funds
Solid Waste		
\$ 3,386,859	\$ 75,065,425	\$ -
-	-	23,863,664
(2,197,160)	(51,021,544)	(9,832,818)
(1,942,214)	(11,669,303)	(7,737,413)
(722,531)	(5,531,307)	(201,624)
-	-	(5,552,574)
534,632	3,486,208	-
-	(4,195,499)	-
(940,414)	6,133,980	539,235
241,040	241,040	40,000
241,040	241,040	40,000
-	5,055,561	-
-	(20,314,355)	(2,584,322)
-	-	397,276
-	(1,620,408)	(147,952)
-	(256,076)	(3,360)
-	59,190	-
-	4,499,984	-
-	(12,576,104)	(2,338,358)
30,002	806,994	101,380
(669,372)	(5,394,090)	(1,657,743)
14,443,039	201,780,096	53,563,476
\$ 13,773,667	\$ 196,386,006	\$ 51,905,733

(continued)



**Statement of Cash Flows**  
**Proprietary Funds (continued)**  
**For the Year Ended June 30, 2021**

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (4,534,357)	\$ (2,172,623)	\$ 6,053,383
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,914,562	3,577,013	4,355,958
Changes in assets and liabilities:			
(Increase) decrease in receivables	22,832	(10,919)	(133,342)
(Increase) decrease in due from other fund	(1,048,262)	-	-
(Increase) decrease in due from other governments	202,498	-	-
(Increase) decrease in inventories	(114,152)	7,649	(717)
(Increase) decrease in prepaid items	(80,590)	6,653	(171)
(Increase) decrease in OPEB asset	844,526	-	-
(Increase) decrease in deferred outflows - OPEB related items	(11,337)	-	(347,150)
(Increase) decrease in deferred outflows - pension related items	(739,411)	-	(3,962)
(Decrease) increase in accrued liabilities	(2,056,695)	(82,043)	90,298
(Decrease) increase in due to other funds	-	-	46,534
(Decrease) increase in due to other governments	1,282,601	-	(832,464)
(Decrease) increase in estimated claims payable	-	-	-
(Decrease) increase in deposits payable	(5,956)	176,033	(4,189,543)
(Decrease) increase in unearned revenue	-	-	-
(Decrease) increase in OPEB liability	207,532	-	(45,208)
(Decrease) increase in net pension liability	653,694	-	284,619
(Decrease) increase in deferred inflows - OPEB related items	5,824	-	(121,184)
(Decrease) increase in deferred inflows - pension related items	(129,764)	-	2,035
Net cash provided by operating activities	<u>\$ 413,545</u>	<u>\$ 1,501,763</u>	<u>\$ 5,159,086</u>
Noncash capital financing activities:			
Capital assets contributed by other sources	<u>\$ 1,244,274</u>	<u>\$ -</u>	<u>\$ 1,242,180</u>

The notes to the financial statements are an integral part of this statement.

<u>Enterprise Funds</u>		Governmental
Nonmajor	Totals	Activities -
<u>Solid Waste</u>		<u>Internal</u>
		<u>Service Funds</u>
\$ (1,125,981)	\$ (1,779,578)	\$ (1,907,630)
-	13,847,533	2,712,987
56,464	(64,965)	57,299
-	(1,048,262)	-
-	202,498	-
-	(107,220)	184,413
-	(74,108)	(440,974)
-	844,526	-
(4,048)	(362,535)	(12,094)
(161,350)	(904,723)	(671,493)
239,587	(1,808,853)	564,315
7,980	54,514	-
-	450,137	-
-	-	(183,637)
-	(4,019,466)	-
(56,682)	(56,682)	-
(6,624)	155,700	4,056
152,953	1,091,266	612,602
2,081	(113,279)	6,215
(44,795)	(172,524)	(386,824)
<u>\$ (940,415)</u>	<u>\$ 6,133,979</u>	<u>\$ 539,235</u>
<u>\$ -</u>	<u>\$ 2,486,454</u>	<u>\$ 2,280,028</u>



**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

<b>ASSETS</b>	Private Purpose Trust Fund	Custodial Funds
Current assets:		
Cash and investments	\$ 1,426,697	\$ 6,711,318
Receivables:		
Assessments	-	19,975
Interest	4,975	41,802
Taxes	-	64,139
<b>Total current assets</b>	<b>1,431,672</b>	<b>6,837,234</b>
Noncurrent assets:		
Loans receivable	4,391,761	-
Restricted assets:		
Cash and investments	-	4,458,829
<b>Total noncurrent assets</b>	<b>4,391,761</b>	<b>4,458,829</b>
<b>Total assets</b>	<b>5,823,433</b>	<b>11,296,063</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accrued liabilities	404	88,936
Accrued interest payable	50,350	-
Bonds payable - due within one year	900,000	-
<b>Total current liabilities</b>	<b>950,754</b>	<b>88,936</b>
Noncurrent liabilities:		
Bonds payable - due in more than one year	1,950,000	-
<b>Total liabilities</b>	<b>2,900,754</b>	<b>88,936</b>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations and other governments	-	11,207,127
Redevelopment obligation retirement purposes	2,922,679	-
<b>Total net position</b>	<b>\$ 2,922,679</b>	<b>\$ 11,207,127</b>

The notes to the financial statements are an integral part of this statement.





**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Private Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
District assessment collections	\$ -	\$ 5,659,874
Property taxes	3,013,484	1,355,775
Income (loss) from property and investments	(67,626)	57,000
Interest on housing loans	836,498	-
<b>Total additions</b>	<u>3,782,356</u>	<u>7,072,649</u>
<b>DEDUCTIONS</b>		
Distributions to beneficiaries	-	796,085
General and administrative	78,985	67,290
Bond principal	-	3,175,000
Bond Interest expense and fees	160,918	1,781,108
<b>Total deductions</b>	<u>239,903</u>	<u>5,819,483</u>
<b>Change in net position</b>	<u>3,542,453</u>	<u>1,253,166</u>
Net position (deficit) at beginning of year, as restated	(619,774)	9,953,961
Net position (deficit) at end of year	<u>\$ 2,922,679</u>	<u>\$ 11,207,127</u>

The notes to the financial statements are an integral part of this statement.



## Notes to the Financial Statements

### 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:

#### Description and scope 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.

#### Government-wide and Fund Financial 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.

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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

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.

#### 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.

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 **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 **General Capital Construction (GCC)** capital project fund is used to account for transfers from the General Fund and expenditures for various capital projects not financed through another capital project fund.
- 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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

- The **Park Development Fund** capital project funds are used to account for receipts of fees charged to developers for park acquisition and development.

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 **Golf Course** enterprise fund is used to account for revenues and expenses for the construction, maintenance and operating activities of the city's municipal golf course. The city has elected to promote the golf course fund from a nonmajor enterprise fund to a major fund.
- The **Wastewater** enterprise funds are used to account for the operation, maintenance, and capital facility financing of the city's wastewater system.

The city reports the following nonmajor enterprise fund:

- The **Solid Waste** enterprise funds are used to account for the revenues and expenses of the city's solid waste source-reduction, recycling and storm water programs.

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.
- 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 **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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

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.

#### Change in accounting principles

The city implemented Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities during fiscal year 2020-21. This change in accounting principle resulted in a prior period adjustment, increasing the net position of custodial funds being reported in the Statement of Changes in Fiduciary Net Position. Prior to the implementation of this statement the custodial funds were not required to report a net position. This change also required a prior period adjustment as an increase to net position in the Statement of Activities for Governmental Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds. This increase was a result of moving the accumulated interest income earned on developer deposits from the Fiduciary Funds to the General Fund, as all developer construction deposits are now held and accounted for in the General Fund, as required by GASB 84. See footnote 21, Prior Period Adjustment for more detailed information.

The requirements of GASB 84 will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The city also implemented GASB Statement No. 98, The Annual Comprehensive Financial Report during fiscal year 2020-21 which establishes the term annual comprehensive financial report and its acronym ACFR.

#### 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.

#### 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.



**Notes to the Financial Statements**

**Note 1. Summary of Significant Accounting Policies (continued)**

**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, 2021, 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.

**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.

**Unbilled services**

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

**Capital assets**

Capital assets, which include land (including right-of-way), buildings, equipment 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 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	3 – 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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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.

#### 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 position 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.

#### 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 position 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, deferred inflows of resources, 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.

#### 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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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, 2021, the ambulance billing receivable allowance is equal to 40% of outstanding billings at June 30, 2021, and the trade and false alarm receivable allowance is equal to 18% of the total of all outstanding receivable balance at June 30, 2021. 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, 2021, and any receivables due from other public agencies.

#### 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.

#### 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.

#### 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.

#### 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.





## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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.

#### 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.

For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

#### 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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

#### 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.



## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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.

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.

### 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.



## Notes to the Financial Statements

### Note 2. Budgetary Data (continued)

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.

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.

### Note 3. Deposit and Investment Risk

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, 2021, the LAIF performance report shows a fair value factor of 1.00008297. 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.



## Notes to the Financial Statements

### Note 3. Deposit and Investment Risk (continued)

As of June 30, 2021, the city had the following investments in its portfolio:

	Fair Value	% of Total	Modified Duration
Treasurer's Pool investments			
U.S. agencies:			
United States Treasury Bills & Notes	\$ 71,633,795	8.7%	1.637
Federal Home Loan Mortgage Corporation	61,337,368	7.4%	2.862
Federal National Mortgage Association	49,288,221	6.0%	2.987
Federal Home Loan Bank	88,589,949	10.7%	3.399
Federal Farm Credit Bank	87,301,449	10.6%	2.890
Federal Agricultural Corporation	17,636,515	2.1%	3.379
Supranational	32,863,776	4.0%	2.607
Tennessee Valley Authority	1,074,240	0.1%	3.058
Subtotal U.S. agencies	<u>409,725,313</u>	<u>49.6%</u>	<u>3.075</u>
Agency backed passthrough securities			
Federal Home Loan Mortgage Corporation	14,373,742	1.7%	1.826
Federal National Mortgage Association	1,899,556	0.2%	0.793
Subtotal agency backed passthrough securities	<u>16,273,298</u>	<u>1.9%</u>	<u>1.706</u>
Corporate notes:			
Medium-term corporate notes	202,236,011	24.5%	2.021
Subtotal corporate notes	<u>202,236,011</u>	<u>24.5%</u>	<u>2.021</u>
Municipal bonds:			
Municipal bonds	26,040,598	3.2%	3.575
Subtotal municipal bonds	<u>26,040,598</u>	<u>3.2%</u>	<u>3.575</u>
CAMP	1,006,349	0.1%	-
LAIF	140,235,814	17.0%	-
Certificates of deposit	21,538,503	2.6%	-
Cash accounts	9,476,180	1.1%	-
Total Treasurer's Pool	<u>826,532,066</u>	<u>100.0%</u>	<u>2.114</u>
Investments held outside the Treasurer's Pool			
Money market funds	4,677,782	83.2%	-
Guaranteed investment contracts	942,770	16.8%	-
Subtotal debt service funds/bond proceeds	<u>5,620,552</u>	<u>100.0%</u>	<u>0.000</u>
Other deposits	1,437,414		
Petty cash funds	9,270		
Total cash and investments	<u>\$ 833,599,302</u>		
Statement of Net Position, Primary Government			
Cash and investments	\$ 821,002,458		
Statement of Net Position, Fiduciary Funds			
Cash and investments	8,138,015		
Restricted cash and investments	4,458,829		
Total cash and investments	<u>\$ 833,599,302</u>		



## Notes to the Financial Statements

### Note 3. Deposit and Investment Risk (continued)

#### 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, 2021:

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
U.S. treasury bills & notes	\$ 71,633,795	\$ -	\$ -	\$ 71,633,795
U.S. agencies & supranational	-	338,091,518	-	338,091,518
Agency backed passthrough securities	-	16,273,298	-	16,273,298
Medium-term corporate notes	-	202,236,011	-	202,236,011
Municipal bonds	-	26,040,598	-	26,040,598
Certificates of deposit	-	21,538,503	-	21,538,503
Subtotal investments reported at fair value	<u>\$ 71,633,795</u>	<u>\$ 604,179,928</u>	<u>\$ -</u>	675,813,723
Cash and investments not reported at fair value				
Cash accounts				9,476,180
CAMP				1,006,349
LAIF				140,235,814
Money market funds				4,677,782
Guaranteed investment contracts				942,770
Other deposits				1,437,414
Petty cash funds				9,270
Total cash and investments				<u>\$ 833,599,302</u>

#### 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.

#### 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.

#### Concentration credit risk

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.



## Notes to the Financial Statements

### Note 3. Deposit and Investment Risk (continued)

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, 2021, the portfolio was in compliance with this requirement.

#### 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, 2021, 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.



## Notes to the Financial Statements

### 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, 2021 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	\$ 71,633,795	N/A	\$ 71,633,795	\$ -	\$ -	\$ -	\$ -
Federal agency securities	338,091,518	N/A	-	-	338,091,518	-	-
Agency backed passthrough securities	16,273,298	AA	-	16,273,298	-	-	-
Medium term notes	202,236,011	AA	-	27,808,172	138,239,224	36,188,615	-
Municipal bonds	26,040,598	AA	-	3,487,088	22,553,510	-	-
California Asset Management Program (CAMP)	1,006,349	N/A	-	1,004,415	-	-	-
Local Agency Investment Fund (LAIF)	140,235,814	N/A	-	-	-	-	140,235,814
Certificates of deposit	21,538,503	N/A	-	-	-	-	21,538,503
Cash accounts	9,476,180	N/A	-	-	-	-	9,476,180
Other deposits	1,437,414	N/A	-	-	-	-	1,437,414
Petty cash funds	9,270	N/A	-	-	-	-	9,270
Investments with fiscal agent							
Money market funds	4,677,782	AA-m	-	4,677,782	-	-	-
Guaranteed investment contracts	942,770	N/A	-	-	-	-	942,770
	<u>\$ 833,599,302</u>		<u>\$ 71,633,795</u>	<u>\$ 53,250,755</u>	<u>\$ 498,884,252</u>	<u>\$ 36,188,615</u>	<u>\$ 173,639,951</u>

Note for this schedule:

Certificates of Deposit are FDIC insured.

As of June 30, 2021, 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.



## Notes to the Financial Statements

### Note 3. Deposit and Investment Risk (continued)

#### 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, 2021, the portfolio had a 1.02% gain 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 (2) 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:

1. As of June 30, 2021, the modified duration of the portfolio was 2.114. 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, 2021, maturities within one year exceeded the required minimum of \$292,643,525 (two-thirds of current year operating budget for the city per the Fiscal Year 2020-21 operating budget adopted by the City Council).
3. As of June 30, 2021, the weighted average maturity of the LAIF underlying debt securities was 191 days. As of June 30, 2021, LAIF had a 0.4806% loss in market value.
4. As of June 30, 2021, the city's investment portfolio included \$1,500,000 of callable step-up notes at par.





## Notes to the Financial Statements

### Note 4. Due To and From Other Funds

The following table shows amounts due from funds within the city to other funds within the city at June 30, 2021.

	Due to Other Funds	Due from Other Funds
General Fund	\$ 993,748	\$ 300,012
Other Governmental Funds:		
Community Development Block Grant	300,012	-
Enterprise Funds:		
Carlsbad Municipal Water District	-	1,048,262
Wastewater	46,534	-
Nonmajor Solid Waste	7,980	-
Totals	<u>\$ 1,348,274</u>	<u>\$ 1,348,274</u>

### Note 5. 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, 2021:

Advances From	Advances To	Amount
General Fund	Other Governmental Funds: Habitat Mitigation	\$ 1,253,825 <sup>1</sup>
Other Governmental Funds: CFD No. 1	Other Governmental Funds: Traffic Impact Projects	1,525,948 <sup>2</sup>
Public Facilities Construction	Park Development	5,650,000 <sup>3</sup>
Affordable Housing	Section 8 Rental Assistance	94,116 <sup>4</sup>
		<u>\$ 8,523,889</u>

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

<sup>1</sup> The advance between the General Fund and the Habitat & Agricultural Management 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.

<sup>2</sup> The advance between the CFD No. 1 Fund and the Traffic Impact Projects Fund is estimated to be repaid over a 10-15 year period as Traffic Impact Fees are collected.

<sup>3</sup> The advance between the Public Facilities Fees Fund and the Park Development Funds is estimated to be repaid at build-out.

<sup>4</sup> The advance between the Affordable Housing Fund and the Section 8 Rental Assistance Fund is a short-term advance and will be repaid as rental payments due on port-in rental participants is collected by the city from the participating housing agencies.



## Notes to the Financial Statements

### Note 6. Capital Assets

Capital asset activity was as follows for the year ended June 30, 2021:

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land (including right-of-way)	\$ 155,896,231	\$ 4,723,365	\$ -	\$ 160,619,596
Construction in progress	16,236,469	19,187,308	(17,269,529)	18,154,248
Total capital assets, not being depreciated	<u>172,132,700</u>	<u>23,910,673</u>	<u>(17,269,529)</u>	<u>178,773,844</u>
Capital assets, being depreciated:				
Buildings	138,281,470	-	-	138,281,470
Improvements, other than buildings	93,825,851	5,063,874	-	98,889,725
Machinery and equipment	51,645,979	5,996,727	(5,422,027)	52,220,679
Infrastructure	734,252,385	4,004,939	-	738,257,324
Intangible assets	5,017,448	2,203,989	(737,789)	6,483,648
Total capital assets, being depreciated	<u>1,023,023,133</u>	<u>17,269,529</u>	<u>(6,159,816)</u>	<u>1,034,132,846</u>
Less accumulated depreciation for:				
Buildings	(45,782,463)	(2,859,311)	-	(48,641,774)
Improvements, other than buildings	(35,960,421)	(3,685,622)	-	(39,646,043)
Machinery and equipment	(31,479,443)	(3,753,574)	5,284,255	(29,948,762)
Infrastructure	(286,933,074)	(15,074,482)	-	(302,007,556)
Intangible assets	(3,721,147)	(28,258)	421,594	(3,327,811)
Total accumulated depreciation	<u>(403,876,548)</u>	<u>(25,401,247)</u>	<u>5,705,849</u>	<u>(423,571,946)</u>
Total capital assets being depreciated, net	<u>619,146,585</u>	<u>(8,131,718)</u>	<u>(453,967)</u>	<u>610,560,900</u>
Governmental activities capital assets, net	<u>\$ 791,279,285</u>	<u>\$ 15,778,955</u>	<u>\$ (17,723,496)</u>	<u>\$ 789,334,744</u>



## Notes to the Financial Statements

### Note 6. Capital Assets (continued)

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land (including right-of-way)	\$ 9,330,718	\$ -	\$ -	\$ 9,330,718
Construction in progress	24,786,724	21,094,581	(24,500,954)	21,380,351
Total capital assets, not being depreciated	<u>34,117,442</u>	<u>21,094,581</u>	<u>(24,500,954)</u>	<u>30,711,069</u>
Capital assets, being depreciated:				
Buildings	41,103,821	71,646	-	41,175,467
Improvements, other than buildings	53,224,688	285,437	(377)	53,509,748
Machinery and equipment	13,890,645	73,312	-	13,963,957
Infrastructure	379,576,446	22,894,361	-	402,470,807
Wastewater treatment facility	60,308,682	2,677,411	(560,944)	62,425,149
Total capital assets, being depreciated	<u>548,104,282</u>	<u>26,002,167</u>	<u>(561,321)</u>	<u>573,545,128</u>
Less accumulated depreciation for:				
Buildings	(12,238,699)	(914,234)	-	(13,152,933)
Improvements, other than buildings	(41,006,047)	(3,088,790)	287	(44,094,550)
Machinery and equipment	(3,133,498)	(2,066,255)	-	(5,199,753)
Infrastructure	(120,598,237)	(6,784,611)	-	(127,382,848)
Wastewater treatment facility	(38,765,741)	(993,643)	560,944	(39,198,440)
Total accumulated depreciation	<u>(215,742,222)</u>	<u>(13,847,533)</u>	<u>561,231</u>	<u>(229,028,524)</u>
Total capital assets being depreciated, net	<u>332,362,060</u>	<u>12,154,634</u>	<u>(90)</u>	<u>344,516,604</u>
Business-type activities capital assets, net	<u>\$ 366,479,502</u>	<u>\$ 33,249,215</u>	<u>\$ (24,501,044)</u>	<u>\$ 375,227,673</u>



## Notes to the Financial Statements

### Note 6. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 912,571
Public safety	1,448,515
Community services	4,915,154
Public works	15,412,020
Capital assets held by the internal service funds (charged to various functions based on their usage of the assets)	<u>2,712,987</u>
Total depreciation expense - governmental activities	<u>\$ 25,401,247</u>
Business-type activities:	
Carlsbad Municipal Water District	\$ 5,914,562
Wastewater	4,355,958
Golf course	<u>3,577,013</u>
Total depreciation expense - business-type activities	<u>\$ 13,847,533</u>

### Note 7. Long-term Debt

The following is a summary of changes in the principal balance of long-term debt for the year ended June 30, 2021:

	Principal Balance at July 1, 2020	Increases	Decreases	Principal Balance at June 30, 2021	Due Within One Year
Governmental activities:					
Obligations under capital lease	\$ 155,922	\$ -	\$ 155,922	\$ -	\$ -
Total governmental activities	<u>\$ 155,922</u>	<u>\$ -</u>	<u>\$ 155,922</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities:					
Loans payable	\$ 15,326,593	\$ 43,714	\$ 1,620,408	\$ 13,749,899	\$ 1,658,821
Total business type activities	<u>\$ 15,326,593</u>	<u>\$ 43,714</u>	<u>\$ 1,620,408</u>	<u>\$ 13,749,899</u>	<u>\$ 1,658,821</u>



## Notes to the Financial Statements

### Note 7. Long-term Debt (continued)

No long-term governmental debt exists at June 30, 2021. Business-type long-term debt at June 30, 2021 is comprised of the following issues:

Business-type long-term debt	Balance at June 30, 2021
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.	\$ 2,433,468
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.	6,818,453
2014 Carlsbad Municipal Water District loan agreement, as revised, with the State Water Resources Control Board authorized to \$22,150,000. 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>4,497,978</u>
Subtotal business-type long-term debt	13,749,899
Less current portion	<u>(1,658,821)</u>
Total long-term portion of business-type debt	<u>\$ 12,091,078</u>



## Notes to the Financial Statements

### Note 7. Long-term Debt (continued)

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

Year ended June 30:	Business-type Activities	
	Principal	Interest
2022	\$ 1,658,821	\$ 217,661
2023	1,698,146	178,336
2024	1,867,713	183,057
2025	1,910,220	140,550
2026	1,306,860	97,050
2027-2031	1,881,566	219,496
2032-2036	714,255	157,186
2037-2041	750,689	120,751
2042-2046	788,982	82,459
2047-2051	829,228	42,213
2052-2053	343,419	5,159
	<u>\$ 13,749,899</u>	<u>\$ 1,443,918</u>

The aggregate maturities for the business-type activities reflect a recent \$43,714 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 8. Rate Covenants and Pledged Revenue

#### Rate covenants

The 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, 2021.

#### 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	\$ 6,367,037	\$ 1,876,482	339%



## **Notes to the Financial Statements**

### **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.

#### **Limited obligation improvement bonds**

As of June 30, 2021, the city has two series of assessment district bonds outstanding in the amount of \$27,685,000. 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.

#### **Special tax bonds**

As of June 30, 2021, the city has two series Community Facilities District (CFD) bonds outstanding in the amount of \$18,050,000. 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.

#### **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, 2021 is \$16,250,000. 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.



## Notes to the Financial Statements

### Note 10. Fund Balances

The following is a summary of the components of fund balances as of June 30, 2021:

Fund Balances	Governmental Funds		
	General	Community Facilities District No. 1	General Capital Construction
<b>Nonspendable:</b>			
Inventory	\$ 10,564	\$ -	\$ -
Prepaid items	649,970	-	-
Loans receivable	1,531,162	-	-
Advances to other funds	1,253,825	-	-
<b>Totals</b>	<b>3,445,521</b>	<b>-</b>	<b>-</b>
<b>Restricted for:</b>			
Affordable housing	-	-	-
Lighting and landscaping districts	-	-	-
Capital projects	-	96,709,981	-
General government	-	-	-
Public safety	-	-	-
Community services	-	-	-
<b>Totals</b>	<b>-</b>	<b>96,709,981</b>	<b>-</b>
<b>Committed to:</b>			
Community activity grants	1,000,000	-	-
<b>Totals</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>
<b>Assigned to:</b>			
General government	13,388,622	-	-
Public safety	2,269,806	-	-
Community services	5,084,504	-	-
Public works	3,273,135	-	-
Deposits	10,724,357	-	-
CalPERS Contribution	6,400,000	-	-
City Council Goals	7,194,499	-	-
Capital projects	7,780,056	-	41,842,109
<b>Totals</b>	<b>56,114,979</b>	<b>-</b>	<b>41,842,109</b>
<b>Unassigned:</b>			
Unassigned	89,624,207	-	-
Economic uncertainty	9,635,909	-	-
<b>Totals</b>	<b>99,260,116</b>	<b>-</b>	<b>-</b>
<b>Total fund balances</b>	<b>\$ 159,820,616</b>	<b>\$ 96,709,981</b>	<b>\$ 41,842,109</b>



Infrastructure Replacement	Park Development	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 10,564
-	-	856	650,826
-	-	-	1,531,162
-	-	-	1,253,825
-	-	856	3,446,377
-	-	40,988,135	40,988,135
-	-	9,225,568	9,225,568
-	8,497,420	107,428,439	212,635,840
-	-	941,429	941,429
-	-	488,501	488,501
-	-	4,820,668	4,820,668
-	8,497,420	163,892,740	269,100,141
-	-	-	1,000,000
-	-	-	1,000,000
-	-	-	13,388,622
-	-	-	2,269,806
-	-	-	5,084,504
-	-	-	3,273,135
-	-	-	10,724,357
-	-	-	6,400,000
-	-	-	7,194,499
124,364,469	-	-	173,986,634
124,364,469	-	-	222,321,557
-	-	(228,197)	89,396,010
-	-	-	9,635,909
-	-	(228,197)	99,031,919
\$ 124,364,469	\$ 8,497,420	\$ 163,665,399	\$ 594,899,994



## Notes to the Financial Statements

### Note 10. Fund Balances (continued)

Fund balances are reported in the fund statements in the following classifications:

#### **Nonspendable Fund Balance**

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).

#### **Spendable Fund Balance**

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 additional discretionary contribution to CalPERS and a transfer to the city's long-term capital funds 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:

- General Government – Unspent funds for innovation projects; leadership team training; Faraday Center offices ClickShare installation; conference registration; and Program management Certificate training.
- Public Safety – Homeless outreach team vehicles; reserve aerial ladder truck; fire station computers; fire station iPad replacements; Fire Department wellness pilot program; Fire Department utility terrain vehicle; firefighting foam mandate costs; self-contained breathing apparatus storage cylinder mandate costs; Fire Department office furniture; fire records online payment form; Fire Department digital dashboard equipment; temporary pet shelter program; miscellaneous programming; barriers for the Village Faire; radio encryption installation; Police Department Nakoia wellness program. Encumbrances rolled forward include fire apparatus replacement and encryption software upgrades for radios, among other items.
- Community Services – unspent developer deposits; unspent planning grant funds; unspent Library & Cultural Arts grant funds; environmental analysis for the Housing Element; Mills Act creation; digital matrix processor; eBulletin Board software upgrade; laptop purchases; arts education consultant; arts maintenance contract; office renovation and security; Leo Carrillo market lighting; property boundary surveys; and master plan costs. Encumbrances rolled forward include citywide parks restroom custodial maintenance services agreement; Interfaith community services; rental assistance; building plan check consultant; planning consultant for developing design review standards; landscape plan check and inspection agreement; and other professional services and items.



**Notes to the Financial Statements**

**Note 10. Fund Balances (continued)**

- Public Works – fall safety system. Encumbrances rolled forward include electrical maintenance services agreement; mechanical/HVAC agreement; vehicle replacements; citywide street sweeping services; citywide facility custodial maintenance services; Urban Corps of San Diego citywide litter removal and storm drain inspection and cleaning services; solid waste, recycling, and organics management services among other items.
- City Council Goals – Fire Department Standards of Cover workplan execution, including two ambulances and additional paramedic firefighters; homeless workplan implementation, including the hotel/motel voucher program; and a citizens committee.
- Deposits to be reimbursed
- CalPERS ADC – CalPERS Additional Discretionary Contribution
- COVID-19 – Unspent COVID-19 Economic Revitalization Funds. Encumbrances rolled forward include small business loan services, and website content development and social media management services.
- Capital projects – City Council assigned general fund surplus budget from fiscal year 2020-21 to fund the city’s long-term capital project fund.

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 11. 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.

**Note 12. Accumulated Fund Deficits/Negative Net Position**

The following funds reported deficits in fund balances or net position as of June 30, 2021:

	Deficit Balance
Special Revenue Funds:	
Habitat and Agricultural Management	\$ (228,197)

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.



**Notes to the Financial Statements**

**Note 13. Interfund Transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Gas Tax Fund	\$ 10,000
Capital Project Funds:		
General Capital Construction	General Fund	4,500,000
Infrastructure Replacement	General Fund	4,500,000
Enterprise Funds:		
Storm Water Protection	General Fund	281,040
Golf Course	General Fund	47,031,506
Internal Service Funds:		
Fleet Maintenance and Replacement	Storm Water Protection	40,000
Special Revenue Funds:		
Financing Districts	General Fund	700,000
Section 8 Rental Assistance	Affordable Housing	50,000
		<u>\$ 57,112,546</u>

Transfers are used to: (1) move revenues and expenditures to the appropriate funds; (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with Council authorizations; and (3) move excess cash collected for future capital replacement in accordance with Council authorization.

The transfer from the General Fund to the Golf Course Fund totaling \$47,031,506 was due to the recognition that the repayment of advances from the General Fund to the Golf Course Fund loans from initial golf course construction and subsequent operating costs is not scheduled to happen in the near and foreseeable future.

**Note 14. 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.



**Notes to the Financial Statements**

**Note 14. Risk Management (continued)**

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, 2021, the unrestricted fund equity for the Risk Management Self-Insurance Fund was \$948,337. 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, 2021, the unrestricted fund equity for the Workers’ Compensation Self-Insurance Fund was \$2,915,297. 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, 2021 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 fiscal year.

Changes in the estimated claims payable amounts in fiscal years 2019-20 and 2020-21 for the two internal service funds are as follows:

	Claims			
	Beginning Balance	Expense and Changes in Estimates	Claim Payments	Ending Balance
<b>Risk Management Fund:</b>				
2019-20	2,897,988	1,284,264	718,182	3,464,070
2020-21	3,464,070	1,297,338	1,140,040	3,621,368
<b>Workers’ Compensation Fund:</b>				
2019-20	10,197,793	2,993,863	2,335,294	10,856,362
2020-21	10,856,362	2,637,645	2,969,354	10,524,653



## Notes to the Financial Statements

### Note 15. Joint Ventures

#### 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, 2021, 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 \$47,551 in fiscal year 2019-20. The financial statements of EWA can be obtained at [www.encinajpa.com](http://www.encinajpa.com).

#### Encina Financing Joint Powers Authority

The Encina Financing Joint Powers Authority (the Authority) was created on February 1, 1989 between the City of Carlsbad (Carlsbad), the City of Vista (Vista), the Buena Vista Sanitation District (Buena) and the Leucadia County Water District (Leucadia). The primary purpose of the Authority is to issue revenue bonds in order to finance the expansion of the facility.

The Authority is governed by a Board of Directors, which consists of one director appointed by each member. The financial statements of the Authority can be obtained at the city's Administrative Services Department.

The city's share in the accounts of the Authority is recorded in the Wastewater Enterprise Fund. The expansion of the facility is shown as a capital asset of the Wastewater Enterprise Fund.



**Notes to the Financial Statements**

**Note 16. Pension Plan**

**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, 2020 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.

**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, 2021, are summarized as follows:

	Miscellaneous		
	Prior to November 28, 2011	On or after 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	15.119%	12.601%	8.411%
Required employer payment of unfunded liability:		\$5,486,476	

	Safety		
	Prior to October 4, 2010	On or after October 4, 2010 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	2% @ 50	2.7% @ 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% to 2.7%
Required employee contribution rates	9.00%	9.00%	13.50%
Required employer contribution rates	23.412%	20.592%	13.905%
Required employer payment of unfunded liability:		\$4,008,843	



## Notes to the Financial Statements

### Note 16. Pension Plan (continued)

#### Employees covered

As of June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	588	258
Inactive employees or beneficiaries currently not yet receiving benefit	497	101
Active employees	525	199
Total	<u>1,610</u>	<u>558</u>

#### 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 the 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, 2019 (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.

#### Actuarial methods and assumptions used to determine total pension liability

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 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% until 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.





## Notes to the Financial Statements

### Note 16. Pension Plan (continued)

#### 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.

#### 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:

<b>Asset Class<sup>1</sup></b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
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)

<sup>1</sup> In the System's Consolidated Annual Financial Report, 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.

<sup>2</sup> An expected inflation of 2.0% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.



## Notes to the Financial Statements

### Note 16. Pension Plan (continued)

#### 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](http://www.calpers.ca.gov) under forms and publications.

#### Changes in net pension liability

	Miscellaneous Plan	Safety Plan	Total
Net pension liability	\$ 87,678,609	\$ 78,794,853	\$ 166,473,462
Deferred outflows of resources - pension related items	26,795,767	19,376,937	46,172,704
Deferred inflows of resources - pension related items	(536,120)	(355,388)	(891,508)
Pension expense	7,160,510	12,658,758	19,819,268

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

#### Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2019	\$ 401,846,361	\$ 322,051,935	\$ 79,794,426
Changes recognized for the measurement period:			
• Service cost	7,748,623	-	7,748,623
• Interest on the total pension liability	28,392,127	-	28,392,127
• Differences between expected and actual experience	1,167,225	-	1,167,225
• Changes of assumptions	-	-	-
• Plan to plan resource movement	-	-	-
• Contributions from the employer	-	10,637,969	(10,637,969)
• Contributions from employees	-	3,338,003	(3,338,003)
• Net investment income	-	15,901,834	(15,901,834)
• Benefit payments <sup>1</sup>	(19,590,424)	(19,590,424)	-
• Administrative expense	-	(454,014)	454,014
• Other miscellaneous income/(expense)	-	-	-
Net changes during fiscal year 2019-20	17,717,551	9,833,368	7,884,183
Balance at 6/30/2020	<u>\$ 419,563,912</u>	<u>\$ 331,885,303</u>	<u>\$ 87,678,609</u>

<sup>1</sup> Includes refunds of employee contributions



## Notes to the Financial Statements

### Note 16. Pension Plan (continued)

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 6/30/2019	\$ 314,256,438	\$ 243,910,793	\$ 70,345,645
Changes recognized for the measurement period:			
• Service cost	6,578,451	-	6,578,451
• Interest on the total pension liability	22,410,699	-	22,410,699
• Differences between expected and actual experience	4,071,899	-	4,071,899
• Changes of assumptions	-	-	-
• Plan to plan resource movement	-	-	-
• Contributions from the employer	-	10,321,371	(10,321,371)
• Contributions from employees	-	2,581,027	(2,581,027)
• Net investment income	-	12,053,297	(12,053,297)
• Benefit payments <sup>1</sup>	(16,362,437)	(16,362,437)	-
• Administrative expense	-	(343,854)	343,854
• Other miscellaneous income/(expense)	-	-	-
Net changes during fiscal year 2019-20	16,698,612	8,249,404	8,449,208
Balance at 6/30/2020	\$ 330,955,050	\$ 252,160,197	\$ 78,794,853

<sup>1</sup>Includes refunds of employee contributions

### 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	\$ 141,847,666	\$ 87,678,609	\$ 42,773,187
Plan's Net Pension Liability - Safety	\$ 124,400,833	\$ 78,794,853	\$ 41,465,389

### Recognition of gains and losses

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



## Notes to the Financial Statements

### Note 16. Pension Plan (continued)

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, 2020 measurement date is 3.2 years, which was obtained by dividing the total service years of 5,119 (the sum of remaining service lifetimes of the active employees) by 1,606 (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, 2020 measurement date is 4.7 years, which was obtained by dividing the total service years of 2,624 (the sum of remaining service lifetimes of the active employees) by 558 (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.

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

For the measurement period ending June 30, 2020 (the measurement date), the city recognized a pension expense of \$19,819,268 for the Plans.

As of the June 30, 2020 measurement date, the city reports other amounts for the Miscellaneous Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 16,501,759	\$ -
Difference between expected and actual experience	1,632,200	(188,998)
Changes of assumptions	-	(166,390)
Net difference between projected and actual earnings on pension plan investments	<u>3,491,543</u>	<u>-</u>
<b>Total</b>	<b>\$ 21,625,502</b>	<b>\$ (355,388)</b>



**Notes to the Financial Statements**

**Note 16. Pension Plan (continued)**

As of the June 30, 2020 measurement date, the city reports other amounts for the Safety Plan as deferred outflows and deferred inflows of resources related to pension as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 14,253,194	\$ -
Difference between expected and actual experience	5,461,988	(92,009)
Changes of assumptions	2,173,295	(444,111)
Net difference between projected and actual earnings on pension plan investments	2,658,725	-
<b>Total</b>	<u>\$ 24,547,202</u>	<u>\$ (536,120)</u>

For the Miscellaneous Plan, \$16,501,759 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date, and for the Safety Plan, \$14,253,194 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, 2022. 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:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (20,906)
2022	1,573,196
2023	1,840,289
2024	1,375,776
2025	-
Thereafter	-

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:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 3,198,758
2022	2,398,823
2023	2,512,576
2024	1,647,731
2025	-
Thereafter	-



## Notes to the Financial Statements

### Note 17. 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.

#### Benefit descriptions 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 2019	\$136.00
Calendar Year 2020	139.00
Calendar Year 2021	143.00

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](http://www.calpers.ca.gov) under forms and publications.



**Notes to the Financial Statements**

**Note 17. Other Postemployment Benefits (continued)**

**Employees covered**

As of the June 30, 2020, the measurement date, the following employees were covered by the benefit terms for each benefit tier:

Inactive employees or beneficiaries currently receiving benefits	257
Inactive employees or beneficiaries currently not yet receiving benefits	293
Active employees	<u>779</u>
Total	<u><u>1,329</u></u>

**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 2020-21 Cash Contributions	\$ 626,418
Fiscal Year 2020-21 Estimated Implied Subsidy Payments	448,323
Administrative expenses paid outside of trust	5,816
Fiscal Year 2020-21 Trust Contributions	<u>100,000</u>
Total Contributions	<u><u>\$ 1,180,557</u></u>



## Notes to the Financial Statements

### Note 17. Other Postemployment Benefits (continued)

#### Net OPEB liability

The city's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the actuarial methods and assumptions shown below:

<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	7.00% with a 45% to 50% confidence based on Bartel Associates modeling for CERBT Strategy 1.
Mortality Rate <sup>1</sup>	Derived using CalPERS' Membership Data for all funds.
Pre-Retirement Turnover <sup>2</sup>	Derived using CalPERS' Membership Data for all funds.
Healthcare Trend Rate <sup>3</sup>	Based in part on premium experience.

#### Notes:

1. Based on CalPERS 1997-2015 Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.
2. Based on CalPERS 1997-2015 Experience Study for Miscellaneous Employees. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://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 developed using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.





**Notes to the Financial Statements**

**Note 17. Other Postemployment Benefits (continued)**

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%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
<b>Total</b>	<b>100%</b>	

Notes:

1. The long-term expected rate of return is 7.00%.
2. Assumed long-term rate of inflation is 2.75%.

**Discount rate**

The discount rate used to measure the total OPEB liability was 7.00%. 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.



## Notes to the Financial Statements

### Note 17. Other Postemployment Benefits (continued)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance at 6/30/2020 ( <i>Measurement date of 6/30/2019</i> )	\$ 18,437,935	\$ 15,341,653	\$ 3,096,282
Changes Recognized for the Measurement Period:			
• Service cost	657,941	-	657,941
• Interest on the total OPEB liability	1,301,721	-	1,301,721
• Actuarial assumption changes	(281,685)	-	(281,685)
• Contributions from the employer	-	1,085,866	(1,085,866)
• Net investment income	-	541,912	(541,912)
• Benefit payments, including refunds of employee contributions	(999,866)	(999,866)	-
• Administrative expense	-	(7,493)	7,493
Net Changes	678,111	620,419	57,692
Balance at 6/30/2021 ( <i>Measurement date of 6/30/2020</i> )	\$ 19,116,046	\$ 15,962,072	\$ 3,153,974

### 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, 2020:

	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Plan's Net OPEB Liability	\$ 5,538,181	\$ 3,153,974	\$ 1,180,212

### 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, 2020:

	Health Care Cost Trend Rate - 1% (6.50%/5.50% decreasing to 3.00%)	Current Health Care Cost Trend Rate (7.50%/6.50% decreasing to 4.00%)	Health Care Cost Trend Rate + 1% (8.50%/7.50% decreasing to 5.00%)
Plan's Net OPEB Liability	\$ 813,092	\$ 3,153,974	\$ 6,036,313



**Notes to the Financial Statements**

**Note 17. Other Postemployment Benefits (continued)**

**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.

**OPEB expense and deferred outflows/inflows of resources related to OPEB**

For the fiscal year ended June 30, 2021, the city recognized OPEB expense of \$1,065,607. As of the fiscal year ended June 30, 2021, the city reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 1,180,557	\$ -
Difference between expected and actual experience	950,091	-
Changes of assumptions	968,709	(248,931)
Net difference between projected and actual earnings on OPEB plan investments	355,683	-
<b>Total</b>	<u>\$ 3,455,040</u>	<u>\$ (248,931)</u>

The \$1,180,557 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 260,980
2023	348,968
2024	375,384
2025	351,683
2026	245,333
Thereafter	443,204



## Notes to the Financial Statements

### Note 18. Commitments and Contingencies

#### Operating leases

The city has two parking lot leases with North County Transit District. On June 15, 1976, the city entered into a month-to-month lease for the parking lot located to the east of the railroad tracks between Carlsbad Village Drive and Oak Avenue. The current lease amount is approximately \$1,513 per month and payable monthly. On September 1, 1988, the city entered into a month-to-month lease for the parking lot located on Washington Street to the west of the railroad tracks between Carlsbad Village Drive and Oak Avenue. The current lease amount is approximately \$2,627 per month and payable annually. Both parking lot leases may be increased annually by the Consumer Price Index – Average U.S. Cities.

#### 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, 2021 is \$2,193,339.

#### 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" 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.



**Notes to the Financial Statements**

**Note 18. Commitments and Contingencies (continued)**

**Encumbrances**

As of June 30, 2021, 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	\$ 12,124,490
Community Facilities District No. 1	1,042,627
General Capital Construction	11,194,844
Infrastructure Replacement	4,902,195
Public Facilities Construction	368,223
Non-major Governmental Funds in the Aggregate	<u>7,066,546</u>
Subtotal Governmental Activities	36,698,925
Business Like Activities-Enterprise Funds	
Carlsbad Municipal Water District	4,595,553
Golf Course	10,685
Wastewater	2,998,332
Non-Major Solid Waste	<u>943,544</u>
Subtotal Enterprise Funds	8,548,114
Internal Service Funds	4,099,193
Total	<u>\$ 49,346,232</u>

**Note 19. Successor Agency Trust for Assets of Former Redevelopment 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 the Financial Statements**

**Note 19. Successor Agency Trust for Assets of Former Redevelopment 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, 2021:

	Principal Balance at June 30, 2020	Increases	Decreases	Principal Balance at June 30, 2021	Due Within One Year
Bonds	\$ 3,705,000	\$ -	\$ 855,000	\$ 2,850,000	\$ 900,000
Due to the City of Carlsbad	2,681,689	-	2,681,689	-	-
Total	<u>\$ 6,386,689</u>	<u>\$ -</u>	<u>\$ 3,536,689</u>	<u>\$ 2,850,000</u>	<u>\$ 900,000</u>



**Notes to the Financial Statements**

**Note 19. Successor Agency Trust for Assets of Former Redevelopment Agency (continued)**

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
2022	900,000	127,200
2023	950,000	78,175
2024	1,000,000	26,500
	<u>\$ 2,850,000</u>	<u>\$ 231,875</u>

**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	\$ 3,782,356	\$ 1,028,708	27%

**Note 20. Special Items – Golf Course Debt**

The Golf Course Fund previously showed an advance from other funds representing loans received from the city’s General Fund that were used to fund the initial course construction and some operating costs. 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. For financial statement purposes, the principal balance was reclassified to “Transfers In” and the interest balance as a special item for the year ended June 30, 2021. 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.



**Notes to the Financial Statements**

**Note 21. Prior Period Adjustment**

The city implemented Governmental Accounting Standards Board (GASB) Statement No. 84 related to Fiduciary Activities during fiscal year 2020-21. The requirements of this statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

This statement converts the former agency funds, which previously only reported assets and liabilities, to custodial funds with an economic resources measurement focus and additions and deductions being reported. This statement also required that all monies held as developer construction deposits in the agency fund now be held and accounted for in the city’s General Fund.

Accordingly, the net position was restated as of July 1, 2020 as follows:

**Statement of Activities**

	<u>Governmental Activities</u>
Net position at July 1, 2020	\$ 1,342,872,773
GASB 84 implementation	3,128,981
Net position at July 1, 2020, as restated	<u>\$ 1,346,001,754</u>

**Statement of Changes in Fiduciary Net Position**

	<u>Custodial Funds</u>
Net position at July 1, 2020	\$ -
GASB 84 implementation	9,953,961
Net position at July 1, 2020, as restated	<u>\$ 9,953,961</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds**

	<u>General Fund</u>
Net position at July 1, 2020	\$ 190,862,662
GASB 84 implementation	3,128,981
Net position at July 1, 2020, as restated	<u>\$ 193,991,643</u>



---

## Required Supplementary Information

---



**Required Supplementary Information**

**Schedule of Changes in Net Pension Liability and Related Ratios During Measurement Period**

**Total Pension Liability**

Measurement Period <sup>1</sup>	Total Pension Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms
<b>Miscellaneous Plan</b>				
2013-14	\$ 292,931,044	\$ 6,908,307	\$ 21,793,340	\$ -
2014-15	310,018,027	6,674,982	23,142,961	-
2015-16	322,606,958	6,836,445	24,192,948	-
2016-17	336,686,595	7,836,970	25,085,808	-
2017-18	372,190,930	7,642,062	25,874,546	-
2018-19	383,133,348	7,393,365	27,175,110	-
2019-20	401,846,361	7,748,623	28,392,127	-
<b>Safety Plan</b>				
2013-14	\$ 227,568,288	\$ 5,425,425	\$ 16,876,220	\$ -
2014-15	239,340,454	5,048,529	17,775,039	-
2015-16	247,020,357	5,209,900	18,557,781	-
2016-17	257,649,541	5,825,080	19,305,098	-
2017-18	285,701,762	5,985,155	20,248,091	-
2018-19	299,532,094	6,317,755	21,269,278	-
2019-20	314,256,438	6,578,451	22,410,699	-

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

Difference Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments, Including Refunds of Employee Contributions	Net Change in Total Pension Liability	Total Pension Liability - Ending (a)
\$ -	\$ -	\$ (11,614,664)	\$ 17,086,983	\$ 310,018,027
1,300,520	(5,737,798)	(12,791,734)	12,588,931	322,606,958
(2,605,228)	-	(14,344,528)	14,079,637	336,686,595
(3,079,012)	20,988,178	(15,327,609)	35,504,335	372,190,930
(3,023,977)	(2,662,243)	(16,887,970)	10,942,418	383,133,348
2,338,341	-	(18,193,803)	18,713,013	401,846,361
1,167,225	-	(19,590,424)	17,717,551	419,563,912
\$ -	\$ -	\$ (10,529,479)	\$ 11,772,166	\$ 239,340,454
638,786	(4,517,683)	(11,264,768)	7,679,903	247,020,357
(941,378)	-	(12,197,119)	10,629,184	257,649,541
(705,417)	16,661,943	(13,034,483)	28,052,221	285,701,762
2,726,755	(1,332,336)	(13,797,333)	13,830,332	299,532,094
2,425,561	-	(15,288,250)	14,724,344	314,256,438
4,071,899	-	(16,362,437)	16,698,612	330,955,050



**Required Supplementary Information**

**Schedule of Changes in Net Pension Liability and Related Ratios During Measurement Period (continued)**

**Plan Fiduciary Net Position**

Measurement Period <sup>1</sup>	Plan Fiduciary Net Position Beginning <sup>2</sup>	Contributions Employer	Contributions Employee	Net Investment Income <sup>3</sup>
<b>Miscellaneous Plan</b>				
2013-14	\$ 204,354,694	\$ 8,004,157	\$ 3,039,951	\$ 35,526,156
2014-15	239,310,294	8,434,882	2,703,715	5,362,753
2015-16	242,447,633	9,562,926	2,833,466	1,330,196
2016-17	241,681,934	14,677,334	2,820,046	26,893,994
2017-18	270,386,079	22,114,923	3,005,761	22,720,698
2018-19	300,121,419	17,745,975	3,040,423	19,551,424
2019-20	322,051,935	10,637,969	3,338,003	15,901,834
<b>Safety Plan</b>				
2013-14	\$ 161,108,415	\$ 6,141,746	\$ 1,853,365	\$ 27,905,516
2014-15	186,479,563	6,491,856	1,726,785	4,107,305
2015-16	187,329,833	6,836,098	1,933,363	990,545
2016-17	184,778,552	12,379,181	1,922,500	20,385,351
2017-18	206,161,081	8,675,370	2,169,504	17,250,148
2018-19	219,522,878	23,119,896	2,380,740	14,331,677
2019-20	243,910,793	10,321,371	2,581,027	12,053,297

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Net of administrative expenses.

<sup>4</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Benefit Payments, Including Refunds of Employee Contributions	Other Changes In Fiduciary Net Position <sup>4</sup>	Net Change in Fiduciary Net Position	Plan Fiduciary Net Position Ending (b)	Plan Net Pension Liability/(Asset) Ending (a) - (b)
\$ (11,614,664)	\$ -	\$ 34,955,600	\$ 239,310,294	\$ 70,707,733
(12,791,734)	(572,277)	3,137,339	242,447,633	80,159,325
(14,344,528)	(147,759)	(765,699)	241,681,934	95,004,661
(15,327,609)	(359,620)	28,704,145	270,386,079	101,804,851
(16,887,970)	(1,218,072)	29,735,340	300,121,419	83,011,929
(18,193,803)	(213,503)	21,930,516	322,051,935	79,794,426
(19,590,424)	(454,014)	9,833,368	331,885,303	87,678,609
\$ (10,529,479)	\$ -	\$ 25,371,148	\$ 186,479,563	\$ 52,860,891
(11,264,768)	(210,908)	850,270	187,329,833	59,690,524
(12,197,119)	(114,168)	(2,551,281)	184,778,552	72,870,989
(13,034,483)	(270,020)	21,382,529	206,161,081	79,540,681
(13,797,333)	(935,892)	13,361,797	219,522,878	80,009,216
(15,288,250)	(156,148)	24,387,915	243,910,793	70,345,645
(16,362,437)	(343,854)	8,249,404	252,160,197	78,794,853



**Required Supplementary Information**

**Schedule of Changes in Net Pension Liability and Related Ratios During Measurement Period (continued)**

	Measurement Period <sup>1</sup>	Plan Fiduciary Net Position as a Percentage of the Total Liability	Covered Payroll	Plan Net Pension Liability/(Asset) as a Percentage of Covered - Payroll
<b>Miscellaneous Plan</b>				
	2013–14	77.19%	\$ 32,960,515	214.52%
	2014–15	75.15%	33,609,704	238.50%
	2015–16	71.78%	35,141,036	270.35%
	2016–17	72.65%	35,845,774	284.01%
	2017–18	78.33%	36,214,870	229.22%
	2018–19	80.14%	39,130,545	203.92%
	2019–20	79.10%	42,138,677	208.07%
<b>Safety Plan</b>				
	2013–14	77.91%	\$ 18,013,144	293.46%
	2014–15	75.84%	18,378,393	324.79%
	2015–16	71.72%	18,514,525	393.59%
	2016–17	72.16%	18,965,085	419.41%
	2017–18	73.29%	20,768,094	385.25%
	2018–19	77.62%	22,328,023	315.06%
	2019–20	76.19%	24,695,745	319.06%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule:**

**Benefit Changes:**

The figures above do include any liability impact that may have resulted from plan changes which have occurred after June 30, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:**

In 2019 and 2020, there were no changes. 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 accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administration expense). In 2014, amounts reported were based on the 7.5% discount rate.



**Required Supplementary Information**  
**Schedule of Pension Plan Contributions<sup>1</sup>**

Fiscal Year Ending	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Miscellaneous Plan</b>					
06/30/2014	\$ 8,004,157	\$ (8,004,157)	\$ -	\$ 32,960,515	24.28%
06/30/2015	8,434,882	(8,434,882)	-	33,609,704	25.10%
06/30/2016	9,562,926	(9,562,926)	-	35,141,036	27.21%
06/30/2017	10,338,549	(14,677,334)	(4,338,785)	35,845,774	40.95%
06/30/2018	10,456,115	(22,114,923)	(11,658,808)	36,214,870	61.07%
06/30/2019	11,966,625	(17,745,975)	(5,779,350)	39,130,545	45.35%
06/30/2020	10,633,467	(10,633,467)	-	42,138,677	25.23%
06/30/2021	11,098,619	(16,501,759)	(5,403,140)	43,884,424	37.60%
<b>Safety Plan</b>					
06/30/2014	\$ 6,141,746	\$ (6,141,746)	\$ -	\$ 18,013,144	34.10%
06/30/2015	6,491,856	(6,491,856)	-	18,378,393	35.32%
06/30/2016	6,836,098	(6,836,098)	-	18,514,525	36.92%
06/30/2017	7,695,135	(12,379,181)	(4,684,046)	18,965,085	65.27%
06/30/2018	8,658,116	(8,658,116)	-	20,768,094	41.69%
06/30/2019	8,899,136	(23,119,790)	(14,220,654)	22,328,023	103.55%
06/30/2020	10,323,721	(10,323,721)	-	24,695,745	41.80%
06/30/2021	9,656,334	(14,253,194)	(4,596,860)	26,392,461	54.00%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2018 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 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability and Related Ratios During Measurement Period**

**Total OPEB Liability**

Measurement Period <sup>1</sup>	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms
2016-17	\$ 15,143,574	\$ 505,348	\$ 1,064,137	\$ -
2017-18	15,819,160	520,509	1,113,646	-
2018-19	16,592,421	536,124	1,167,930	-
2019-20	18,437,935	657,941	1,301,716	-

**Plan Fiduciary Net Position**

Measurement Period <sup>1</sup>	Plan Fiduciary Net Position Beginning	Contributions Employer	Contributions Employee	Net Investment Income <sup>2</sup>
2016-17	\$ 12,192,178	\$ 747,772	\$ -	\$ 1,281,487
2017-18	13,327,538	860,894	-	1,064,150
2018-19	14,366,953	978,302	-	887,132
2019-20	15,341,653	1,085,866	-	541,912

<sup>1</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

<sup>2</sup> Net of administrative expenses.



Difference Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments, Including Refunds of Employee Contributions	Net Change in Total OPEB Liability	Total OPEB Liability - Ending (a)
\$ -	\$ -	\$ (893,899)	\$ 675,586	\$ 15,819,160
-	-	(860,894)	773,261	16,592,421
(203,116)	1,232,232	(887,656)	1,845,514	18,437,935
-	(281,685)	(999,866)	678,106	19,116,041

Benefit Payments, Including Refunds of Employee Contributions	Other Changes In Fiduciary Net Position	Net Change in Fiduciary Net Position	Plan Fiduciary Net Position Ending (b)	Plan Net OPEB Liability/(Asset) Ending (a) - (b)
\$ (893,899)	\$ -	\$ 1,135,360	\$ 13,327,538	\$ 2,491,622
(860,894)	(24,735)	1,039,415	14,366,953	2,225,468
(887,656)	(3,078)	974,700	15,341,653	3,096,282
(999,866)	(7,493)	620,419	15,962,072	3,153,969



**Required Supplementary Information**

**Schedule of Changes in Net OPEB Liability and Related Ratios During Measurement Period (Continued)**

**Related Ratios**

Measurement Period <sup>1</sup>	Plan Fiduciary Net Position as a Percentage of the Total Liability	Covered - Employee Payroll	Plan Net OPEB Liability/(Asset) as a Percentage of Covered - Employee Payroll
2016-17	84.25%	\$ 54,810,859	4.55%
2017-18	86.59%	56,982,964	3.91%
2018-19	83.21%	61,458,568	5.04%
2019-20	83.50%	66,834,422	4.72%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.



**Required Supplementary Information**  
**Schedule of OPEB Pension Plan Contributions<sup>1</sup>**

Fiscal Year Ending <sup>2</sup>	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
06/30/2018	\$ 770,693	\$ (860,894)	\$ (90,201)	\$ 56,982,964	1.51%
06/30/2019	788,383	(978,302)	(189,919)	61,458,568	1.59%
06/30/2020	941,129	(1,085,864)	(144,735)	66,834,422	1.62%
06/30/2021	962,244	(1,180,557)	(218,313)	70,276,885	1.68%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

<sup>2</sup> One plan, rather than two, was reported beginning in fiscal year ending 06/30/2021.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2019 funding valuation reports.

Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method/Period	Level dollar over 28-year fixed period
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service based on the CalPERS Experience Study for the period from 1997 to 2015.
Payroll Growth	3.00%
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 1997 to 2015.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study for the period from 1997 to 2015.
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019.



---

## Combining and Individual Fund Statements and Schedules

---



**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021**

	Special Revenue Funds			
	Affordable Housing	Community Development Block Grant	Donations	Financing Districts
<b>ASSETS</b>				
Cash and investments	\$ 16,689,733	\$ -	\$ 2,895,693	\$ 9,464,509
Receivables:				
Interest	3,133,685	-	10,107	31,140
Other	-	-	-	16,214
Accounts, net of allowances	-	-	-	-
Due from other governments	-	468,306	-	-
Inventories	-	-	2,145	-
Prepaid items	-	-	-	-
Land held for resale	324,223	1,961,499	-	-
Loan receivables, net of allowances	23,301,954	-	-	-
Advances to other funds	94,116	-	-	-
<b>Total assets</b>	<b>\$ 43,543,711</b>	<b>\$ 2,429,805</b>	<b>\$ 2,907,945</b>	<b>\$ 9,511,863</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accrued liabilities	\$ 45,546	\$ 201,669	\$ 15,401	\$ 286,295
Due to other funds	-	300,012	-	-
Due to other governments	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>45,546</b>	<b>501,681</b>	<b>15,401</b>	<b>286,295</b>
Deferred inflows of resources:				
Unavailable revenue	3,075,486	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Affordable housing	40,422,679	-	-	-
Lighting and landscaping districts	-	-	-	9,225,568
Capital projects	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	1,928,124	2,892,544	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>40,422,679</b>	<b>1,928,124</b>	<b>2,892,544</b>	<b>9,225,568</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 43,543,711</b>	<b>\$ 2,429,805</b>	<b>\$ 2,907,945</b>	<b>\$ 9,511,863</b>

Special Revenue Funds

Habitat and Agricultural Management	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Totals
\$ 1,022,064	\$ 870,233	\$ 517,329	\$ 423,753	\$ 375,620	\$ 32,258,934
3,564	3,035	2,109	830	3	3,184,473
-	73,840	-	-	666	90,720
-	-	-	-	-	-
-	-	-	143,404	-	611,710
-	-	-	-	-	2,145
-	-	-	-	856	856
-	-	-	-	-	2,285,722
-	-	-	-	-	23,301,954
-	-	-	-	-	94,116
<u>\$ 1,025,628</u>	<u>\$ 947,108</u>	<u>\$ 519,438</u>	<u>\$ 567,987</u>	<u>\$ 377,145</u>	<u>\$ 61,830,630</u>
\$ -	\$ 5,679	\$ 25,578	\$ 18,302	\$ 17,312	\$ 615,782
-	-	-	-	-	300,012
-	-	-	46,165	-	46,165
-	-	-	735	29,234	29,969
1,253,825	-	-	94,116	-	1,347,941
-	-	5,359	172,956	-	178,315
<u>1,253,825</u>	<u>5,679</u>	<u>30,937</u>	<u>332,274</u>	<u>46,546</u>	<u>2,518,184</u>
-	-	-	-	-	3,075,486
-	-	-	-	856	856
-	-	-	235,713	329,743	40,988,135
-	-	-	-	-	9,225,568
-	-	-	-	-	-
-	941,429	-	-	-	941,429
-	-	488,501	-	-	488,501
-	-	-	-	-	4,820,668
(228,197)	-	-	-	-	(228,197)
<u>(228,197)</u>	<u>941,429</u>	<u>488,501</u>	<u>235,713</u>	<u>330,599</u>	<u>56,236,960</u>
<u>\$ 1,025,628</u>	<u>\$ 947,108</u>	<u>\$ 519,438</u>	<u>\$ 567,987</u>	<u>\$ 377,145</u>	<u>\$ 61,830,630</u>

(continued)



**Combining Balance Sheet  
Nonmajor Governmental Funds (continued)  
June 30, 2021**

	Capital Project Funds				
	Assessment and Other Districts	Bridge and Thoroughfare Districts	Gas Tax	Grants and Other Capital Project Funds	Planned Local Drainage Facilities
<b>ASSETS</b>					
Cash and investments	\$ 3,464,775	\$ 12,648,466	\$ 17,584,878	\$ 1,779,759	\$ 4,672,546
Receivables:					
Interest	8,685	44,110	61,330	7,120	16,298
Other	-	-	-	-	490
Accounts, net of allowances	-	1,429,966	-	-	-
Due from other governments	-	-	386,685	57,044	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Land held for resale	-	-	-	-	-
Loan receivables, net of allowances	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,473,460</b>	<b>\$ 14,122,542</b>	<b>\$ 18,032,893</b>	<b>\$ 1,843,923</b>	<b>\$ 4,689,334</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accrued liabilities	\$ -	\$ -	\$ 189,842	\$ -	\$ 979
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deposits payable	426,180	-	-	-	-
Advances from other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>426,180</b>	<b>-</b>	<b>189,842</b>	<b>-</b>	<b>979</b>
Deferred inflows of resources:					
Unavailable revenue	-	1,429,966	-	-	-
Fund balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted:					
Affordable, low and moderate income housing	-	-	-	-	-
Lighting and landscaping districts	-	-	-	-	-
Capital projects	3,047,280	12,692,576	17,843,051	1,843,923	4,688,355
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community services	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>3,047,280</b>	<b>12,692,576</b>	<b>17,843,051</b>	<b>1,843,923</b>	<b>4,688,355</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,473,460</b>	<b>\$ 14,122,542</b>	<b>\$ 18,032,893</b>	<b>\$ 1,843,923</b>	<b>\$ 4,689,334</b>



Public Facilities Construction	Sales Tax/ TransNet	Traffic Impact Projects	Totals	Total Other Governmental Funds
\$ 30,905,041	\$ 8,856,520	\$ 23,600,885	\$ 103,512,870	\$ 135,771,804
107,842	29,978	83,754	359,117	3,543,590
-	89,128	-	89,618	180,338
19,900	-	-	1,449,866	1,449,866
-	1,255	-	444,984	1,056,694
-	-	-	-	2,145
-	-	-	-	856
-	-	-	-	2,285,722
-	-	-	-	23,301,954
5,650,000	-	-	5,650,000	5,744,116
<u>\$ 36,682,783</u>	<u>\$ 8,976,881</u>	<u>\$ 23,684,639</u>	<u>\$ 111,506,455</u>	<u>\$ 173,337,085</u>
\$ 13,885	\$ 262,779	\$ 228,437	\$ 695,922	\$ 1,311,704
-	-	-	-	300,012
-	-	-	-	46,165
-	-	-	426,180	456,149
-	-	1,525,948	1,525,948	2,873,889
-	-	-	-	178,315
<u>13,885</u>	<u>262,779</u>	<u>1,754,385</u>	<u>2,648,050</u>	<u>5,166,234</u>
-	-	-	1,429,966	4,505,452
-	-	-	-	856
-	-	-	-	40,988,135
-	-	-	-	9,225,568
36,668,898	8,714,102	21,930,254	107,428,439	107,428,439
-	-	-	-	941,429
-	-	-	-	488,501
-	-	-	-	4,820,668
-	-	-	-	(228,197)
<u>36,668,898</u>	<u>8,714,102</u>	<u>21,930,254</u>	<u>107,428,439</u>	<u>163,665,399</u>
<u>\$ 36,682,783</u>	<u>\$ 8,976,881</u>	<u>\$ 23,684,639</u>	<u>\$ 111,506,455</u>	<u>\$ 173,337,085</u>



**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021**

	Special Revenue Funds			
	Affordable Housing	Community Development Block Grant	Donations	Financing Districts
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,440,502	-	-
Charges for services	22,634	-	-	2,457,690
Fines and forfeitures	-	-	-	-
Income from property and investments	245,888	166,213	6,460	19,240
Contributions from property owners	273,120	-	-	-
Donations	-	-	321,213	-
Miscellaneous	-	-	2,674	14,171
<b>Total revenues</b>	<b>541,642</b>	<b>1,606,715</b>	<b>330,347</b>	<b>2,491,101</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	424,624	636,782	201,259	2,005,001
Public works	-	-	-	927,264
Capital outlay	4,200,000	300,000	-	-
<b>Debt service:</b>				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>4,624,624</b>	<b>936,782</b>	<b>201,259</b>	<b>2,932,265</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,082,982)</b>	<b>669,933</b>	<b>129,088</b>	<b>(441,164)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	700,000
Transfers out	(50,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>700,000</b>
<b>Net change in fund balances</b>	<b>(4,132,982)</b>	<b>669,933</b>	<b>129,088</b>	<b>258,836</b>
Fund balance (deficit) at beginning of year	44,555,661	1,258,191	2,763,456	8,966,732
Fund balance (deficit) at end of year	<u>\$ 40,422,679</u>	<u>\$ 1,928,124</u>	<u>\$ 2,892,544</u>	<u>\$ 9,225,568</u>

Special Revenue Funds

Habitat and Agricultural Management	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	464,537	9,070,879	-	10,975,918
-	-	-	-	604,338	3,084,662
-	-	5,751	-	-	5,751
1,551	343	1,066	2,888	2,128	445,777
16,962	302,404	-	-	-	592,486
-	-	-	-	-	321,213
4,696	-	-	5,650	-	27,191
<u>23,209</u>	<u>302,747</u>	<u>471,354</u>	<u>9,079,417</u>	<u>606,466</u>	<u>15,452,998</u>
-	196,533	-	-	-	196,533
-	-	402,874	-	-	402,874
-	-	-	9,024,884	474,207	12,766,757
-	-	-	-	-	927,264
-	139,468	27,873	-	-	4,667,341
<u>16,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,961</u>
<u>16,961</u>	<u>336,001</u>	<u>430,747</u>	<u>9,024,884</u>	<u>474,207</u>	<u>18,977,730</u>
<u>6,248</u>	<u>(33,254)</u>	<u>40,607</u>	<u>54,533</u>	<u>132,259</u>	<u>(3,524,732)</u>
-	-	-	50,000	-	750,000
-	-	-	-	-	(50,000)
-	-	-	50,000	-	700,000
<u>6,248</u>	<u>(33,254)</u>	<u>40,607</u>	<u>104,533</u>	<u>132,259</u>	<u>(2,824,732)</u>
<u>(234,445)</u>	<u>974,683</u>	<u>447,894</u>	<u>131,180</u>	<u>198,340</u>	<u>59,061,692</u>
<u>\$ (228,197)</u>	<u>\$ 941,429</u>	<u>\$ 488,501</u>	<u>\$ 235,713</u>	<u>\$ 330,599</u>	<u>\$ 56,236,960</u>

(continued)



**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds (continued)  
For the Year Ended June 30, 2021**

	Capital Project Funds			
	Assessment and Other Districts	Bridge and Thoroughfare Districts	Gas Tax	Grants and Other Capital Project Funds
Revenues:				
Taxes	\$ -	\$ -	\$ 4,640,131	\$ -
Intergovernmental	-	-	-	253,900
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Income from property and investments	4,720	22,969	47,949	6,421
Contributions from property owners	-	-	194,729	44,960
Donations	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>4,720</b>	<b>22,969</b>	<b>4,882,809</b>	<b>305,281</b>
Expenditures:				
Current:				
General government	-	-	-	48,244
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	600,000	-
Capital outlay	8,867	-	2,472,180	260,821
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>8,867</b>	<b>-</b>	<b>3,072,180</b>	<b>309,065</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,147)</b>	<b>22,969</b>	<b>1,810,629</b>	<b>(3,784)</b>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(10,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,147)</b>	<b>22,969</b>	<b>1,800,629</b>	<b>(3,784)</b>
Fund balances at beginning of year	3,051,427	12,669,607	16,042,422	1,847,707
Fund balances at end of year	<u>\$ 3,047,280</u>	<u>\$ 12,692,576</u>	<u>\$ 17,843,051</u>	<u>\$ 1,843,923</u>

Planned Local Drainage Facilities	Public Facilities Construction	Sales Tax/ TransNet	Traffic Impact Projects	Totals	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,640,131	\$ 4,640,131
-	-	2,307,259	-	2,561,159	13,537,077
-	-	1,027,032	-	1,027,032	4,111,694
-	-	-	-	-	5,751
(776)	194,323	12,946	46,683	335,235	781,012
669,774	1,557,155	-	1,037,497	3,504,115	4,096,601
-	-	-	-	-	321,213
-	-	-	-	-	27,191
668,998	1,751,478	3,347,237	1,084,180	12,067,672	27,520,670
-	-	-	-	48,244	244,777
-	-	-	-	-	402,874
-	-	-	-	-	12,766,757
-	-	-	-	600,000	1,527,264
1,569,895	164,848	2,152,292	1,196,826	7,825,729	12,493,070
-	-	-	-	-	-
-	-	-	-	-	16,961
1,569,895	164,848	2,152,292	1,196,826	8,473,973	27,451,703
(900,897)	1,586,630	1,194,945	(112,646)	3,593,699	68,967
-	-	-	-	-	750,000
-	-	-	-	(10,000)	(60,000)
-	-	-	-	(10,000)	690,000
(900,897)	1,586,630	1,194,945	(112,646)	3,583,699	758,967
5,589,252	35,082,268	7,519,157	22,042,900	103,844,740	162,906,432
\$ 4,688,355	\$ 36,668,898	\$ 8,714,102	\$ 21,930,254	\$ 107,428,439	\$ 163,665,399



**Combining Schedule of Revenues and Expenditures  
Budget and Actual (Budgetary Basis)  
Special Revenue Funds  
For the Year Ended June 30, 2021**

	Budget	Actual Amounts (Budgetary Basis)	Variance Over Under
<b>Affordable Housing</b>			
Total revenues	\$ 1,204,279	\$ 845,714	\$ (358,565)
Total expenditures	5,632,518	4,674,624	(957,894)
Net change in fund balance	(4,428,239)	(3,828,910)	599,329
<b>Community Development Block Grant</b>			
Total revenues	1,551,030	1,606,715	55,685
Total expenditures	3,050,296	2,021,741	(1,028,555)
Net change in fund balance	(1,499,266)	(415,026)	1,084,240
<b>Donations</b>			
Total revenues	336,541	361,895	25,354
Total expenditures	810,903	232,610	(578,293)
Net change in fund balance	(474,362)	129,285	603,647
<b>Financing Districts</b>			
Total revenues	3,259,066	3,286,271	27,205
Total expenditures	3,944,676	3,024,034	(920,642)
Net change in fund balance	(685,610)	262,237	947,847
<b>Habitat and Agricultural Management</b>			
Total revenues	30,230	35,581	5,351
Total expenditures	83,779	16,961	(66,818)
Net change in fund balance	(53,549)	18,620	72,169
<b>Other Special Revenue Funds</b>			
Total revenues	296,000	314,104	18,104
Total expenditures	452,470	451,446	(1,024)
Net change in fund balance	\$ (156,470)	\$ (137,342)	\$ 19,128

(continued)



**Combining Schedule of Revenues and Expenditures  
 Budget and Actual (Budgetary Basis)  
 Special Revenue Funds (continued)  
 For the Year Ended June 30, 2021**

	Budget	Actual Amounts (Budgetary Basis)	Variance Over (Under)
<b>Police Grants and Asset Forfeiture</b>			
Total revenues	\$ 425,257	\$ 478,314	\$ 53,057
Total expenditures	852,482	447,627	(404,855)
Net change in fund balance	<u>(427,225)</u>	<u>30,687</u>	<u>457,912</u>
<b>Section 8 Rental Assistance</b>			
Total revenues	8,950,124	9,130,221	180,097
Total expenditures	9,225,163	9,032,784	(192,379)
Net change in fund balance	<u>(275,039)</u>	<u>97,437</u>	<u>372,476</u>
<b>Totals</b>			
Total revenues	16,052,527	16,058,815	6,288
Total expenditures	24,052,287	19,901,827	(4,150,460)
Net change in fund balance	<u>\$ (7,999,760)</u>	<u>\$ (3,843,012)</u>	<u>\$ 4,156,748</u>







**Combining Schedule of Revenues and Expenditures  
 Budget and Actual (Budgetary Basis)  
 Capital Project Funds  
 For the Year Ended June 30, 2021**

	Budget	Actual Amounts (Budgetary Basis)	Variance Over (Under)
<hr/>			
Parking-in-Lieu (Grants and Other Capital Project Funds)			
Total revenues	\$ 17,064	\$ 47,438	\$ 30,374
Total expenditures	50,000	48,244	(1,756)
Net change in fund balance	<u>\$ (32,936)</u>	<u>\$ (806)</u>	<u>\$ 32,130</u>



**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2021**

<b>ASSETS</b>	Fleet Management	Self-Insured Benefits
Current assets:		
Cash and investments	\$ 20,105,624	\$ 5,615,815
Receivables:		
Interest	70,109	-
Accounts, net of allowances	5,106	-
Inventories	332,067	-
Prepaid items	4,461	-
<b>Total current assets</b>	<b>20,517,367</b>	<b>5,615,815</b>
Noncurrent assets:		
Capital assets:		
Machinery and equipment	29,618,343	-
Construction in progress	-	-
Intangible assets	-	-
Less accumulated depreciation	(15,607,609)	-
Total capital assets (net of accumulated depreciation)	14,010,734	-
<b>Total assets</b>	<b>34,528,101</b>	<b>5,615,815</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - OPEB related items	36,415	-
Deferred outflows of resources - pension related items	317,895	-
<b>Total deferred outflows of resources</b>	<b>354,310</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accrued liabilities	348,743	5,615,815
Estimated claims payable	-	-
<b>Total current liabilities</b>	<b>348,743</b>	<b>5,615,815</b>
Noncurrent liabilities:		
Deposits payable	968	-
Net OPEB liability	46,698	-
Net pension liability	1,288,875	-
<b>Total noncurrent liabilities</b>	<b>1,336,541</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,685,284</b>	<b>5,615,815</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - OPEB related items	2,597	-
Deferred inflows of resources - pension related items	5,223	-
<b>Total deferred inflows of resources</b>	<b>7,820</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	14,010,734	-
Unrestricted	19,178,573	-
<b>Total net position</b>	<b>\$ 33,189,307</b>	<b>\$ -</b>

Information Technology	Risk Management	Workers' Compensation	Total
\$ 7,436,689	\$ 4,967,238	\$ 13,780,367	\$ 51,905,733
25,918	17,322	47,333	160,682
-	-	-	5,106
-	-	-	332,067
2,122,535	-	-	2,126,996
<u>9,585,142</u>	<u>4,984,560</u>	<u>13,827,700</u>	<u>54,530,584</u>
5,096,504	-	-	34,714,847
820,801	-	-	820,801
3,155,837	-	-	3,155,837
(3,445,507)	-	-	(19,053,116)
<u>5,627,635</u>	<u>-</u>	<u>-</u>	<u>19,638,369</u>
<u>15,212,777</u>	<u>4,984,560</u>	<u>13,827,700</u>	<u>74,168,953</u>
113,454	7,038	3,001	159,908
<u>1,219,678</u>	<u>88,665</u>	<u>54,064</u>	<u>1,680,302</u>
<u>1,333,132</u>	<u>95,703</u>	<u>57,065</u>	<u>1,840,210</u>
1,264,526	138,462	12,964	7,380,510
-	3,621,368	10,524,653	14,146,021
<u>1,264,526</u>	<u>3,759,830</u>	<u>10,537,617</u>	<u>21,526,531</u>
-	1,000	-	1,968
144,673	9,004	3,854	204,229
<u>4,945,074</u>	<u>359,482</u>	<u>219,197</u>	<u>6,812,628</u>
<u>5,089,747</u>	<u>369,486</u>	<u>223,051</u>	<u>7,018,825</u>
<u>6,354,273</u>	<u>4,129,316</u>	<u>10,760,668</u>	<u>28,545,356</u>
8,477	513	212	11,799
<u>20,041</u>	<u>1,457</u>	<u>888</u>	<u>27,609</u>
<u>28,518</u>	<u>1,970</u>	<u>1,100</u>	<u>39,408</u>
5,627,635	-	-	19,638,369
<u>4,535,483</u>	<u>948,977</u>	<u>3,122,997</u>	<u>27,786,030</u>
<u>\$ 10,163,118</u>	<u>\$ 948,977</u>	<u>\$ 3,122,997</u>	<u>\$ 47,424,399</u>



**Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2021**

	Fleet Management	Self-Insured Benefits	Information Technology
Operating revenues:			
Other charges for services	\$ 6,066,234	\$ -	\$ 12,530,344
Miscellaneous	33,250	-	48,270
<b>Total operating revenues</b>	<b>6,099,484</b>	<b>-</b>	<b>12,578,614</b>
Operating expenses:			
Depreciation	2,271,706	-	441,281
Fuel and supplies	1,488,319	-	-
Claims and premiums expense	-	-	-
Small equipment purchases	50,151	-	636,925
General and administrative	1,735,362	-	12,504,070
<b>Total operating expenses</b>	<b>5,545,538</b>	<b>-</b>	<b>13,582,276</b>
<b>Operating income (loss)</b>	<b>553,946</b>	<b>-</b>	<b>(1,003,662)</b>
Nonoperating revenues (expenses):			
Income from property and investments	50,099	-	(28,270)
Interest expense	-	-	(3,360)
Gain (loss) on sale of property	374,856	-	(332,117)
<b>Total nonoperating revenues (expenses)</b>	<b>424,955</b>	<b>-</b>	<b>(363,747)</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>978,901</b>	<b>-</b>	<b>(1,367,409)</b>
Transfers in	40,000	-	-
Transfers out	-	(1,834,163)	-
Capital contributions	1,085,280	-	1,194,748
<b>Change in net position</b>	<b>2,104,181</b>	<b>(1,834,163)</b>	<b>(172,661)</b>
Total net position at beginning of year	31,085,126	1,834,163	10,335,779
Total net position at end of year	<b>\$ 33,189,307</b>	<b>\$ -</b>	<b>\$ 10,163,118</b>

Risk Management	Workers' Compensation	Totals
\$ 2,308,836	\$ 1,880,304	\$ 22,785,718
59,053	377,892	518,465
<u>2,367,889</u>	<u>2,258,196</u>	<u>23,304,183</u>
-	-	2,712,987
-	-	1,488,319
2,194,785	3,266,383	5,461,168
-	-	687,076
<u>480,350</u>	<u>142,481</u>	<u>14,862,263</u>
<u>2,675,135</u>	<u>3,408,864</u>	<u>25,211,813</u>
<u>(307,246)</u>	<u>(1,150,668)</u>	<u>(1,907,630)</u>
1,928	39,441	63,198
-	-	(3,360)
<u>-</u>	<u>-</u>	<u>42,739</u>
<u>1,928</u>	<u>39,441</u>	<u>102,577</u>
(305,318)	(1,111,227)	(1,805,053)
-	1,834,163	1,874,163
-	-	(1,834,163)
<u>-</u>	<u>-</u>	<u>2,280,028</u>
<u>(305,318)</u>	<u>722,936</u>	<u>514,975</u>
<u>1,254,295</u>	<u>2,400,061</u>	<u>46,909,424</u>
<u>\$ 948,977</u>	<u>\$ 3,122,997</u>	<u>\$ 47,424,399</u>



**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2021**

	Fleet Management	Self-Insured Benefits
Cash flows from operating activities:		
Receipts from customers and users	\$ 6,107,407	\$ 594,421
Payments to suppliers	(1,782,816)	-
Payments to employees	(1,209,723)	-
Internal activity - payments to other funds	(154,668)	-
Claims and premiums paid	-	-
Net cash provided by (used in) operating activities	2,960,200	594,421
Cash flows from noncapital financing activities:		
Operating subsidies and transfers (to) from other funds	40,000	(1,834,163)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,761,111)	-
Gross proceeds from the sale of capital assets	397,276	-
Principal paid on capital debt	-	-
Interest expense	-	-
Net cash provided by (used in) capital and related financing activities	(1,363,835)	-
Cash flows from investing activities:		
Interest on investments	58,257	-
Net increase (decrease) in cash and cash equivalents	1,694,622	(1,239,742)
Cash and cash equivalents at beginning of year	18,411,002	6,855,557
Cash and cash equivalents at end of year	\$ 20,105,624	\$ 5,615,815

Information Technology	Risk Management	Workers' Compensation	Total
\$ 12,578,609	\$ 2,367,890	\$ 2,215,337	\$ 23,863,664
(7,898,594)	(151,408)	-	(9,832,818)
(6,056,893)	(309,869)	(160,928)	(7,737,413)
(34,656)	(11,100)	(1,200)	(201,624)
-	(2,046,712)	(3,505,862)	(5,552,574)
(1,411,534)	(151,199)	(1,452,653)	539,235
-	-	1,834,163	40,000
(823,211)	-	-	(2,584,322)
-	-	-	397,276
(147,952)	-	-	(147,952)
(3,360)	-	-	(3,360)
(974,523)	-	-	(2,338,358)
(12,628)	6,253	49,498	101,380
(2,398,685)	(144,946)	431,008	(1,657,743)
9,835,374	5,112,184	13,349,359	53,563,476
\$ 7,436,689	\$ 4,967,238	\$ 13,780,367	\$ 51,905,733

(continued)



**Combining Statement of Cash Flows  
Internal Service Funds (continued)  
For the Year Ended June 30, 2021**

	Fleet Management	Self-Insured Benefits
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 553,946	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,271,706	-
Change in assets and liabilities:		
(Increase) decrease in receivables	7,926	-
(Increase) in inventories	184,413	-
(Increase) in prepaid items	(4,461)	-
(Increase) in deferred outflows - OPEB related items	(2,567)	-
(Increase) in deferred outflows - pension related items	(132,841)	-
Increase (decrease) in accrued liabilities	2,844	594,421
Increase (decrease) in estimated claims payable	-	-
Increase (decrease) in net OPEB liability	860	-
Increase (decrease) in net pension liability	115,898	-
Increase (decrease) in deferred inflows - OPEB related items	1,318	-
Increase (decrease) in deferred inflows - pension related items	(38,842)	-
Net cash provided by (used in) operating activities	<u>\$ 2,960,200</u>	<u>\$ 594,421</u>
Noncash capital financing activities:		
Capital assets contributed by other funds	<u>\$ 1,085,280</u>	<u>\$ -</u>



Information Technology	Risk Management	Workers' Compensation	Total
\$ (1,003,662)	\$ (307,246)	\$ (1,150,668)	\$ (1,907,630)
441,281	-	-	2,712,987
-	-	49,373	57,299
-	-	-	184,413
(436,513)	-	-	(440,974)
(8,804)	(517)	(206)	(12,094)
(482,641)	(31,663)	(24,348)	(671,493)
(40,634)	6,316	1,368	564,315
-	148,073	(331,710)	(183,637)
2,954	173	69	4,056
444,668	32,325	19,711	612,602
4,524	267	106	6,215
(332,707)	1,073	(16,348)	(386,824)
<u>\$ (1,411,534)</u>	<u>\$ (151,199)</u>	<u>\$ (1,452,653)</u>	<u>\$ 539,235</u>
<u>\$ 1,194,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,028</u>



**Combining Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2021**

<b>ASSETS</b>	Assessment Districts	Business Improvement Districts	Total
Current assets:			
Cash and investments	\$ 4,516,804	\$ 2,194,514	\$ 6,711,318
Receivables:			
Assessments	12,240	7,735	19,975
Interest	34,148	7,654	41,802
Taxes	64,139	-	64,139
<b>Total current assets</b>	<b>4,627,331</b>	<b>2,209,903</b>	<b>6,837,234</b>
Restricted assets:			
Cash and investments	4,458,829	-	4,458,829
<b>Total assets</b>	<b>9,086,160</b>	<b>2,209,903</b>	<b>11,296,063</b>
<b>LIABILITIES</b>			
Accrued liabilities	26,746	62,190	88,936
<b>Total liabilities</b>	<b>26,746</b>	<b>62,190</b>	<b>88,936</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	\$ 9,059,414	\$ 2,147,713	\$ 11,207,127



**Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds  
For the Year Ended June 30, 2021**

	Assessment Districts	Business Improvement Districts	Total
<b>ADDITIONS</b>			
District assessment collections	\$ 3,453,276	\$ 2,206,598	\$ 5,659,874
Income from property and investments	42,077	14,923	57,000
Property Taxes	1,355,775	-	1,355,775
<b>Total additions</b>	<b>4,851,128</b>	<b>2,221,521</b>	<b>7,072,649</b>
<b>DEDUCTIONS</b>			
Distributions to beneficiaries	-	796,085	796,085
General and administrative	-	67,290	67,290
Bond principal	3,175,000	-	3,175,000
Bond Interest expense and fees	1,781,108	-	1,781,108
<b>Total deductions</b>	<b>4,956,108</b>	<b>863,375</b>	<b>5,819,483</b>
<b>Change in net position</b>	<b>(104,980)</b>	<b>1,358,146</b>	<b>1,253,166</b>
Net position (deficit) at beginning of year, as restated	9,164,394	789,567	9,953,961
Net position (deficit) at end of year	\$ 9,059,414	\$ 2,147,713	\$ 11,207,127



*This page is intentionally left blank.*







## 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.

## Table of Contents

## Page

### Financial Trends

156

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

166

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

175

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

184

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

188

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>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 780,727	\$ 782,500	\$ 784,210	\$ 783,298
Restricted for:				
Capital assets	192,713	182,685	175,468	178,228
Lighting and landscaping districts	2,246	2,958	4,703	5,263
Affordable housing	38,434	37,390	39,317	39,544
Habitat and agricultural mitigation management	4,799	2,665	1,713	1,708
Other purposes	4,022	3,685	3,774	3,059
Unrestricted	<u>308,470</u>	<u>319,317</u>	<u>328,602</u>	<u>223,522</u>
Total governmental activities net position	<u>\$ 1,331,411</u>	<u>\$ 1,331,200</u>	<u>\$ 1,337,787</u>	<u>\$ 1,234,622</u> <sup>1</sup>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 311,392	\$ 307,000	\$ 305,681	\$ 307,122
Restricted for:				
Capital assets	45,522	45,990	46,632	47,315
Unrestricted	<u>47,530</u>	<u>55,758</u>	<u>66,083</u>	<u>69,922</u>
Total business-type activities net position	<u>\$ 404,444</u>	<u>\$ 408,748</u>	<u>\$ 418,396</u>	<u>\$ 424,359</u> <sup>1</sup>
<b>Total government</b>				
Net investment in capital assets	\$ 1,092,119	\$ 1,089,500	\$ 1,089,891	\$ 1,090,420
Restricted for:				
Capital assets	238,235	228,675	222,100	225,543
Lighting and landscaping districts	2,246	2,958	4,703	5,263
Affordable housing	38,434	37,390	39,317	39,544
Habitat and agricultural mitigation management	4,799	2,665	1,713	1,708
Other purposes	4,022	3,685	3,774	3,059
Unrestricted	<u>356,000</u>	<u>375,075</u>	<u>394,685</u>	<u>293,444</u>
<b>Total net position</b>	<u>\$ 1,735,855</u>	<u>\$ 1,739,948</u>	<u>\$ 1,756,183</u>	<u>\$ 1,658,981</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>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
\$ 788,035	\$ 788,078	\$ 793,090	\$ 786,965	\$ 791,124	\$ 789,335
176,279	183,245	182,811	194,434	206,067	212,636
5,921	6,527	7,307	8,025	8,967	9,225
40,390	40,528	41,500	43,588	44,885	40,988
1,758	1,805	1,640	1,524	- <sup>2</sup>	-
2,948	2,818	2,800	4,329	5,444	6,251
245,078	249,816	262,023	289,000	286,386	249,699 <sup>3</sup>
<u>\$ 1,260,409</u>	<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>
\$ 317,927	\$ 344,836	\$ 349,548	\$ 346,628	\$ 351,153	\$ 361,477
45,950	40,098	39,522	38,540	41,244	41,462
73,285	85,153	88,576	97,509	94,140	149,954 <sup>3</sup>
<u>\$ 437,162</u>	<u>\$ 470,087</u>	<u>\$ 477,646</u>	<u>\$ 482,677</u>	<u>\$ 486,537</u>	<u>\$ 552,893</u>
\$ 1,105,962	\$ 1,132,914	\$ 1,142,638	\$ 1,133,593	\$ 1,142,277	\$ 1,150,812
222,229	223,343	222,333	232,974	247,311	254,098
5,921	6,527	7,307	8,025	8,967	9,225
40,390	40,528	41,500	43,588	44,885	40,988
1,758	1,805	1,640	1,524	- <sup>2</sup>	-
2,948	2,818	2,800	4,329	5,444	6,251
318,363	334,969	350,599	386,509	380,526	399,653
<u>\$ 1,697,571</u>	<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>



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

	2011-12	2012-13	2013-14	2014-15
<b>Expenses</b>				
Governmental activities				
General government	\$ 16,675	\$ 23,574 <sup>3</sup>	\$ 20,187	\$ 16,108
Public safety	45,576	48,468	48,942	48,856
Community services	43,087	47,900 <sup>4</sup>	45,341	48,630
Public works	28,441	36,806	30,314	36,273
Interest and fiscal charges on long-term debt	298	4	1	-
Total governmental activities	<u>134,077</u>	<u>156,752</u>	<u>144,785</u>	<u>149,867</u>
Business-type activities				
Carlsbad Municipal Water District	35,985	41,626	43,547	40,897
Golf course	11,190	10,668	11,032	10,538
Wastewater	11,330	13,556	12,488	12,629
Solid waste	2,922	2,918	2,856	2,973
Total business-type activities	<u>61,427</u>	<u>68,768</u>	<u>69,923</u>	<u>67,037</u>
Total government	<u>\$ 195,504</u>	<u>\$ 225,520</u>	<u>\$ 214,708</u>	<u>\$ 216,904</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	\$ 315	\$ 1,469	\$ 289	\$ 1,382
Public safety	4,379	4,025	3,950	4,220
Community services	6,314	6,987	8,732	10,534
Public works	3,717	5,073	3,720	4,014
Operating grants and contributions	11,813	13,199	11,919	12,242
Capital grants and contributions	15,429	17,741	16,129	19,105
Total governmental activities	<u>41,967</u>	<u>48,494</u>	<u>44,739</u>	<u>51,497</u>
Business-type activities				
Charges for services:				
Carlsbad Municipal Water District	35,776	44,240 <sup>5</sup>	46,750	47,461
Golf course	6,127	6,278	6,635	6,709
Wastewater	10,989	12,402	12,896	12,875
Solid waste	2,961	3,060	3,320	3,245
Operating grants and contributions	1,201	38	90	59
Capital grants and contributions	4,560	2,855	3,198	5,879
Total business-type activities	<u>61,614</u>	<u>68,873</u>	<u>72,889</u>	<u>76,228</u>
Total government	<u>\$ 103,581</u>	<u>\$ 117,367</u>	<u>\$ 117,628</u>	<u>\$ 127,725</u>
<b>Net (Expense)/Revenue:</b>				
Governmental activities	\$ (92,110)	\$ (108,258)	\$ (100,046)	\$ (98,370)
Business-type activities	187	105	2,966	9,191
Total government net expense	<u>\$ (91,923)</u>	<u>\$ (108,153)</u>	<u>\$ (97,080)</u>	<u>\$ (89,179)</u>

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$ 16,147	\$ 18,374	\$ 25,192 <sup>10</sup>	\$ 22,234	\$ 24,267	\$ 20,003
50,463	55,994	62,630 <sup>10</sup>	67,968	75,249	80,295
51,191	54,212	51,897	57,978	60,771	57,654
37,464	34,317	36,875	36,897	41,419	35,481
<u>1</u>	<u>3</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>-</u>
<u>155,266</u>	<u>162,900</u>	<u>176,596</u>	<u>185,081</u>	<u>201,708</u>	<u>193,433</u>
39,458	45,219	51,658	51,638	51,198	56,319
10,545	10,211	10,560	11,035	10,252	10,280
12,613	12,626	13,495	15,238	16,931	9,063
<u>2,997</u>	<u>3,272</u>	<u>3,089</u>	<u>3,840</u>	<u>4,382</u>	<u>5,086</u>
<u>65,613</u>	<u>71,328</u>	<u>78,802</u>	<u>81,751</u>	<u>82,763</u>	<u>80,748</u>
<u>\$ 220,879</u>	<u>\$ 234,228</u>	<u>\$ 255,398</u>	<u>\$ 266,832</u>	<u>\$ 284,471</u>	<u>\$ 274,181</u>
\$ 296	\$ 327	\$ 816	\$ 1,679	\$ 1,030	\$ 1,260
3,980	4,647	4,805	4,784	4,711	5,020
10,711	12,154	11,588	10,755	9,324	8,080
4,152	3,952	3,768	4,574	4,142	5,662
11,912	12,630	13,054	17,307	18,437	26,459
<u>12,042<sup>7</sup></u>	<u>22,789</u>	<u>22,993</u>	<u>13,842</u>	<u>16,802</u>	<u>9,565</u>
<u>43,093</u>	<u>56,499</u>	<u>57,024</u>	<u>52,941</u>	<u>54,446</u>	<u>56,046</u>
39,854 <sup>8</sup>	44,817	50,095	46,431	46,332	49,668
6,988	7,119	7,973	7,979	6,637	8,108
12,963	13,467	13,885	14,099	13,849	14,027
3,206	3,302	3,427	3,440	3,563	3,387
5,646	2,471	1,611	1,260	399	3,484
<u>2,011</u>	<u>13,322</u>	<u>5,484</u>	<u>4,864</u>	<u>6,327</u>	<u>7,601</u>
<u>70,668</u>	<u>84,498</u>	<u>82,475</u>	<u>78,073</u>	<u>77,107</u>	<u>86,275</u>
<u>\$ 113,761</u>	<u>\$ 140,997</u>	<u>\$ 139,499</u>	<u>\$ 131,014</u>	<u>\$ 131,553</u>	<u>\$ 142,321</u>
\$ (112,173)	\$ (106,401)	\$ (119,572)	\$ (132,140)	\$ (147,262)	\$ (137,387)
5,055	13,170	3,673	(3,678)	(5,656)	5,527
<u>\$ (107,118)</u>	<u>\$ (93,231)</u>	<u>\$ (115,899)</u>	<u>\$ (135,818)</u>	<u>\$ (152,918)</u>	<u>\$ (131,860)</u>

(continued)



## Changes in Net Position (continued)

Last Ten Fiscal Years

(dollars in thousands)

	2011-12	2012-13	2013-14	2014-15
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes:				
Property taxes	\$ 51,538	\$ 52,861	\$ 52,608	\$ 55,992
Sales and use taxes	28,094	28,403	30,520	32,146
Transient occupancy taxes	12,872	14,702	17,472	19,713
Franchise taxes	4,852	5,118	4,907	5,427
Business license taxes	2,695	3,834	4,177	4,548
Real property transfer taxes	925	1,058	1,080	1,406
Vehicle license fees	53 <sup>1</sup>	55	-	-
Income from property and investments	6,088	1,792	6,917	4,564
Other general revenues	419	426	429	609
Extraordinary gain/(loss)	20,477 <sup>2</sup>	-	(10,289) <sup>6</sup>	-
Special items-Golf Course debt	-	-	-	-
Transfers	(1,810)	(656)	(1,188)	(1,264)
<b>Total governmental activities</b>	<b>126,203</b>	<b>107,593</b>	<b>106,633</b>	<b>123,141</b>
Business type activities				
Property taxes	2,721	2,904	2,897	3,133
Income from property and investments	2,054	555	2,498	1,870
Other general revenues	106	85	99	623
Transfers	1,810	655	1,188	1,264
Special items-Golf Course debt	-	-	-	-
<b>Total business-type activities</b>	<b>6,691</b>	<b>4,199</b>	<b>6,682</b>	<b>6,890</b>
<b>Total government</b>	<b>\$ 132,894</b>	<b>\$ 111,792</b>	<b>\$ 113,315</b>	<b>\$ 130,031</b>
<b>Change in Net Position</b>				
Governmental activities	\$ 34,093	\$ (665)	\$ 6,587	\$ 24,771
Business-type activities	6,878	4,304	9,648	16,081
<b>Total government</b>	<b>\$ 40,971</b>	<b>\$ 3,639</b>	<b>\$ 16,235</b>	<b>\$ 40,852</b>

Source: City of Carlsbad Annual Comprehensive Financial Reports

<sup>1</sup> The State of California ceased sending the city vehicle license fee revenues in FY 2011-12.

<sup>2</sup> The extraordinary gain in FY 2011-12 resulted from the transfers of the assets and liabilities of the former Redevelopment Agency to Successor Agency trust funds.

<sup>3</sup> The large increase in FY 2012-13 includes a repayment to SANDAG of \$1.4 million in excess Transnet Funds on inactive/closed projects and a transfer of \$4.5 million in surplus construction funds from the Poinsettia Lane Assessment District to be used in the refunding of Reassessment District No. 2012-1.

<sup>4</sup> The large increase in FY 2012-13 includes a \$3.8 million transfer of an affordable housing loan receivable to the Successor Housing Agency trust fund as required by the California Department of Finance.

<sup>5</sup> The increase in FY 2012-13 was the result of a combination of a 5% increase in the number of water units sold coupled with an average 8% increase in water rates charged to customers and a reimbursement from a lawsuit involving a landslide.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> The decrease in FY 2015-16 was a result of a decrease in water sales during the fiscal year from drought conservation measures.

<sup>9</sup> 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.

<sup>10</sup> The increase in FY 2017-18 is mainly due to changes in the city's pension discount rate.

<sup>11</sup> 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.

<sup>12</sup> 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.

2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$ 58,945	\$ 63,988	\$ 66,524	\$ 69,952	\$ 73,885	\$ 78,239
34,843	33,999	33,674	38,510	36,491	42,579
20,943	22,267	24,233	26,320	18,898	15,584
5,632	5,475	5,812	6,100	5,864	5,774
4,895	4,328	5,026	5,322	5,414	5,705
1,546	1,393	1,463	1,715	1,247	1,786
-	-	-	-	-	-
11,910 <sup>9</sup>	1,975	2,551	20,695	20,239	5,036 <sup>11</sup>
486	451	519	439	559	516
-	-	-	-	-	-
-	-	-	-	-	(8,427) <sup>12</sup>
<u>(1,240)</u>	<u>(15,067)</u>	<u>(136)</u>	<u>(219)</u>	<u>(303)</u>	<u>(47,273)<sup>12</sup></u>
<u>137,960</u>	<u>118,809</u>	<u>139,666</u>	<u>168,834</u>	<u>162,294</u>	<u>99,519</u>
3,306	3,569	3,743	4,002	4,226	4,491
3,163	749	986	7,784	4,963	639 <sup>11</sup>
39	370	3	113	-	-
1,240	15,067	136	219	303	47,273 <sup>12</sup>
-	-	-	-	-	8,427 <sup>12</sup>
<u>7,748</u>	<u>19,755</u>	<u>4,868</u>	<u>12,118</u>	<u>9,492</u>	<u>60,830</u>
<u>\$ 145,708</u>	<u>\$ 138,564</u>	<u>\$ 144,534</u>	<u>\$ 180,952</u>	<u>\$ 171,786</u>	<u>\$ 160,349</u>
\$ 25,787	\$ 12,408	\$ 20,094	\$ 36,694	\$ 15,032	\$ (37,868)
12,803	32,925	8,541	8,440	3,836	66,357
<u>\$ 38,590</u>	<u>\$ 45,333</u>	<u>\$ 28,635</u>	<u>\$ 45,134</u>	<u>\$ 18,868</u>	<u>\$ 28,489</u>



## Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(dollars in thousands)

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>General Fund</b>					
Nonspendable	\$ 54,228	\$ 57,719	\$ 56,707	\$ 56,381	\$ 55,324
Committed	1,000	1,000	1,000	1,000	1,000
Assigned	22,955	26,200	27,838	40,865	42,692
Unassigned	61,384	69,578	75,615	80,274	94,404
<b>Total General Fund</b>	<u>\$ 139,567</u>	<u>\$ 154,497</u>	<u>\$ 161,160</u>	<u>\$ 178,520</u>	<u>\$ 193,420</u>
<b>All Other Governmental Funds</b>					
Nonspendable					
Special revenue funds	\$ 440	\$ 435	\$ 430	\$ 3	\$ 4
Capital project funds	-	-	-	-	-
Restricted					
Special revenue funds	64,401	61,938	66,833	66,300	51,013 <sup>2</sup>
Capital project funds	177,372	167,009 <sup>1</sup>	157,712 <sup>1</sup>	161,499	176,280 <sup>2</sup>
Assigned					
Capital project funds	123,465	121,861	131,627	136,237	131,939
Unassigned					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 365,678</u>	<u>\$ 351,243</u>	<u>\$ 356,602</u>	<u>\$ 364,039</u>	<u>\$ 359,236</u>

Source: City of Carlsbad Annual Comprehensive Financial Reports

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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>
\$ 53,751	\$ 51,628	\$ 49,608	\$ 49,008	\$ 3,446 <sup>4</sup>
1,000	1,000	1,000	1,000	1,000
38,439	43,855	33,367	30,733	56,115
<u>78,191</u>	<u>82,570</u>	<u>101,701</u>	<u>110,122</u>	<u>99,260</u>
<u>\$ 171,381</u>	<u>\$ 179,053</u>	<u>\$ 185,676</u>	<u>\$ 190,863</u>	<u>\$ 159,821</u>
\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
-	-	-	-	
51,677	53,246	57,465	59,295	56,465
183,245	182,812	194,434	206,067	212,635
146,994	151,306	162,139	165,267	166,206
-	-	-	(234) <sup>3</sup>	(228)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 381,917</u>	<u>\$ 387,365</u>	<u>\$ 414,039</u>	<u>\$ 430,396</u>	<u>\$ 435,079</u>



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

	2011-12	2012-13	2013-14	2014-15
<b>Revenues:</b>				
Taxes	\$ 105,595	\$ 109,447	\$ 114,996	\$ 123,411 <sup>3</sup>
Intergovernmental	9,603	11,513	10,602	10,359
Licenses and permits	1,852	2,016	2,184	2,369
Charges for services	10,092	10,261	11,278	13,181
Fines and forfeitures	892	861	876	837
Income from property and investments	6,253	2,362	7,604	6,442
Contributions from property owners	9,927	12,029	9,042	10,688
Donations	206	411	210	440
Miscellaneous	697	1,969	1,219	2,550
Total revenues	<u>145,117</u>	<u>150,869</u>	<u>158,011</u>	<u>170,277</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	16,992	23,072	21,471	17,903
Less: Interdepartmental charges	(3,750)	(3,858)	(3,566)	(3,807)
Public safety	44,915	46,162	47,333	48,915
Community services	40,402	40,899	41,505	44,501
Public works	11,773	11,299	15,442	16,350
Capital outlay	17,367	28,602	18,702	20,050
<b>Debt service:</b>				
Principal retirement	851	316	159	-
Interest and fiscal charges	308	6	5	5
Total expenditures	<u>128,858</u>	<u>146,498</u>	<u>141,051</u>	<u>143,917</u>
Excess (deficiency) of revenues over (under) expenditures	16,259	4,371	16,960	26,360
<b>Other financing sources (uses):</b>				
Transfers in	19,887	8,087	11,477	14,857
Transfers out	(23,097)	(14,792)	(16,415)	(16,420)
Extraordinary gain (loss)	12,847 <sup>2</sup>	-	-	-
Total other financing sources (uses)	<u>9,637</u>	<u>(6,705)</u>	<u>(4,938)</u>	<u>(1,563)</u>
Net change in fund balances	<u>\$ 25,896</u>	<u>\$ (2,334)</u>	<u>\$ 12,022</u>	<u>\$ 24,797</u>
Debt service as percentage of noncapital expenditures <sup>1</sup>	0.99%	0.24%	0.13%	0.00%

Source: City of Carlsbad Annual Comprehensive Financial Reports

<sup>1</sup> 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.

<sup>2</sup> With the dissolution of Redevelopment Agencies state-wide, the former Redevelopment Agency debt service funds were transferred to trust funds in FY 2011-12.

<sup>3</sup> Increase in taxes in FY 2014-15 due to growth in property and TOT taxes.

<sup>4</sup> 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.

<sup>5</sup> 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 fair value adjustment done on investments at fiscal year end (per GASB 31).

<sup>6</sup> 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.

<sup>7</sup> 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.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$	129,617	\$ 134,165	\$ 141,118	\$ 154,673	\$ 147,535 <sup>7</sup>	\$ 155,462
	11,290	11,963	11,608	14,647	15,505	23,653
	2,467	3,034	2,999	2,668	2,739	2,399
	12,913	14,309	14,145	13,221	11,525	11,615
	854	740	679	581	760	429
	9,970	3,845	4,622	23,275 <sup>5</sup>	24,989	7,018
	8,009	13,330	12,898	10,301	6,623	5,850
	417	349	332	1,385	426	321
	1,503	1,467	1,991	3,316	2,641	1,786
	<u>177,040</u>	<u>183,202</u>	<u>190,392</u>	<u>224,067</u>	<u>212,743</u>	<u>208,533</u>
	17,221	27,925	26,625	24,033	25,762	22,450
	(3,471)	(3,345)	(3,160)	(4,581)	(5,052)	(5,146)
	52,015	57,329	58,568	77,550 <sup>6</sup>	70,997	78,731
	46,298	48,930	49,039	52,951	56,931	53,267
	17,465	17,349	17,220	18,380	19,995	19,991
	34,669	17,603	26,885	20,703	22,171	21,390
	-	-	10	10	11	8
	<u>6</u>	<u>5</u>	<u>7</u>	<u>5</u>	<u>12</u>	<u>17</u>
	<u>164,203</u>	<u>165,796</u>	<u>175,194</u>	<u>189,051</u>	<u>190,827</u>	<u>190,708</u>
	12,837	17,406	15,198	35,016	21,916	17,825
	9,970	20,849	11,513	11,881	11,183	9,760
	(12,710)	(37,613) <sup>4</sup>	(13,590)	(13,600)	(11,486)	(57,053)
	-	-	-	-	-	-
	<u>(2,740)</u>	<u>(16,764)</u>	<u>(2,077)</u>	<u>(1,719)</u>	<u>(303)</u>	<u>(47,313)</u>
\$	<u>10,097</u>	<u>\$ 642</u>	<u>\$ 13,121</u>	<u>\$ 33,297</u>	<u>\$ 21,613</u>	<u>\$ (29,488)</u>
	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%



## General Governmental Tax Revenues by Source

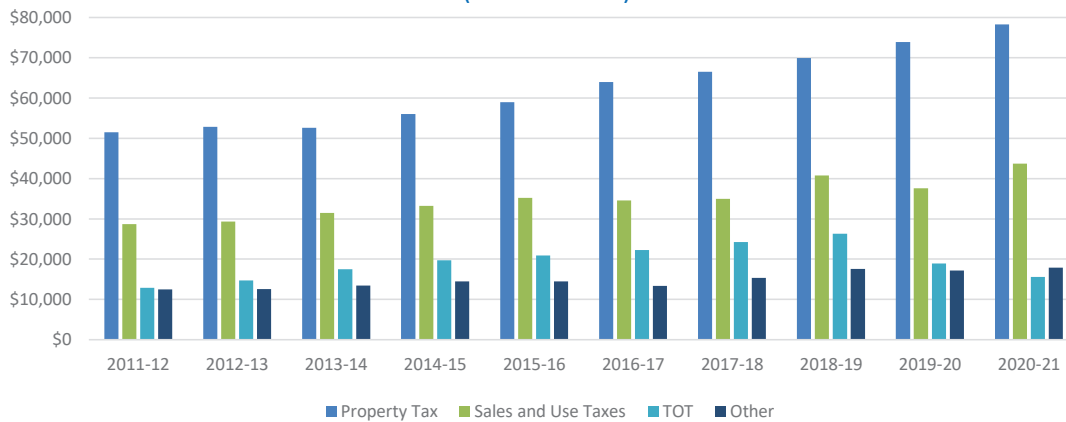
Last Ten Fiscal Years  
(dollars in thousands)

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
2011-12	\$ 51,538	\$ 28,733	\$ 12,872	\$ 4,852	\$ 3,669	\$ 925	\$ 3,006	\$ 105,595
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 <sup>1</sup>	33,202	19,713 <sup>2</sup>	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 <sup>1</sup>	34,543	22,267 <sup>3</sup>	5,475	4,328	1,393	2,171	134,165
2017-18	66,523	34,972	24,234 <sup>4</sup>	5,812	5,026 <sup>5</sup>	1,463	3,088 <sup>6</sup>	141,118
2018-19	69,952	40,795 <sup>7</sup>	26,320	6,100	5,322	1,715	4,469	154,673
2019-20	73,889	37,585 <sup>8</sup>	18,898 <sup>8</sup>	5,864	5,414	1,247	4,638	147,535
2020-21	78,247	43,726	15,584 <sup>8</sup>	5,774	5,705	1,786	4,640	155,462

Percentage change from FY 2011-12 to FY 2020-21:

45%      66%      35%      24%      59%      96%      85%      50%

### 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.

<sup>1</sup> Reflects improvement in the housing market and new construction.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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 Unit<sup>1</sup></u>	<u>Monthly Base Rate</u>
2011-12	\$19.80	\$2.97	\$24.53
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

Source: City of Carlsbad

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

<sup>1</sup> 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.



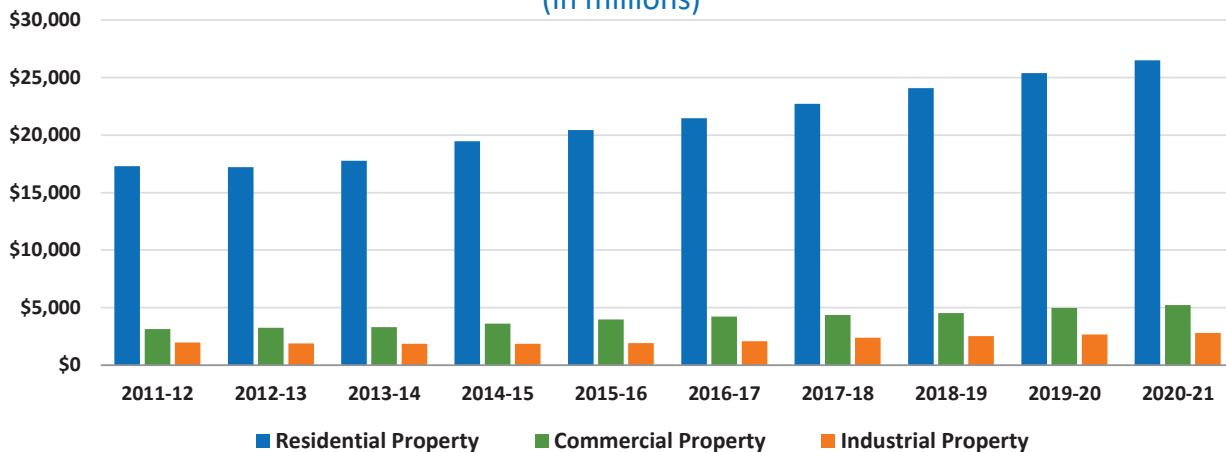


## Assessed Value of Taxable Property

Last Ten Fiscal Years  
(dollars in millions)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Exemptions and Other Taxable Property <sup>1</sup>	Net Assessed Valuation	Change From Prior Year	Estimated Property Tax Revenue <sup>2</sup>	Total Direct Tax Rate <sup>3</sup>
2011-12	17,306	3,133	1,983	560	22,982	-0.13	44	0.1927
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

### 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.

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

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

<sup>3</sup> 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<sup>1</sup>

Fiscal Year	City of Carlsbad Total Direct Rate <sup>2</sup>	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 <sup>3</sup>	Voter Approved Debt <sup>4</sup>	Total Tax Rate <sup>5</sup>
2011-12	0.1927%	0.3412%	0.1576%	0.1497%	0.0937%	0.0198%	0.0453%	1.0000%	0.0748%	1.0748%
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

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

<sup>1</sup> 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.

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

<sup>3</sup> 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.

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

<sup>5</sup> 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)

Fiscal Year 2020-21 Voter Approved Debt Tax Rates for all Rate Areas

Total Tax Rates <sup>1</sup>	County Tax Rate Areas <sup>2</sup>	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 <sup>3</sup>	Total Voter Approved Rates <sup>4</sup>
1.0561%	1	0.0000%	0.0000%	0.0000%	0.0000%	0.0423%	0.0137%	0.0000%	0.0000%	0.0000%	0.0560%
1.0596	37	-	-	-	-	0.0423	0.0137	-	-	0.0035	0.0596
1.0669	3	-	-	-	-	0.0423	-	0.0211	-	0.0035	0.0669
1.0731	2	-	-	0.0559	-	-	0.0137	-	-	0.0035	0.0731
1.0804	24	-	-	0.0559	-	-	-	0.0211	-	0.0035	0.0804
1.0964	3	0.0827	-	-	-	-	0.0137	-	-	-	0.0964
1.0999	54	0.0827	-	-	-	-	0.0137	-	-	0.0035	0.0999
1.1132	1	-	0.0960	-	-	-	0.0137	-	-	0.0035	0.1132
1.1048	5	-	-	-	0.0803	-	-	0.0211	-	0.0035	0.1048
1.1073	3	0.0827	-	-	-	-	-	0.0211	-	0.0035	0.1073
1.1091	1	-	-	0.0559	-	-	0.0137	-	0.0360	0.0035	0.1091
1.1164	11	-	-	0.0559	-	-	-	0.0211	0.0360	0.0035	0.1164
1.1359	1	0.0827	-	-	-	-	0.0137	-	0.0360	0.0035	0.1359

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

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

<sup>2</sup> 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.

<sup>3</sup> MWD is the Metropolitan Water District and SDCWA is the San Diego County Water Authority.

<sup>4</sup> 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	2021			2012		
	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	\$ 424,822,973	1	1.21%	\$ -		0.00%
La Costa Glen Retirement Community	276,265,671	2	0.78	230,236,508	1	1.00
Legoland California, LLC	252,623,430	3	0.72	128,722,242	3	0.00
La Costa Resort & Spa	240,911,267	4	0.68	116,833,774	5	0.51
The Forum Shopping Center	206,583,259	5	0.59	84,882,929	8	0.37
Levine Investments Limited Partnership	182,685,818	6	0.52			
The Shoppes at Carlsbad	178,546,161	7	0.51	102,117,463	7	0.44
Park Hyatt Aviara Resort	160,542,900	8	0.46	149,845,296	2	0.65
Grand Pacific Carlsbad LP	160,427,282	9	0.46			
La Costa Town Center, LLC	154,861,764	10	0.44			
Carlsbad Premium Outlets				114,617,062	6	0.50
Pacific View Apartments				121,249,952	4	0.53
P P C Cascade LLC				82,935,307	9	0.36
HG Fenton Company				79,102,340	10	0.34
<b>Total</b>	<b>\$ 2,238,270,525</b>		<b>6.36%</b>	<b>\$ 1,210,542,873</b>		<b>5.27%</b>
<b>Net assessed valuation</b>	<b>\$ 35,217,379,111</b>			<b>\$ 22,982,171,525</b>		

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

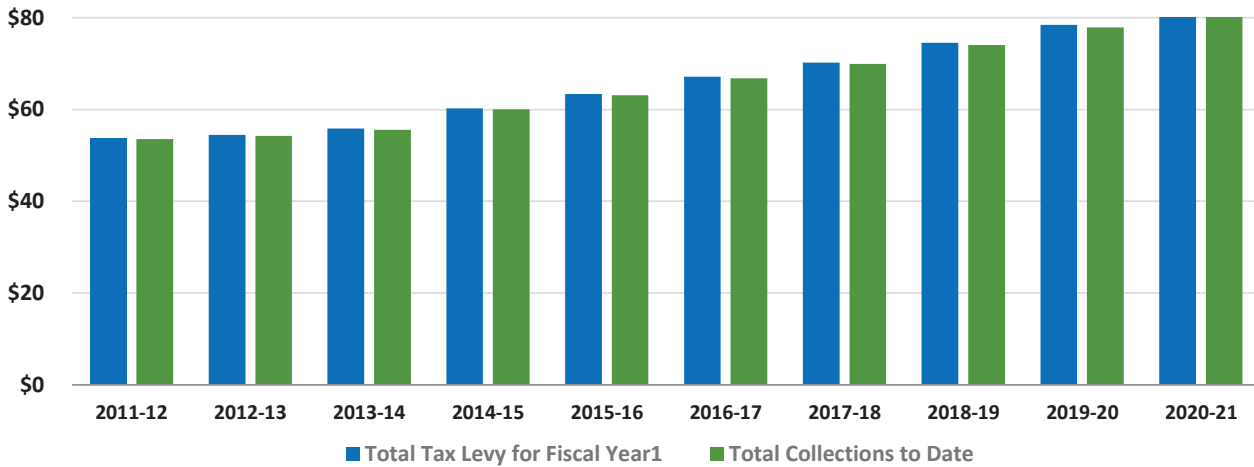




**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year <sup>1</sup>	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2011-12	\$53,682,809	\$52,778,359	98.32%	\$748,269	\$53,526,628	99.71%
2012-13	54,469,819	53,677,921	98.55	575,090	54,253,011	99.60
2013-14	55,883,499	55,042,944	98.50	526,607	55,569,551	99.44
2014-15	60,266,230	59,509,285	98.74	550,190	60,059,475	99.66
2015-16	63,363,527	62,595,504	98.79	489,759	63,085,263	99.56
2016-17	67,116,590	66,233,111	98.68	561,730	66,794,841	99.52
2017-18	70,221,876	69,383,391	98.81	534,234	69,917,625	99.57
2018-19	74,560,530	73,518,065	98.60	554,726	74,072,791	99.35
2019-20	78,446,259	77,076,471	98.25	780,401	77,856,872	99.25
2020-21	82,787,902	81,504,185	98.45	N/A	81,504,185	98.45

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



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

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

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



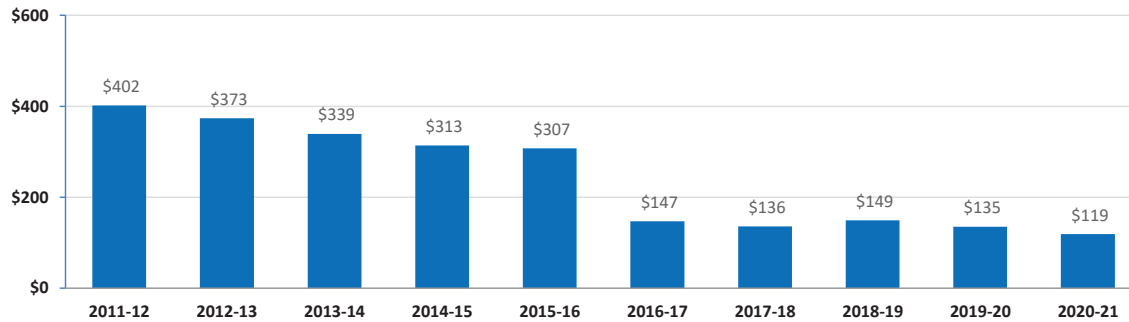
This page is intentionally left blank.



**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
	Capital Leases	Loans Payable	Bonds/ Special Debt <sup>1</sup>	Installment Purchase Agreements	Loan Payable <sup>2</sup>	Capital Leases			
2011-12	\$ -	\$ 475	\$ 17,345 <sup>3</sup>	\$ 2,585	\$ 22,830	\$ 14	\$ 43,249	1.00%	\$401.67
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	-	- <sup>4</sup>	-	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

**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.

<sup>1</sup> Bond/Special Debt is net of amortized premiums.

<sup>2</sup> 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.

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

<sup>4</sup> 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 2020-21 Assessed Valuation:	\$36,740,028,230
Redevelopment Incremental Valuation:	<u>1,522,649,119</u>
Adjusted Assessed Valuation:	<u><u>\$35,217,379,111</u></u>

<b><u>Overlapping Tax and Assessment Debt:</u></b>	Total Debt <u>06/30/21</u>	Percent Applicable <sup>1</sup>	City's Share of Debt 6/30/21
Metropolitan Water District	\$ 26,830,000	1.13%	\$ 303,179
Mira Costa Community College District	306,265,000	27.76	85,003,851
Palomar Community College District	650,751,375	2.69	17,524,735
Carlsbad Unified School District	317,807,031	98.19	312,061,080
Carlsbad Unified School District Community Facilities District No 1	1,215,000	100.00	1,215,000
Oceanside Unified School District	253,121,176	0.00	10,125
Vista Unified School District	124,109,882	0.77	950,682
Encinitas Union School District	45,278,945	30.26	13,703,220
San Marcos Unified School District	279,770,706	17.80	49,793,590
San Marcos Unified School District CFD No. 4	14,220,000	32.78	4,661,174
San Marcos Unified School District CFD No. 5	12,675,000	100.00	12,675,000
San Dieguito Union High School District	431,325,000	8.88	38,288,720
San Dieguito Union HS District CFD No. 94-2	24,270,000	98.34	23,867,846
San Dieguito Union HS District CFD No. 95-2	5,790,000	8.92	516,294
Palomar Health District	415,526,602	1.66	6,901,897
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	6,315,000	22.06	1,392,773
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	18,050,000	100.00	18,050,000
City of Carlsbad 1915 Act Bonds	<u>27,685,000</u>	100.00	<u>27,685,000</u>
Total Overlapping Tax and Assessment Debt	<u><u>\$ 2,961,005,717</u></u>		<u><u>\$ 614,604,166</u></u>

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

<sup>1</sup> 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 06/30/21	Percent Applicable <sup>1</sup>	City's Share of Debt 6/30/21
<b><u>Overlapping General Fund Obligation Debt:</u></b>			
San Diego County General Fund Obligations	\$ 211,585,000	6.30%	\$ 13,334,087
San Diego County Pension Obligation Bonds	400,125,000	6.30	25,215,878
San Diego County Superintendent of Schools General Fund Obligations	8,585,000	6.30	541,027
Palomar Community College District General Fund Obligations	1,560,000	2.69	42,011
Carlsbad Unified School District General Fund Obligations	38,190,000	98.19	37,499,525
San Marcos Unified School District General Fund Obligations	72,899,158	17.80	12,974,592
Vista Unified School District Certificates of Participation	995,000	0.77	7,622
San Dieguito Union High School District General Fund Obligations	<u>12,730,000</u>	8.88	<u>1,130,042</u>
Total Overlapping General Fund Obligation Debt	\$ 746,669,158		\$ 90,744,784
<b><u>Overlapping Tax Increment Debt (Successor Agency):</u></b>	2,850,000	100.00	2,850,000 <sup>2</sup>
<b>Total Overlapping Debt:</b>	<b>\$ 3,710,524,875</b>		<b>\$ 708,198,950</b>
<b><u>City of Carlsbad Direct Debt:</u></b>			
City of Carlsbad Governmental Activities Obligations	\$ -	100.00	\$ -
Total City of Carlsbad Direct Debt	\$ -		\$ -
<b>Combined Total Debt</b>	<b><u>\$ 3,710,524,875</u></b>		<b><u>\$ 708,198,950</u></b> <sup>3</sup>

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

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the city.

<sup>2</sup> Created by the dissolution of the Redevelopment Agency in FY 2011-12.

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds.

Ratios to FY 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.67%

Ratios to FY 2020-21 Adjusted Assessed Valuation:

**Governmental Activities Direct Debt 0.00%**

Combined Total Debt 1.92%



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

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b><u>Overlapping Tax and Assessment Debt:</u></b>			
Metropolitan Water District	\$ 0.110	\$ 0.080	\$ 0.062
Mira Costa Community College District	-	-	-
Palomar Community College District	0.448	0.375	0.361
Carlsbad Unified School District	8.527	8.312	7.921
Carlsbad Unified School District CFD No. 1	0.149	0.103	0.052
Oceanside Unified School District	0.001	0.001	-
Vista Unified School District	0.038	0.031	0.028
Encinitas Union School District	0.338	0.454	0.426
San Marcos Unified School District	3.103	1.711	2.248
San Marcos Unified School District Facility Improvement District	0.176	0.076	0.057
San Marcos Unified School District CFD No. 4	0.236	0.230	0.292
San Marcos Unified School District CFD No. 5	0.950	0.918	0.864
San Dieguito Union High School District	-	0.621	0.607
San Dieguito Union HS District CFD No. 94-1	0.004	0.004	0.004
San Dieguito Union HS District CFD No. 94-2	1.106	1.082	1.032
San Dieguito Union HS District CFD No. 95-2	0.022	0.022	0.023
San Dieguito Union HS District combined CFD	-	-	-
Palomar Health District	0.434	0.353	0.336
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	0.142	0.138	0.139
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	1.063	1.045	1.000
City of Carlsbad 1915 Act Bonds	<u>2.569</u>	<u>2.107</u>	<u>2.018</u>
Total Overlapping Tax and Assessment Debt	\$ 19.416	\$ 17.663	\$ 17.470
<b><u>Overlapping General Fund Obligation Debt:</u></b>			
San Diego County General Fund Obligations	\$ 1.155	\$ 1.070	\$ 0.983
San Diego County Pension Obligation Bonds	2.300	2.017	1.865
San Diego City Superintendent of Schools General Fund Obligations	0.055	0.047	0.042
Mira Costa Community College District Certificates of Participation	0.032	0.028	0.023
Palomar Community College District General Fund Obligations	0.008	0.006	0.006
Carlsbad Unified School District General Fund Obligations	2.028	1.967	2.086
San Marcos Unified School District General Fund Obligations	0.837	0.458	0.441
Vista Unified School District Certificates of Participation	-	0.001	0.001
San Dieguito Union High School District General Fund Obligations	0.059	0.051	0.049
Other Unified School District Certificates of Participation	<u>0.002</u>	<u>-</u>	<u>-</u>
Total Overlapping General Fund Obligation Debt	\$ 6.476	\$ 5.645	\$ 5.496
<b><u>Overlapping Tax Increment Debt (Successor Agency):</u></b>			
	\$ -	\$ 0.376	\$ 0.341
<b>Total Overlapping Debt:</b>	25.892	23.684	23.307
<b><u>City of Carlsbad Direct Debt:</u></b>			
City of Carlsbad Governmental Activities Obligations	0.021	0.007	-
Total City of Carlsbad Direct Debt	<u>\$ 0.021</u>	<u>\$ 0.007</u>	<u>\$ -</u>
<b>Combined Total Debt</b>	<u><u>\$ 25.913</u></u>	<u><u>\$ 23.691</u></u>	<u><u>\$ 23.307</u></u>

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

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
\$	0.049	\$ 0.039	\$ 0.030	\$ 0.023	\$ 0.017	\$ 0.013	\$ 0.009
	-	-	-	0.918	0.750	0.590	2.414
	0.562	0.520	0.619	0.571	0.530	0.493	0.498
	7.073	6.370	5.816	5.298	7.474	6.944	8.861
	-	-	-	0.051	0.045	0.039	0.035
	-	-	-	-	-	-	-
	0.025	0.022	0.024	0.018	0.028	0.027	0.027
	0.385	0.515	0.551	0.506	0.461	0.421	0.389
	2.087	1.922	1.797	1.706	1.571	1.521	1.414
	0.035	0.027	0.020	0.014	0.009	0.004	-
	0.254	0.232	0.199	0.181	0.164	0.146	0.132
	0.690	0.626	0.566	0.509	0.456	0.404	0.360
	0.967	0.906	1.031	1.032	0.956	0.925	1.087
	0.003	0.003	0.003	0.003	-	-	-
	0.928	0.855	0.983	0.908	0.800	0.736	0.678
	0.021	0.019	0.017	0.016	0.018	0.017	0.015
	-	-	-	-	-	-	-
	0.308	0.285	0.258	0.244	0.228	0.212	0.196
	0.031	0.102	0.091	0.079	0.069	0.058	0.040
	0.903	0.836	0.750	0.684	0.623	0.561	0.513
	1.727	1.564	1.379	1.240	1.024	0.892	0.786
\$	<u>16.048</u>	\$ <u>14.843</u>	\$ <u>14.134</u>	\$ <u>14.001</u>	\$ <u>15.223</u>	\$ <u>14.003</u>	\$ <u>17.454</u>
\$	0.857	\$ 0.709	\$ 0.648	\$ 0.572	\$ 0.510	\$ 0.436	\$ 0.379
	1.664	1.497	1.347	1.168	1.016	0.860	0.716
	0.036	0.031	0.025	0.023	0.020	0.018	0.015
	0.018	0.014	0.119	0.005	0.001	-	-
	0.005	0.004	0.003	0.002	0.002	0.001	0.001
	1.846	1.692	1.598	1.447	1.313	1.176	1.065
	0.407	0.376	0.378	0.459	0.421	0.401	0.368
	0.001	0.001	0.001	-	-	-	-
	0.047	0.044	0.041	0.039	0.036	0.034	0.032
	-	-	-	-	-	-	-
\$	<u>4.881</u>	\$ <u>4.368</u>	\$ <u>4.160</u>	\$ <u>3.715</u>	\$ <u>3.319</u>	\$ <u>2.926</u>	\$ <u>2.576</u>
\$	0.290	\$ 0.250	\$ 0.212	\$ 0.177	\$ 0.143	\$ 0.110	\$ 0.090
	21.219	19.461	18.506	17.893	18.685	17.039	20.120
	-	0.036	0.028	0.020	0.012	0.005	-
\$	<u>-</u>	\$ <u>0.036</u>	\$ <u>0.028</u>	\$ <u>0.020</u>	\$ <u>0.012</u>	\$ <u>0.005</u>	\$ <u>-</u>
\$	<u>21.219</u>	\$ <u>19.497</u>	\$ <u>18.534</u>	\$ <u>17.913</u>	\$ <u>18.697</u>	\$ <u>17.044</u>	\$ <u>20.120</u>

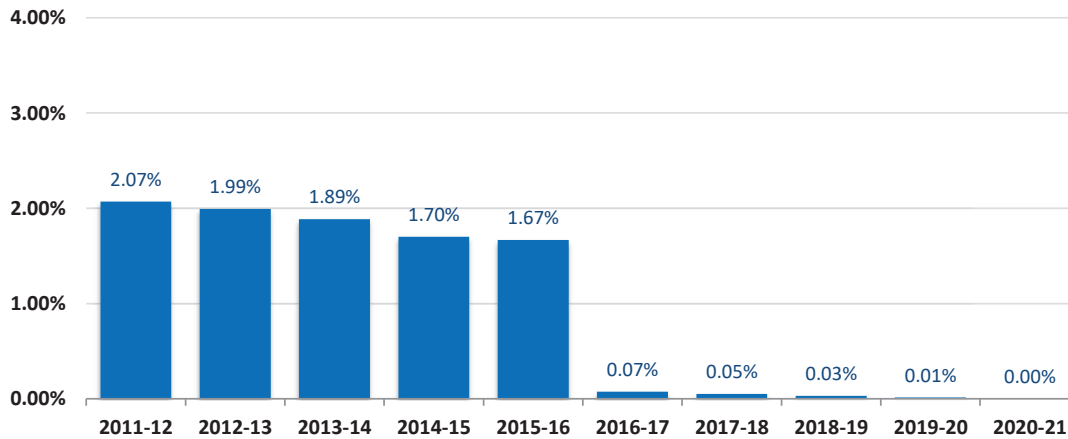


## Legal Debt Margin Information

Last Ten Fiscal Years  
(dollars in thousands)

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Net assessed valuation	\$ 22,982,172	\$ 22,956,650	\$ 23,522,746	\$ 25,489,468
Debt limit (25% x 15%)	861,831	860,874	882,103	955,855
Less amount of debt applicable to limit:				
Bonded debt	17,345	17,005	16,645	16,260
Loan payable	475	159	-	-
Obligations under capital leases	14	-	-	-
Total net debt applicable to limit	<u>17,834</u>	<u>17,164</u>	<u>16,645</u>	<u>16,260</u>
Legal debt margin	<u>\$ 843,997</u>	<u>\$ 843,710</u>	<u>\$ 865,458</u>	<u>\$ 939,595</u>
Total net debt applicable to the limit as a percentage of debt limit	2.07%	1.99%	1.89%	1.70%

**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.

<sup>1</sup> The golf course bonds were defeased during FY 2016-17.



<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
\$ 26,924,891	\$ 28,423,782	\$ 29,994,964	\$ 31,635,528	\$ 33,655,907	\$ 35,217,379
1,009,683	1,065,892	1,124,811	1,186,332	1,262,097	1,320,652
15,855	- <sup>1</sup>	-	-	-	-
-	-	-	-	-	-
970	785	588	378	156	-
16,825	785	588	378	156	-
<u>\$ 992,858</u>	<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>
1.67%	0.07%	0.05%	0.03%	0.01%	0.00%



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

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Wastewater Revenue Bonds</b>				
Gross revenues <sup>1,5</sup>	\$ 12,391,225	\$ 12,599,601	\$ 13,699,286	\$ 13,723,835
Less expenses <sup>2,5</sup>	<u>6,645,436</u>	<u>7,094,310</u>	<u>6,989,194</u>	<u>7,249,798</u>
Net available revenue	<u>\$ 5,745,789</u>	<u>\$ 5,505,291</u>	<u>\$ 6,710,092</u>	<u>\$ 6,474,037</u>
Debt service				
Principal <sup>5</sup>	\$ 780,000	\$ 820,000	\$ 860,000	\$ 905,000
Interest <sup>5</sup>	<u>152,468</u>	<u>111,469</u>	<u>68,419</u>	<u>23,191</u>
Total debt service	<u>\$ 932,468</u>	<u>\$ 931,469</u>	<u>\$ 928,419</u>	<u>\$ 928,191</u>
<b>Coverage</b>	<b>6.16</b>	<b>5.91</b>	<b>7.23</b>	<b>6.97</b>
<b>Recycled Water Loans</b>				
Gross revenues <sup>3</sup>	\$ 7,002,009	\$ 8,160,109	\$ 9,392,061	\$ 9,210,258
Less expenses <sup>4</sup>	<u>4,133,530</u>	<u>4,019,176</u>	<u>3,640,786</u>	<u>3,826,699</u>
Net available revenue	<u>\$ 2,868,479</u>	<u>\$ 4,140,933</u>	<u>\$ 5,751,275</u>	<u>\$ 5,383,559</u>
Debt service				
Principal	\$ 1,312,398	\$ 1,343,498	\$ 1,375,337	\$ 1,407,932
Interest	<u>564,084</u>	<u>532,983</u>	<u>501,144</u>	<u>468,550</u>
Total debt service	<u>\$ 1,876,482</u>	<u>\$ 1,876,481</u>	<u>\$ 1,876,481</u>	<u>\$ 1,876,482</u>
<b>Coverage</b>	<b>1.53</b>	<b>2.21</b>	<b>3.06</b>	<b>2.87</b>
<b>Golf Course Revenue Bonds</b>				
Gross revenues <sup>1,6</sup>	\$ 7,863,951	\$ 6,777,292	\$ 7,747,116	\$ 8,428,375
Less expenses <sup>2,6</sup>	<u>6,177,438</u>	<u>5,954,896</u>	<u>6,125,159</u>	<u>6,302,019</u>
Net available revenue	<u>\$ 1,686,513</u>	<u>\$ 822,396</u>	<u>\$ 1,621,957</u>	<u>\$ 2,126,356</u>
Debt service				
Principal <sup>6</sup>	\$ 325,000	\$ 340,000	\$ 360,000	\$ 385,000
Interest <sup>6</sup>	<u>785,750</u>	<u>771,600</u>	<u>755,850</u>	<u>739,088</u>
Total debt service	<u>\$ 1,110,750</u>	<u>\$ 1,111,600</u>	<u>\$ 1,115,850</u>	<u>\$ 1,124,088</u>
<b>Coverage</b>	<b>1.52</b>	<b>0.74</b>	<b>1.45</b>	<b>1.89</b>

Source: City of Carlsbad Annual Comprehensive Financial Reports

<sup>1</sup> Includes operating and non-operating revenues and transfers in from the General Fund.

<sup>2</sup> Includes operating and non-operating expenses, excluding interest expense and depreciation.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

<sup>6</sup> The golf course bonds were defeased during FY 2016-17.

<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
\$ 13,723,835	\$ -	\$ -	\$ -	\$ -	\$ -
7,249,798	-	-	-	-	-
<u>\$ 6,474,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 905,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 905,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>7.15</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
\$ 8,216,362	\$ 8,371,467	\$ 9,869,958	\$ 8,198,882	\$ 7,557,893	\$ 56,446,838 <sup>3,4</sup>
4,679,706	4,863,054	5,559,509	6,472,817	5,926,215	50,079,801 <sup>3,4</sup>
<u>\$ 3,536,656</u>	<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>
\$ 1,441,301	\$ 1,475,461	\$ 1,510,433	\$ 1,546,234	\$ 1,582,886	\$ 1,620,408
435,182	401,021	366,049	330,248	293,596	256,074
<u>\$ 1,876,483</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>
<b>1.88</b>	<b>1.87</b>	<b>2.30</b>	<b>0.92</b>	<b>0.87</b>	<b>3.39</b>
\$ 8,196,853	\$ -	\$ -	\$ -	\$ -	\$ -
6,273,320	-	-	-	-	-
<u>\$ 1,923,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 405,000	\$ -	\$ -	\$ -	\$ -	\$ -
721,313	-	-	-	-	-
<u>\$ 1,126,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>1.71</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>



**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	
2011-12	107,674	3.43%	1.05%	95.3%	50.6%	40.3
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

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.

<sup>1</sup> Personal income is the estimated total aggregate income for the total population.

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

Average Household Size	Personal Income (millions) <sup>1</sup>	Per Capita Personal Income	City Unemployment Rate
2.58	\$ 4,304	\$ 39,975	6.30%
2.63	4,403	40,672	5.90
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 <sup>2</sup>
2.38	7,751	67,111	8.11





**Principal Employers**  
**Current Fiscal Year and Nine Years Ago**

<u>Employer</u>	<u>Industry</u>	<u>Fiscal Year 2020-21</u>			<u>Fiscal Year 2011-12</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	2,481	1	3.23%	2,193	3	4.01%
Legoland California	Hospitality/Tourism	2,300	2	2.99%	1,158	6	2.12%
Thermo Fisher Scientific	Life Sciences	1,982	3	2.58%	4,142	1	7.57%
Omni La Costa Resort & Spa	Hospitality/Tourism	1,300	4	1.69%	886	8	1.62%
Carlsbad Unified School District	Education	1,092	5	1.42%	885	9	1.62%
TaylorMade Golf Company	Action Sports	960	6	1.25%	2,498	2	4.57%
City of Carlsbad	Government	748	7	0.97%			
Nortek Security & Control	Information Technology	637	8	0.83%			
HM Electronics, Inc.	Information Technology	571	9	0.74%			
Gemological Institute of America	Research/Education	555	10	0.72%	1,344	5	2.46%
Callaway Golf Company	Action Sports				1,637	4	2.99%
Genoptix, Inc.	Life Sciences				1,098	7	2.01%
Alphatec Spine, Inc.	Medical Manufacturing				765	10	1.40%
<b>Subtotal Employees</b>		<b><u>12,626</u></b>		<b><u>16.44%</u></b>	<b><u>16,606</u></b>		<b><u>30.36%</u></b>
<b>Total Employees Citywide (estimate)</b>		<b><u>76,800</u></b>			<b><u>54,700</u></b>		

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>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Policy and Leadership Group</b>				
City Attorney	7.00	7.00	7.00	7.00
City Clerk Services	6.25	6.00	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	2.75	4.75 <sup>1</sup>
<b>Administrative Services</b>				
Administration	-	-	-	-
Finance	30.50	30.50	31.50	31.50
Human Resources	9.00	9.00	9.00	11.00
Information Technology	22.50	22.50	22.50	22.50
Innovation & Economic Development	-	-	-	-
<b>Public Safety</b>				
Police	162.00	161.00	161.00	162.00
Fire	87.75	87.75	88.00	89.00
<b>Community Services</b>				
Community Services Administration	-	-	-	-
Community Development	50.00	47.00	44.00	44.00
Housing & Homeless Services	13.00	10.00	10.00	12.00
Library & Cultural Arts	51.25	51.25	51.25	50.25 <sup>1</sup>
Parks & Recreation	70.95	68.40	67.60	61.60 <sup>1</sup>
<b>Public Works</b>				
Construction Management & Inspection	-	-	-	-
Environmental Management	-	-	-	-
Fleet & Facilities	-	-	-	-
General Services	39.60	39.55	40.60	39.90
Public Works Administration	-	-	-	-
Transportation	54.40	54.40	53.40	55.90
Utilities	68.55	67.65	65.40	64.60
<b>Limited Term Personnel (Full-Time)</b>	-	1.00	2.00	-
<b>Total Full Time Authorized Employees</b>	<b>684.25</b>	<b>674.50</b>	<b>669.75</b>	<b>669.75</b>
Net Increase/(decrease) over prior year	(14.75)	(9.75)	(4.75)	-

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).

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

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

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

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

<sup>5</sup> During FY 2020-21, Housing & Homeless Services was established.

<sup>6</sup> 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.



<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
7.00	6.00	7.00	7.00	8.00	8.00
5.00	5.00	6.00	6.00	7.00	7.00
1.00	1.00	1.00	2.00	2.00	2.00
7.00	8.00	8.00	9.00	12.00	7.00 <sup>6</sup>
0.75	0.75	0.75	0.75	1.00	1.00
5.00	5.00	5.00	7.00	7.00	7.00
-	-	-	-	-	3.00
32.50	33.00	32.00	32.00	33.00	28.00
11.00	11.00	11.00	11.00	14.00	17.00
19.50	20.00	27.00	32.00 <sup>3</sup>	35.00	37.00
-	-	-	-	-	4.00 <sup>6</sup>
168.00	168.00	168.00	170.00 <sup>3</sup>	183.00	186.00
89.00	90.00	90.00	92.00	97.75	111.00
-	-	-	-	3.00	3.00 <sup>6</sup>
44.00	44.00	44.00	59.00 <sup>4</sup>	67.00	53.00 <sup>5,6</sup>
13.00	13.00	13.00	- <sup>4</sup>	-	14.00 <sup>5</sup>
50.50	50.50	50.50	50.50	52.50	52.50
58.15	57.15	57.00	55.00	55.00	55.00
-	-	-	-	-	15.20 <sup>2</sup>
8.50 <sup>2</sup>	9.50 <sup>2</sup>	9.70	9.60	11.05	11.95
-	-	-	-	-	35.10 <sup>2</sup>
28.10 <sup>2</sup>	51.30 <sup>2</sup>	52.00	53.00	47.85 <sup>2</sup>	-
8.05 <sup>2</sup>	9.85 <sup>2</sup>	12.30	7.40	7.60	7.85
57.35 <sup>2</sup>	33.00 <sup>2</sup>	32.00	35.00	44.15 <sup>2</sup>	43.70
60.85 <sup>2</sup>	60.20 <sup>2</sup>	59.00	61.75	62.10	63.95
3.75	6.75	7.75	4.75	0.75	-
678.00	683.00	693.00	704.75	750.75	773.25
8.25	5.00	10.00	11.75	46.00	22.50



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

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>General Government</b>				
Number of applications processed (full and part-time)	1,998	10,904 <sup>1</sup>	9,527	8,551
Number of external new hires (full and part-time)	16	151 <sup>1</sup>	284	299
Number of internal promotions / transfers (full-time only)	6	6	47	41
Business licenses processed	9,303	9,422	10,327	10,735
Number of outgoing payments processed	39,075	38,441	39,310	40,663
<b>Public Safety</b>				
<b>Police</b>				
Calls for service	93,248	90,122	87,976	91,314
Average priority one response (minutes)	5.9	5.8	5.8	6.5
Cases	7,963	8,314	8,296	8,349
<b>Fire</b>				
Emergency responses	9,106	10,755	9,925	9,830
Response time: arrivals on scene within goal standard	72%	71%	63%	63%
<b>Community Development</b>				
Affordable housing units completed	-	59	-	-
Financial assistance to affordable housing projects	\$ 780,000	\$ 7,408,000	\$ -	\$ 2,646,000
Building permits issued	1,400	1,500	1,400	1,600
Building inspections conducted	19,000	24,000	19,000	21,000
Final inspections (residential dwelling units)	271	440	190	200
Final inspections (commercial square feet)	n/a	n/a	45,000	60,000
Code Enforcement Actions (activities)	3,827	4,943	4,794	5,389
<b>Community Services</b>				
Library - total material circulation	1,358,839	1,348,333	1,369,369	1,293,282
Library - patron visits	858,422	821,045	791,533	804,003
Cultural Arts - number of events	50	50	62	80
Arts - attendance of events	75,000	80,000	75,000	87,000
Recreation - youth sports participants	1,200	1,200	2,292 <sup>2</sup>	1,000
Recreation - adult sports participants	5,450	5,200	5,600	6,150
Recreation - enrichment class enrollees	12,650	12,200	10,350	19,030 <sup>3</sup>
Recreation - special events participants	10,000	13,000	13,600	17,841 <sup>3</sup>
Recreation - aquatics classes conducted	557	575	1,018 <sup>2</sup>	1,224
Trees trimmed	1,863	1,936	1,920	2,018
<b>Public Works</b>				
<b>Streets</b>				
Centerline road miles resurfaced with overlay or slurry seal	25.2	24.3	14.8	18.1
<b>Carlsbad Municipal Water District</b>				
Average consumption (millions of gallons per day)	14.4	15.4	15.9	14.6
Annual water deliveries (acre feet)	16,104	17,248	17,801	16,368
Water connections	28,379	28,947	29,045	29,190
<b>Wastewater</b>				
Sewage pumped (millions of gallons per day)	6.92	6.65	6.53	5.90
Annual flow (millions of gallons)	2,524	2,426	2,384	2,152
Wastewater connections	22,631	22,955	23,282	23,431

Source: City of Carlsbad

<sup>1</sup> Beginning in FY 2012-13, part-time applicants were added to the number of applicants and new hires.

<sup>2</sup> Increases in the number of participants is the result of the opening of the Alga Norte Community Park in FY 2013-14.

<sup>3</sup> 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.

<sup>4</sup> The decrease in patron visits is due to the temporary closures of library facilities for remodeling during FY 2015-16.

<sup>5</sup> The decrease is due to the time involved with the implementation of a new licensing system during FY 2016-17.

<sup>6</sup> Restated in FY 2019-20. Various large commercial, industrial and residential projects were permitted.

<sup>7</sup> Reporting of information is not available for FY 2016-17 due to the implementation of a new permitting system.

<sup>8</sup> Beginning in FY 2016-17, 2,500 acre feet of contracted desalinated water is included in the water purchase totals.

<sup>10</sup> Data is for the calendar year.

<sup>11</sup> FY 2019-20 had decreases in some public facing programs and services due to the impacts of the COVID-19 pandemic.

<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
8,037	9,544	9,455	8,495	8,012	5,469
260	292	311	345	248	181
31	58	44	66	66	34
11,449	8,142 <sup>(5)</sup>	11,267	9,546	10,180	10,164
41,398	41,304	41,869	43,520	44,128	41,164
92,061	84,858	90,760	99,562	112,323	110,448
6.1	5.9	5.8	5.7	5.5	5.2
9,253	8,884	8,643	8,705	8,774	8,222
11,455	12,183 <sup>6</sup>	12,520 <sup>6</sup>	12,833 <sup>6</sup>	13,331 <sup>6</sup>	12,345
64%	78% <sup>6</sup>	76% <sup>6</sup>	76% <sup>6</sup>	75% <sup>6</sup>	75%
-	-	-	-	157 <sup>10</sup>	119
\$ -	\$ 1,280,000	\$ -	\$ -	\$ -	\$ 8,300,000
3,000	4,500	4,392	4,884 <sup>6</sup>	4,464	4,645
23,000	27,000	22,671	21,527 <sup>6</sup>	21,209	17,044
200	600	289	215 <sup>6</sup>	268	309
60,000	95,000	155,292	2,350,975 <sup>6</sup>	365,644	403,397
10,994	n/a <sup>7</sup>	9,538	8,154 <sup>6</sup>	7,360	6,443
1,103,090	1,243,228	1,169,247	1,185,390	975,024 <sup>11</sup>	536,078 <sup>11</sup>
609,679 <sup>4</sup>	720,205	685,188	668,973	483,233 <sup>11</sup>	20,214 <sup>11</sup>
88	79	82	96	51 <sup>11</sup>	135 <sup>11</sup>
85,000	79,067	65,817	61,531	37,913 <sup>11</sup>	9,724 <sup>11</sup>
1,000	968	1,003	1,260	993 <sup>11</sup>	-
5,600	4,500	4,800	4,800	2,400 <sup>11</sup>	-
19,632	17,402	12,996	17,900	9,641 <sup>11</sup>	3,270 <sup>11</sup>
19,474	12,150	11,645	9,600	3,705 <sup>11</sup>	300 <sup>11</sup>
684	733	778	830	770 <sup>11</sup>	715 <sup>11</sup>
1,965	1,971	1,954	4,340	4,678	4,500
20.0	23.8	25.8	8.3	14.9	-
12.1	13.1	14.3	13.0	12.7	13.5
13,578	14,616 <sup>8</sup>	16,032	14,563	14,249	14,731
29,190	29,782	30,054	30,131	30,265	30,439
6.17	5.82	6.32	6.03	6.31	6.27
2,252	2,125	2,306	2,200	2,305	2,288
23,431	23,747	23,863	23,959	24,040	24,103



## Capital Asset Statistics

### Last Ten Fiscal Years

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Community Services</b>				
Number of parks and community fields	31	31	33	33
Acres of developed parks and community fields	183	183	281	319
Acres of open space and community fields	790	755	728	728
Miles of open space trails	47	47	47	47
Number of pools	1	1	3	3
Number of community centers	4	4	4	4
Number of libraries	3	3	3	3
Number of Materials in Library Collections	645,414	625,893	581,865	574,775
<b>Public Safety</b>				
<b>Fire Protection</b>				
Number of stations	6	6	6	6
Number of fire trucks	12	12	13	12
Number of ambulances	5	6	8	7
Number of other fire vehicles	15	15	16	15
<b>Police Protection</b>				
Number of patrol and other vehicles	90	88	114	114
Number of motorcycles	11	13	13	14
<b>Public Works</b>				
<b>Carlsbad Municipal Water District</b>				
Miles of pipelines	527	534	534	534
<b>Wastewater</b>				
Miles of sewers	288	288	288	288
<b>Streets</b>				
Miles of streets	340	343	346	347
Number of street lights	7,142	7,179	7,236	7,262
Number of traffic signals	172	174	174	177

Source: City of Carlsbad

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

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

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

<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
33	33	33	33	33	33
319	319	319	319	319	322
728	728	728	787	802	817
47	47	47	52	52	67
3	3	3	3	3	3
4	4	5	5	5	5
3	3	3	3	3	3
563,581	491,956	477,149	473,154	477,042	497,407
6	6	6	6 <sup>1</sup>	6	6
12	12	13	14 <sup>1</sup>	13 <sup>2</sup>	13
6	5	5	5 <sup>1</sup>	6 <sup>2</sup>	6
18	20	20	25 <sup>1</sup>	25 <sup>2</sup>	27
106	106	96	119 <sup>1</sup>	119	119
15	12	13	13 <sup>1</sup>	15	15
559	559	559	559	535 <sup>3</sup>	535
288	288	288	288	272	265
348	350	350	350	350	350
7,265	7,334	7,337	7,388	7,520	7,527
177	177	178	179	181	181

