

UNDERSTANDING the City Budget



The City of Carlsbad operates on a fiscal year that runs from July 1 to June 30. The preliminary budget is usually presented in May and approved by the City Council in June, but work on the city budget really happens all year long. We hope this overview about what goes into the city budget, where the city gets its money and the general schedule will help you get a better understanding of city finances and how you can have a voice in budget decisions.



OPERATING BUDGET

The city budget is made up of two parts. The operating budget covers the day to day services provided by the city, in addition to the cost to operate and maintain city infrastructure and other assets, like parks and buildings.

CAPITAL IMPROVEMENT BUDGET

The capital improvement budget is used for the construction of major projects such as a new fire station, a major building expansion, street paving and sewer projects.

PUBLIC INPUT

In 2019 the city has moved up the public input portion of the annual budget process from June to March, so community members can weigh in on budget priorities earlier. The public will also have an opportunity to provide feedback on the budget when it's presented in May and June to the City Council.

The city is transitioning to a new way of getting input from the public, not just on the budget but for other major decisions, that will provide more opportunities for input throughout the year. This will kick off with a public process in summer 2019 to consider the nine core values of the Carlsbad Community Vision, adopted in 2010.



SOURCES of Funding

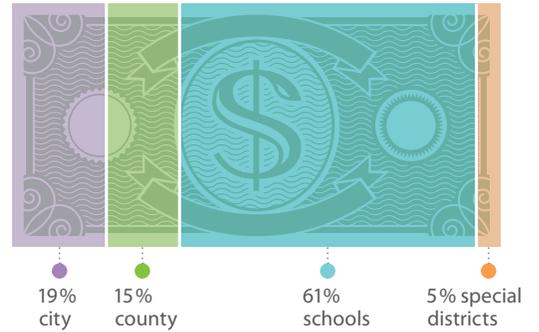
The City of Carlsbad budget covers core services that provide for the public's general welfare and safety, including police and fire protection, paved roads and sidewalks, and water, sewer and drainage systems.

GENERAL FUND

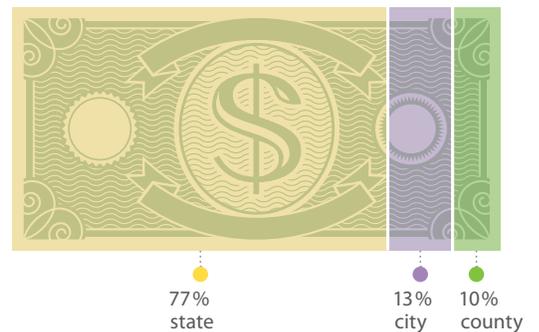
Money from the general fund is unrestricted, meaning it can be spent on day-to-day services, projects and other city initiatives. Most of the general fund money comes from three primary sources: property tax, sales tax and transient occupancy tax, also known as the hotel tax. Other sources of general fund money include building permit fees, business license tax, recreation fees and interest earnings.



PROPERTY TAX



SALES TAX



SPECIAL FUNDS

Some of the city's funding can only be used for specific purposes, such as water, sewer and trash fees, gas taxes and development impact fees.



BUDGET SCHEDULE

- JANUARY Departments Prepare Budgets
- MARCH Public Input on Budget Priorities
- APRIL/MAY Refine and Prepare Draft City Budget
- MAY Preliminary Budget to City Council
- JUNE Final Budget Approved
- SEPTEMBER/OCTOBER Annual Financial Audit
- DECEMBER Comprehensive Annual Financial Report Released

RESERVES

The city also maintains a "reserve" account in anticipation of sudden, unforeseen expenditures, just like a family might set aside money in case of a "rainy day." The City Council's policy is to maintain the equivalent of one-third of the city's general fund annual operating budget in the reserve account, with a goal of maintaining 40 to 50 percent (the equivalent of six months' worth of operating expenses).

