Comprehensive Annual Financial Report

FISCAL YEAR ENDED

June 30, 2019

City of Carlsbad
California

City of Carlsbad

Fiscal Year Ended June 30, 2019
Comprehensive Annual Financial Report

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Fiscal Year Ended June 30, 2019

Prepared by the

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CITY OF CARLSBAD
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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City of Carlsbad

Introductory Section

City of Carlsbad

Introductory Section

December 5, 2019

Honorable Mayor, City Council,
and Citizens of the City of Carlsbad
CITY OF CARLSBAD
Carlsbad, CA 92008

LETTER OF TRANSMITTAL
2018-19 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Honorable Mayor, City Council, and Citizens:

I am pleased to present the fiscal year 2018-19 Comprehensive Annual Financial Report (CAFR) 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, 2019.

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 city's 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, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion & 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.

Also, as a recipient of federal and state financial assistance, the city is required to have a "Single Audit" performed by our independent audit firm. The Single Audit was 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 are available in the city's separately issued Compliance Reports and Other Financial Information. The results of the city's Single Audit for the fiscal year ended June 30, 2019 noted no material weaknesses in the framework of internal controls, or significant violations of applicable laws and regulations.

Administrative Services Department
Finance Division 1635 Faraday Avenue | Carlsbad, CA 92008 | 760-602-2430 t
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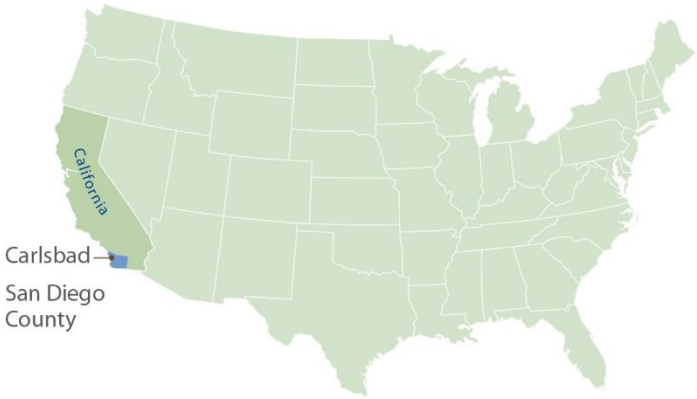
Profile of the City of Carlsbad

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

The city covers approximately 39 square miles and has a population of approximately 115,000, with an expected built out population of 120,000 residents. Commercial activities in the city include: a major regional shopping center, a specialty outlet center, a commercial center with upscale retail shops, 45 hotels offering 4,764 rooms, 268 short-term vacation rentals and 668 timeshares for tourist lodging, over 24 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, 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:

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

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 approximately 550 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.

2019 BUDGET SCHEDULE

- **JANUARY** Departments prepare budgets
- **MARCH** Public input on spending priorities
- **APRIL/MAY** Prepare and refine draft budget
- **MAY** Preliminary budget to City Council
- **JUNE** Final budget approval
- **SEPT/OCT** Annual financial audit
- **DEC** Comprehensive Annual Financial Report

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.

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.

City Council Strategic Policy Goals

Become a leader in multimodal transportation systems and creative approaches to moving people and goods through and within Carlsbad.

The City Council expects Carlsbad to become a leader in the broad array of plans and systems that support more efficient and effective means of moving people and goods around and through Carlsbad and the region, including technology that improves traffic signal coordination and vehicle operation. Major regional projects, including the McClellan-Palomar Airport master plan update, double tracking of the railroad, widening of I-5 and reconfiguration of the I-5/78 interchange, require continued policy-level involvement to ensure Carlsbad's interests are reflected in project design and implementation.

Plan for a new city hall that will meet the future workplace and operational needs of the city and the community.

Plan for a new city hall that will be a point of pride for citizens while greatly improving efficiency and effectiveness by centralizing an employee base that is currently spread through many facilities. A strategic approach to locating city operational functions will provide better coordination among city functions and enhanced customer service.

Promote education to increase civic engagement and attract and retain talent in Carlsbad.

The City Council will take a stewardship role in encouraging the development of high-quality educational experiences that foster economic development, civic engagement and community leadership. This broad goal will be pursed through the continuation of ongoing programs and as new opportunities arise, and as such, no specific fiscal year 2018-19 Work Plan is proposed. Future status reporting will be provided on an as needed basis.

Enhance Carlsbad's coastline to ensure an exceptional experience in all the ways people want to enjoy it.

The Carlsbad coastline is a critical element of the city's identity. The City Council is committed to making policy decisions to ensure Carlsbad's coastline maintains the character the community loves while enhancing access, amenities and mobility to a level consistent with Carlsbad's high-quality community standards. This includes partnering with State Parks, which currently controls most of Carlsbad's beaches. This goal also includes physical changes that will enhance natural beauty, better manage traffic flow, expand walking and biking opportunities, improve safety and create a uniquely Carlsbad experience.

Lower the railroad tracks in a trench through the Village to improve safety, community connectivity, quality of life and economic value.

The busy rail line that runs through the core of the community divides Carlsbad. Railroad traffic, which will increase significantly in coming years, has adverse effects on the City of Carlsbad, especially in the area between the Agua Hedionda and Buena Vista lagoons. With the planned addition of a second, parallel track through the Village and Barrio, the city has an opportunity to lower the tracks below street level, similar to what has been done in other coastal communities. Achieving this goal would improve safety and increase coastal access. Without this change, the future quality of life and business climate in the Village would be irreparably harmed, the Barrio would remain cut off from the coast, and public safety would be severely compromised.

Enhance the health and vitality of the Village and Barrio, two neighborhoods that represent the historic heart of Carlsbad.

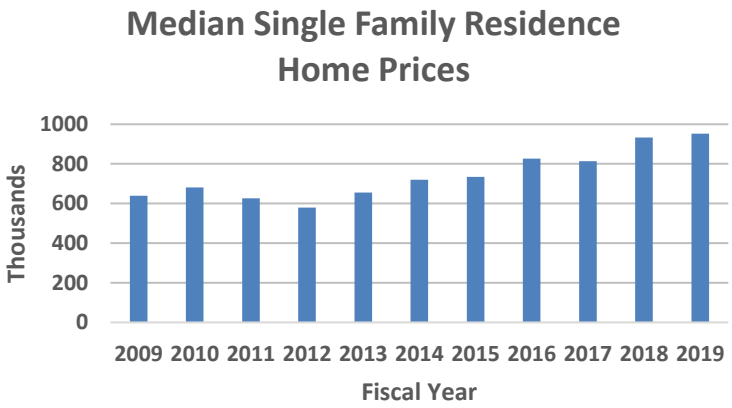
The city has made significant investments in the revitalization of the Village and Barrio, starting with "Redevelopment" and continuing with public-private partnerships and city funded infrastructure improvements. A new Village and Barrio Master Plan is nearing completion, and achieving the vision developed with the community through the master planning process will require continued policy focus and investment.

Factors Affecting Financial Condition

The **Carlsbad economy** generally moves in line with the county and the state. Property taxes for fiscal year 2018-19, increased by almost 5.8 percent compared to the previous year, as assessed values remain strong in real estate and additional development has entered the inventory. Transient Occupancy tax (TOT) paid by hotel guests increased by 8.6 percent for the same period, driven primarily by an increase in the average daily rate (ADR) that hotel guests are paying, the opening of the new LEGOLAND Hotel, the new Westin Hotel, higher occupancy rates, and additional short-term vacation rentals. Sales tax revenues ended fiscal year 2018-19 at $40.8 million, an improvement of 16.6 percent, due to continued strength in restaurants, traveler accommodations, new auto sales, department stores, and increased occupancy at the Shoppes at Carlsbad. In addition, the state changed the timing in which sales tax payments are remitted to the city. Overall, General Fund revenues ended the current year up 18.6 percent although some smaller revenue sources, such as those related to development, have fallen slightly during the year.

In the last ten years, opportunities for development have and continue to diminish. Commercial and industrial development is tapering off, falling to an average of approximately 147,000 square feet per year over the next five fiscal years. Large industrial and commercial developments in the next five years include Carlsbad Senior Housing, the Omni La Costa ballroom expansion, continued development at the Carlsbad Oaks industrial park, continued expansion of the ViaSat campus, and the Summit Senior Care facility. Commercial office space vacancy has witnessed a decline over the past several years, falling from over 30 percent in the last quarter of 2009 to 15.1 percent in November 2019. Additional new industrial supply has increased the industrial vacancy rate to 12.8 percent (7.5 percent last year) and retail vacancy remains relatively stable at 2.5 percent (2.7 percent, last year), according to data from CoStar.

With rising home prices contributing to an affordability crisis in California, the California Association of Realtors is predicting a weaker housing market in the later part of 2019. The association also added that the surge in home prices due to supply shortages is finally taking a toll on the market. Adding more uncertainty is outmigration, which is the result of the state's affordability crisis, predicted to be a concern for the California housing market in 2019, should interest rates rise in the future.



Meanwhile, home prices in San Diego County hit an all-time high in April 2019 in coastal North County, homes are selling at prices higher than during the housing bubble of the mid-2000s, especially in Carlsbad. The median sales prices in all four zip codes in Carlsbad from this time last year has increased 12.3 percent, according to the Market Watch report for North San Diego Association of Realtors.

Looking beyond the near-term performance of the housing market, California's newly elected governor, Gavin Newsom, and the state legislature have focused directly on the state's chronic housing shortage, a problem that has been growing in magnitude for many years. California's economic future, which is increasingly jeopardized by the high cost of housing, is at stake according to economists. As Sacramento searches for solutions, it is up against the reality that land use decisions, such as those related to new housing, have historically been under the purview of local officials and local zoning regulations.

Growth and new development within the city pose both opportunities as well as challenges. Carlsbad is approaching "built out", meaning that areas of undeveloped land in the city limits available for improvement are limited. The challenge is to focus on "in-fill" projects, consisting of smaller individual

parcels of land dispersed throughout the city, or rebuilding of existing parcels whose current use may be enhanced by new development. The city's goal is to preserve the quality of life for Carlsbad residents and provide a variety of balanced land uses via established standards for residential, commercial and industrial development.

The city continues to address the overall impacts on the community of future development projects so that they remain manageable and environmentally balanced. The city's Growth Management Plan was adopted by the residents to ensure that all necessary public facilities are constructed along with development. It also ensures that a financing plan is in place to pay for the facilities prior to the development of the property.

Development has also enhanced Carlsbad's reputation as a destination resort for tourism. The city is host to a major family theme park, LEGOLAND, and has two luxury resorts available for its visitors, the Park Hyatt at Aviara and the Omni La Costa Resort & Spa. There are several other quality hotels and motels in the city, with the most recent additions being the Hilton Oceanfront Resort & Spa (recently renamed Cape Rey Carlsbad, a Hilton Resort) and the LEGOLAND California Resort. An additional 142 new rooms will be added to the inventory in fiscal year 2019-20 at the Home 2 Hotel.

The City of Carlsbad opened a municipal golf course in the summer of 2007. The Crossings at Carlsbad is an 18-hole, destination golf course set in the rolling hills and canyons of Carlsbad. With ocean views, high quality golf experience, a first-class restaurant and clubhouse, and adjoining hiking trails, the Crossings at Carlsbad is a destination spot for golfers and non-golfers alike.

General Fund revenue is projected to increase in fiscal year 2019-20 by 3.0 percent from the previous year. Most major sources of tax revenue are expected to increase, including property tax, which is expected to grow by 2.6 percent. Sales tax is projected to increase 1.3 percent and TOT revenues are projected to increase by almost 1.0 percent as occupancy and average daily rates and the number of available rooms increase. The forecast captures additional room inventory from the Home 2 Hotel in fiscal year 2019-20. Property values continue to appreciate, as mentioned earlier. Development related revenues are forecast to decrease by over 35 percent in fiscal year 2019-20, compared to the previous year, a trend that is expected to continue as buildout is approached.

The State of California's economy remains larger than all but four nations, with an annual gross domestic product (GDP) of nearly $3 trillion in 2018. The fiscal year 2019-20 state budget protects the hard-won recovery and is centered on making necessary investments for a more effective government, promoting affordability and opportunity, and supporting justice and dignity for all Californians. Data for 2018 reflect that the growth in California's GDP continues to outpace the nation as a whole. However, this growth is taking place against a backdrop of increasing risks: the International Monetary Fund recently projected that 70 percent of the world's economy would see a slowing of growth in 2019, and the Federal Reserve also projects slower U.S. growth. Federal tax reform has not resulted in increased wages for workers. Total wages and salaries in 2018 grew at almost one-half the rate of growth during the last period of low unemployment (2000). The state budget recognizes these risks and the inextricable linkage between fiscal prudence and the state's ability to promote affordability and economic opportunity. Accordingly, it simultaneously expands the Governor's commitment to budget resiliency and increases support for California's most vulnerable populations and working families. The state budget projects short-term revenues of $3.2 billion above the Governor's Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayment, and schools. Therefore, the budget surplus remains relatively unchanged. Despite the short-term gains, slower economic growth leads to a lower forecast in out-year revenues—$1.6 billion lower in 2022-23 compared to the forecast in January. The state has built a strong fiscal foundation by paying down liabilities and building up reserves that will help manage the effects of an economic downturn. Growing uncertainty related to the global political and economic climate, federal policies, rising costs, and the length of the current economic expansion require that the budget be prudent. The state budget forecast recognizes slower growth in the economy but does not predict a recession. The state must be prepared that even a moderate recession could result in revenue declines of nearly $70 billion and a budget deficit

of $40 billion over three years. Given the slowing economic forecast and the intensified risks, the state budget continues to save and prepare for uncertain times ahead. To maintain structural balance in each year over the forecast period, the state budget proposes to sunset certain program expansions at the end of December 31, 2021. This includes programs in which the growth of expenditures continues to outpace long-term revenue growth, and where the administration is committed to reforms that bend the cost curve.

Long-Term Financial Planning

In addition to the Growth Management Plan, the city also prepares a long-term financial model for both capital and operating needs. With a growing city such as Carlsbad, it is imperative that the city plan for the impacts of private development and constructing and operating new public facilities. The city prepares a ten-year operating forecast for the General Fund, and a 15-year Capital Improvement Program. As part of the Capital Improvement 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 infrastructure. Much of the city's infrastructure is relatively new; thus, the city is just now experiencing the impact of maintenance requirements. By setting aside funds now, the residents of Carlsbad can be assured that the proper maintenance and replacement 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. Overall, levels of funding of the city's plans and the CalPERS system have improved from higher than expected investment returns over the last two fiscal years. While this boosts the 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 experience is unfavorable.

City Council issued a pension funding policy in June 2019 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.

With continued demand for enhancing services for the community, keeping up with technology demands and replacement of aging information technology infrastructure remains an issue. To maintain the city's current and proposed standards of performance, and to protect computer systems from ever increasing outside attacks, viruses and new vulnerabilities, additional resources are continually needed to ensure systems remain stable and reliable for all users and protected against data intrusion or loss. Additional funding in the budget has been allocated for needed replacements, upgrades, and security.

The forecast assumes limited growth in residential and commercial development over the foreseeable future and captures the expected revenue impacts from major projects that are expected to be completed during the forecast period. The operating costs of new city facilities projected in the Capital Improvement Program and supported by the General Fund, such as the Orion Center, are also captured in the forecast. Economic conditions at the national, state, and local level are expected to continue to improve at a modest rate and to provide a boost to most of the major revenue sources. Home prices, which saw large decreases during the recession, continue to recover and are providing support to city's property tax revenues in the following years, and it appears that trend is continuing. Overall, the outlook for General Fund operating revenues continue to be positive and revenues are expected to exceed ongoing operating costs over the period of the forecast.

The forecast assumes that General Fund revenues will increase by 1.8 percent in fiscal year 2019-20, as economic conditions continue to improve, bolstering revenues from the property tax, sales tax, and TOT. To project the expenditures, all known changes in personnel and maintenance and operations costs are accounted for. However, the effects of future negotiations with employee bargaining units are not contemplated in the current ten-year forecast. The forecast also captures increases in operating costs associated with planned capital improvements, such as future parks and civic facilities.

The forecast assumes that the city's cost for employee health care will increase by 7.5 percent in fiscal year 2019-20 and annual increases will be smaller in the later years of the forecast. CalPERS, the administrator of the city's employee pension plan, will complete their initial stages of their risk mitigation strategy, which involved lowering the assumed rate of return on pension assets from 7.5 percent to 7.0 percent over a three-year period. The results of this drop in assumed rate of return on the mature pension plan will increase pension costs to the city in future years. Annual pension costs after fiscal year 2019-20 are less severe and are assumed to normalize at an annual increase of three percent. The City Council approved the payoff of approximately $20 million in the unfunded actuarial liability during the budget adoption process for fiscal year 2019-20. If similar actions are taken in future years, this will continue to decrease the city's annual reserve contribution, holding all other variables that affect annual costs, such as investment returns, constant. CalPERS may take other actions in the future, to continue to make the statewide pension fund more fiscally sustainable, and such action will be captured in future forecasts. The statewide funded status for CalPERS hovers around 70 percent. The forecast does not consider increases in staffing levels beyond fiscal year 2019-20, except those that may be related to the operating costs of new city facilities supported by the General Fund. Negotiated salary increases and future salary growth projections are included in personnel costs in the forecast, to provide a conservative estimate of future costs. The contribution from the General Fund to the Infrastructure Replacement Fund and the General Capital Construction Fund are both forecasted to remain at 3.0 percent of General Fund revenues each. Finally, the forecast includes estimated operating costs for all capital projects in the timeframes shown in the Capital Improvement Program.

Although the city prepares a ten-year forecast, the forecast loses accuracy past year five, due to the uncertainty of the variables used in the forecast. The forecast indicates revenues exceeding expenditures for the near future however, beyond year four, the forecast indicates expenditures exceeding revenues. In order to address later years in the forecast, the city may need to explore potential options to reduce expenditures or expand the revenue base of the General Fund. Carlsbad faces the same challenges that plague the national and state finances, including pension costs that are more volatile and the overall health of the economy. There are also factors that drive the forecast that are beyond the control of the city, such as inflation, global economic cycles, and emergencies. Despite these threats, responsible fiduciary stewardship and planning have placed the city in a position to benefit from even modest improvements in the economic environment.

Capital Improvement Program

The City of Carlsbad Capital Improvement Program 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 to spend funds. The 15-year program outlines the expenditure plan for future capital projects and the corresponding revenues to pay for those expenditures.

Projects shown in the Capital Improvement Program 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.

After City Council adopts the proposed annual Capital Improvement Program 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 Capital Improvement Program 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.

Investing in Our 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. The detailed level of planning required by Growth Management has allowed Carlsbad's Capital Improvement Program 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 Capital Improvement Program (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 2019-20 CIP, compliance with the Growth Management Plan is continued.

In recent years, there has also been an increased demand for resources to modernize, repair, and replace existing infrastructure. Prudent financial planning has ensured ongoing funding for these projects. About half of Carlsbad's comprehensive Capital Improvement Plan encompasses numerous asset management programs, which ensure adequate inspection, maintenance, and replacement of buildings and parks, water, sewer and drainage systems, bridges, and roadways systems.

Project Evaluation

Development of the Capital Improvement Program is a team effort involving all operational departments, the city manager's office, City Council, and the community. Many factors are considered when putting together projects for the 15-year program.

As the Capital Improvement Program 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. Project charters are updated to include project description, location, summary of need, justification including any legislative or policy citations, cost estimates and project scores. Community feedback on infrastructure needs is considered and incorporated as appropriate. The Capital Improvement Program is then fully vetted at multiple levels of the city organization by appropriate staff using an inclusive and transparent process and reviewed on a quarterly basis.

Fiscal Year 2019-20 Appropriations

In the fiscal year 2019-20 CIP, there are approximately 246 continuing and new projects planned over the next 15 years. The fiscal year 2019-20 Capital Improvement Program outlines approximately $53.6 million in new appropriations to provide additional funding for the continuation of existing projects as well as funding for new projects. Projected revenues during the same fiscal year are estimated at $51.4 million.

Civic Buildings and Facility Maintenance
$10.4 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
$1.1 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
$2.5 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.

Sewer
$11.3 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
$10.6 million

Future water and recycled water projects include construction of new pipe lines, replacement of existing waterlines and reservoir improvements. In fiscal year 2019-20, Carlsbad Municipal Water District celebrates its thirtieth year producing and delivering recycled water.

Streets and Circulation System
$17.0 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.

New CIP Projects

Avenida Encinas Pedestrian Access Improvements

Category: Circulation system
Funding Source: Gas Tax
Managing Department: Transportation

Funding

Design	$	8,000
Construction	$	67,000
TOTAL	**$**	**75,000**

About This Project

To connect area businesses and restaurants, a new crosswalk featuring rapid rectangular flashing beacons will be installed. The project will also create pedestrian access at the intersection of Palomar Airport Road and Avenida Encinas by modifying the traffic signal and restriping the road.

Project Need

The General Plan Mobility Element seeks to increase transportation options and improve connectivity within the city for all modes of travel. These improvements will enhance safe pedestrian access to area businesses and restaurants.

Location

Avenida Encinas north of Palomar Airport Road

Aviara and Hidden Canyon Parks
Playground Safety Resurfacing

Category: Park Development

Funding Source:
Infrastructure Replacement

Managing Department:
Parks & Recreation

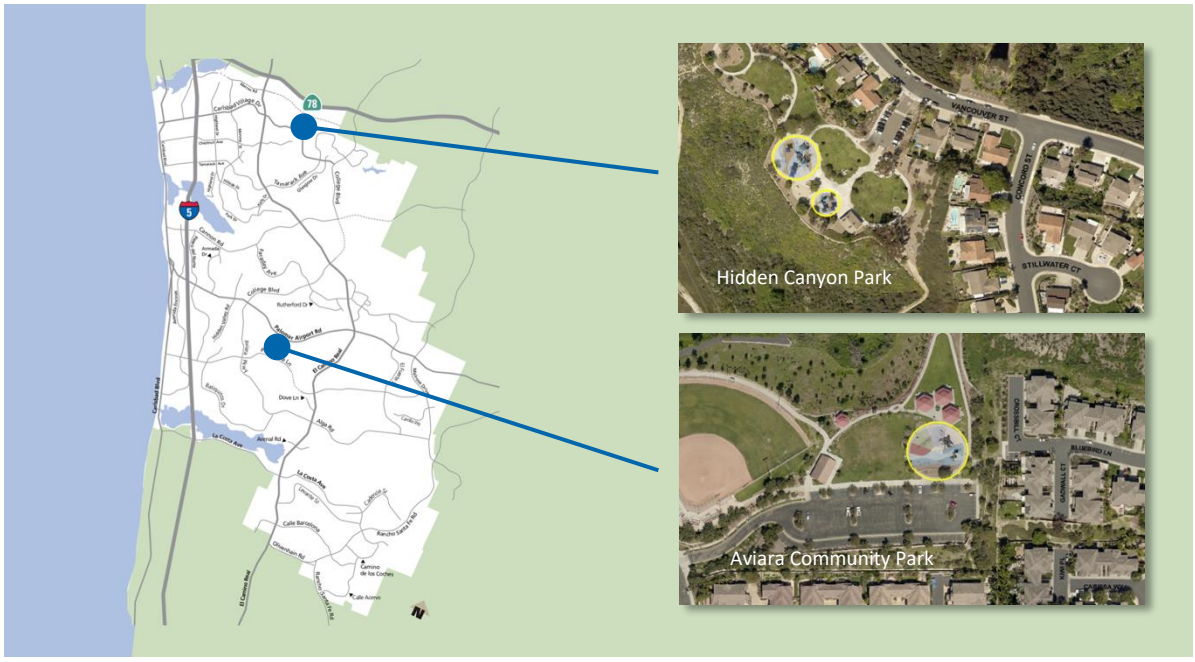
Funding

Study	$	10,000
Design	$	35,000
Construction	$	555,000
TOTAL	**$**	**600,000**

About This Project
The existing poured-in-place safety surfacing at both playgrounds will be removed and replaced with new poured-in-place surfacing.

Project Need
The existing playground surfacing is deteriorating and requiring increased amounts of patching and maintenance. It is also getting toward the end of its life span and if replacement is delayed, it may no longer provide the shock absorption necessary to meet safety specifications.

Location
Aviara Park: 6435 Ambrosia Lane | Hidden Canyon Park: 2685 Vancouver St.



Calavera Hills Community Center Refurbishment

Category: Facilities
Funding Source:
Infrastructure Replacement
Managing Department:
General Services

Funding

Design	$	45,000
Construction	$	640,000
TOTAL	**$**	**685,000**

About This Project

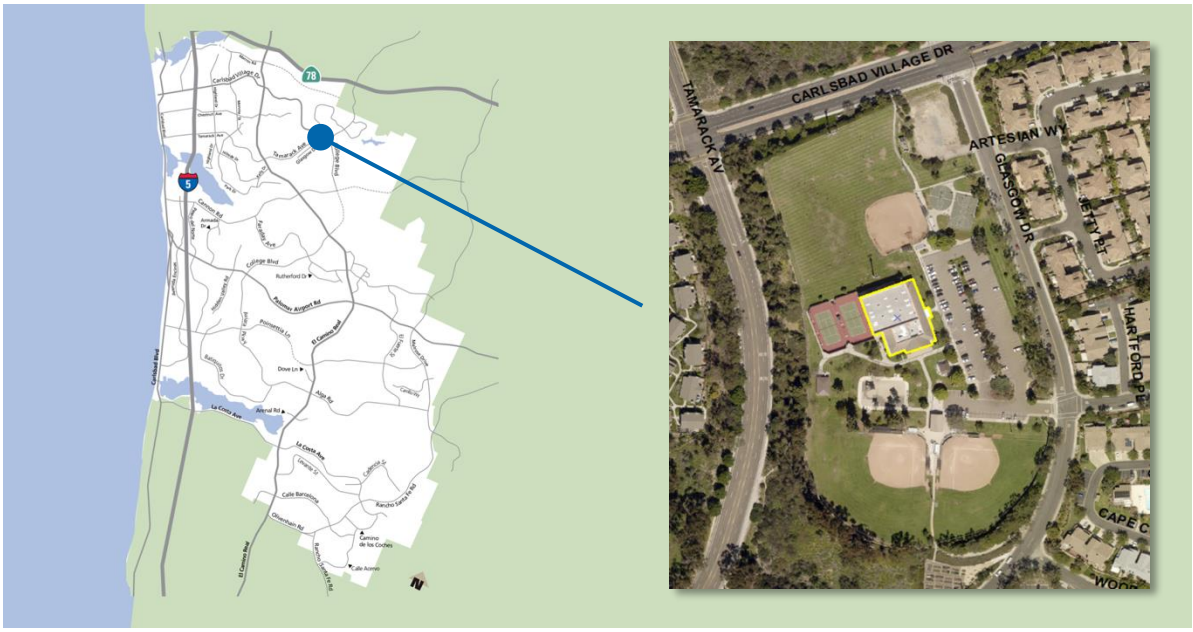
The 18,000 square foot Calavera Hills Community Center is in need of a roof replacement as well as the replacement of exterior siding and painting.

Project Need

A facilities condition assessment was performed in 2018 that identified these maintenance needs. By keeping up with building maintenance, the city prolongs the useful life of its facilities and helps ensure attractive and safe amenities are available for the community.

Location

Calavera Hills Community Park, 2997 Glasgow Drive



Cannon Road at Sage Creek Rehabilitation

Category: Circulation system
Funding Source: Gas Tax
Managing Department: Transportation

Funding

Study	$	25,000
Environmental	$	15,000
Design	$	115,000
Construction	$	520,000
TOTAL	**$**	**675,000**

About This Project
The road has settled in this area requiring the city to investigate the cause and repair the damaged area.

Project Need
Maintaining city streets and addressing potential problem areas quickly helps ensure safety and prevents more costly and significant repairs in the future.

Location
Cannon Road east of College Boulevard

Citywide Street Lighting Program

Category: Circulation system
Funding Source: Gas Tax
Managing Department: Transportation

Funding

Design	$	30,000
Construction	$	120,000
TOTAL	**$**	**150,000**

About This Project

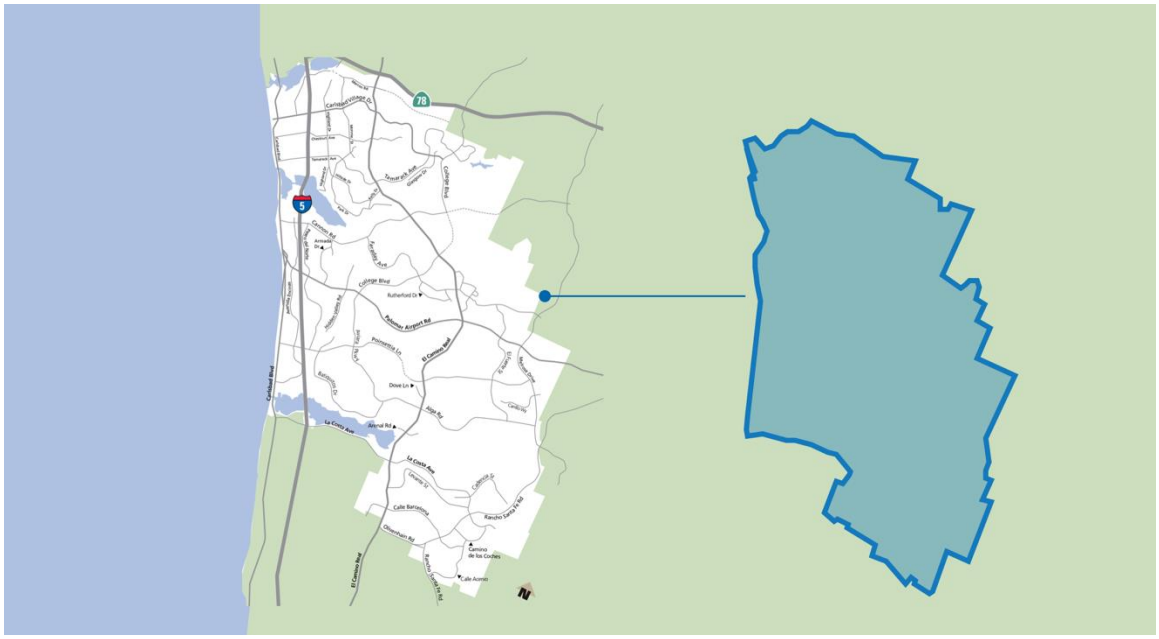
The city maintains and operates more than 7,000 streetlights throughout Carlsbad. From time to time, new streetlights are needed.

Project Need

This program sets aside funding so the city can provide a timely response when new needs are identified.

Location

Citywide



Citywide Thermoplastic Pavement Marking Program

Category: Circulation system
Funding Source: Gas Tax
Managing Department: Transportation

Funding

Construction	$	100,000
TOTAL	**$**	**100,000**

About This Project

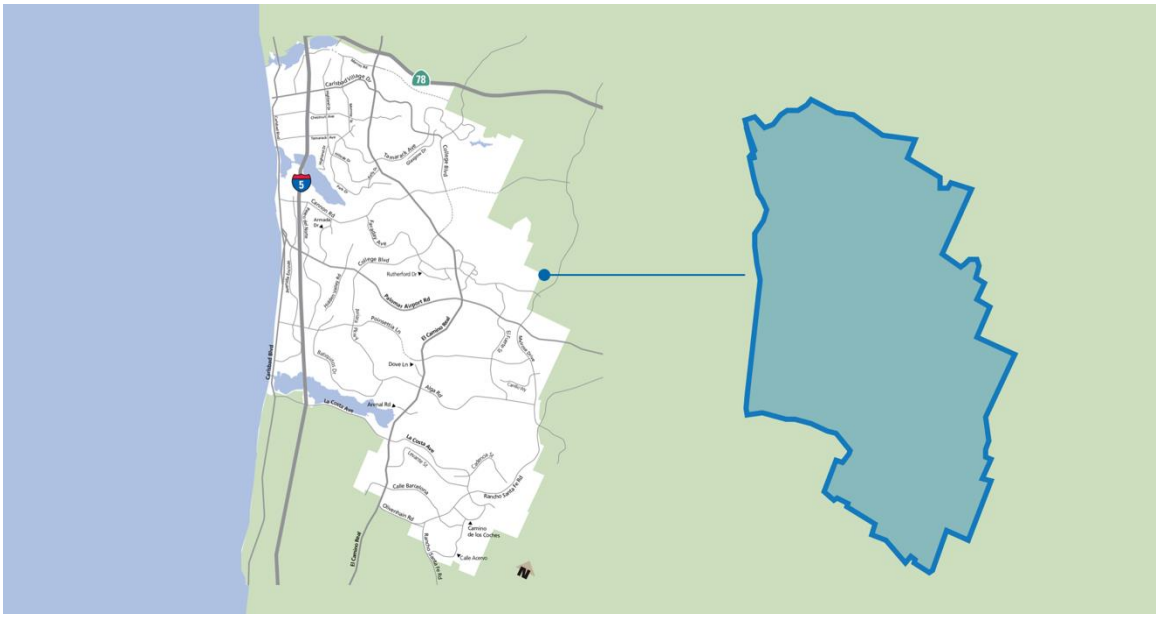
This project will design and install a special type of pavement marking on city streets throughout the city. The thermoplastic materials increase reflectivity and visibility of pavement markings like crosswalks and street legends.

Need

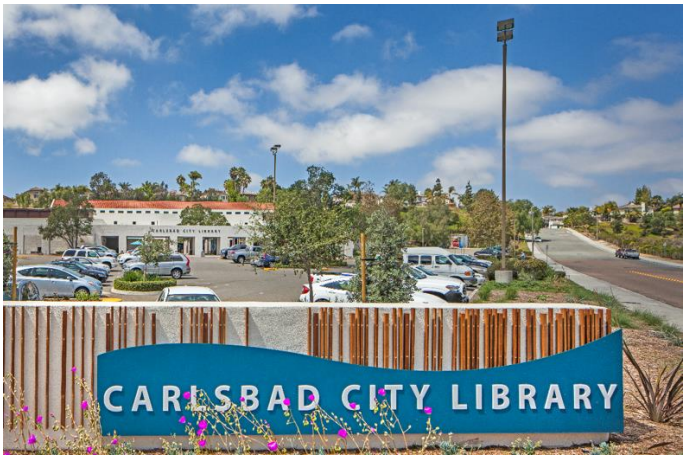
Better visibility of pavement markings improves safety for drivers, bicyclists and pedestrians, supporting the city's goal of facilitating all modes of travel.

Location

Citywide


78
5
Carlsbad Village Dr
Chestnut Ave
Grand Ave
Oak Ave
Pine Ave
Carlsbad Blvd
Cannon Rd
Tamarack Ave
Cove Dr
Ocean St
Carlsbad Blvd
Chase Ave
Ocean Ave
Tamarack Ave
Carlsbad Blvd
Hillcrest Dr
Hillcrest Ave
Cole Ave
Cleveland Ave
Cleveland Ave
Cleveland

Dove Library Parking Lot Accessibility



Category: Facilities
Funding Source:
General Capital Construction
Managing Department:
General Services

Funding

Design	$	50,000
TOTAL	**$**	**50,000**

About This Project
Design and cost estimates will be developed to relocate accessibility parking closer to the library entrance.

Project Need
Patrons have requested the city examine relocating existing accessibility parking to enhance convenience and safety.

Location
Carlsbad City Library, 1775 Dove Lane

Fleet Service Center Fuel Island Evaluation

Category: Facilities
Funding Source:
Infrastructure Replacement
Managing Department: General Services

Funding

Environmental	$	140,000
Design	$	10,000
TOTAL	**$**	**150,000**

About This Project

This condition assessment of the existing fuel island will include an examination of underground conditions and recommendations for possible modifications that will modernize systems and equipment.

Project Need

The fuel island is located between the existing Fleet Maintenance facility and the proposed Orion Center. Evaluation of the fuel island ensures the entire property is comprehensively examined prior to construction of planned improvements to the Fleet Maintenance facility and the future Orion Center.

Location

Fleet Maintenance facility, 2480 Impala Street

Intelligent Traffic Control Devices

Category: Circulation system
Funding Source: Gas Tax
Managing Department: Transportation

Funding

Construction	$	200,000
TOTAL	**$**	**200,000**

About This Project

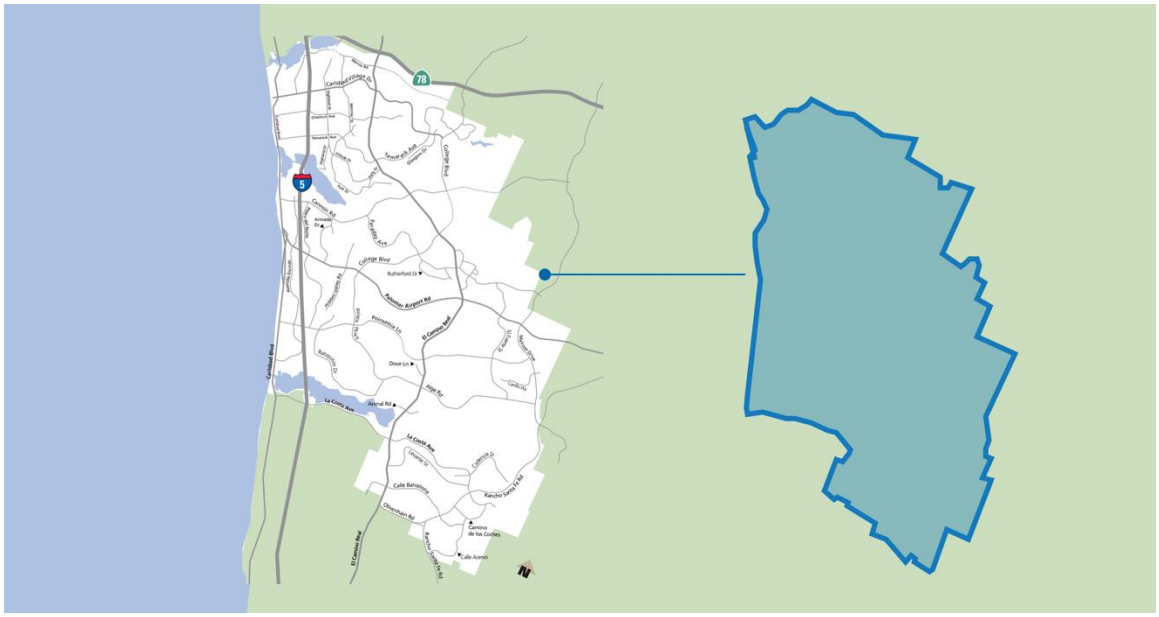
Traffic control devices, such as school flashing beacons and speed feedback signs, will be upgraded so that they can be programmed remotely, monitored from the city's Traffic Management Center and have historical data stored.

Project Need

The ability to control traffic control devices remotely will improve efficiency and save money on maintenance activities. It will also allow the city to collect data on the effectiveness of various traffic control measures and be more responsive to community feedback.

Location

Citywide



Leo Carrillo Ranch Roof Repairs

Category: Facilities
Funding Source:
Infrastructure Replacement Fund
Managing Department:
Parks & Recreation

Funding

Study	$	225,000
Environmental	$	25,000
TOTAL	**$**	**250,000**

About This Project

Roof conditions on these historic buildings will be assessed, and a cost estimate will be developed for recommended roof replacements throughout the park.

Project Need

Through the course of routine maintenance and repair work, a need was identified to take a more comprehensive, efficient approach to addressing roof conditions and replacements at this historic park.

Location

Leo Carrillo Ranch Historic Park, 6200 Flying Leo Carrillo Way

Recycled Water Cathodic Protection Program

Category: Recycled Water
Funding Source:
Recycled Water Replacement
Managing Department: Utilities

Funding		
Study	$	20,000
Design	$	20,000
Construction	$	120,000
TOTAL	**$**	**160,000**

About This Project

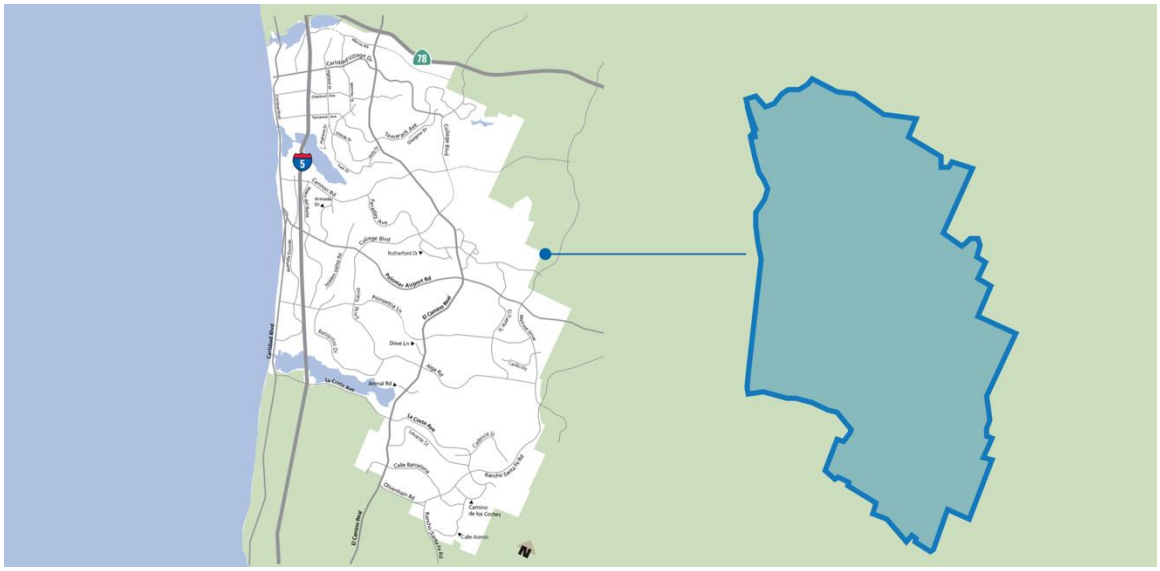
The city has an extensive network of recycled water pipelines throughout Carlsbad. Recycled water is wastewater that has been treated to a level suitable for irrigation and other non-drinking uses. Because recycled water is kept separate from the drinking water system, it is delivered through its own set of pipes, which are purple to distinguish them from other water and wastewater infrastructure. The system is in need of corrosion control improvements.

Project Need

Maintaining recycled water pipelines and other infrastructure in good working order helps prevent more costly repairs later and potential interruptions in service.

Location

Citywide



Sewer Line Capacity Improvements

Category: Sewer
Funding Source: Sewer Replacement
Managing Department: Utilities

Funding

Design	$	130,000
Construction	$	840,000
TOTAL	**$**	**970,000**

About This Project

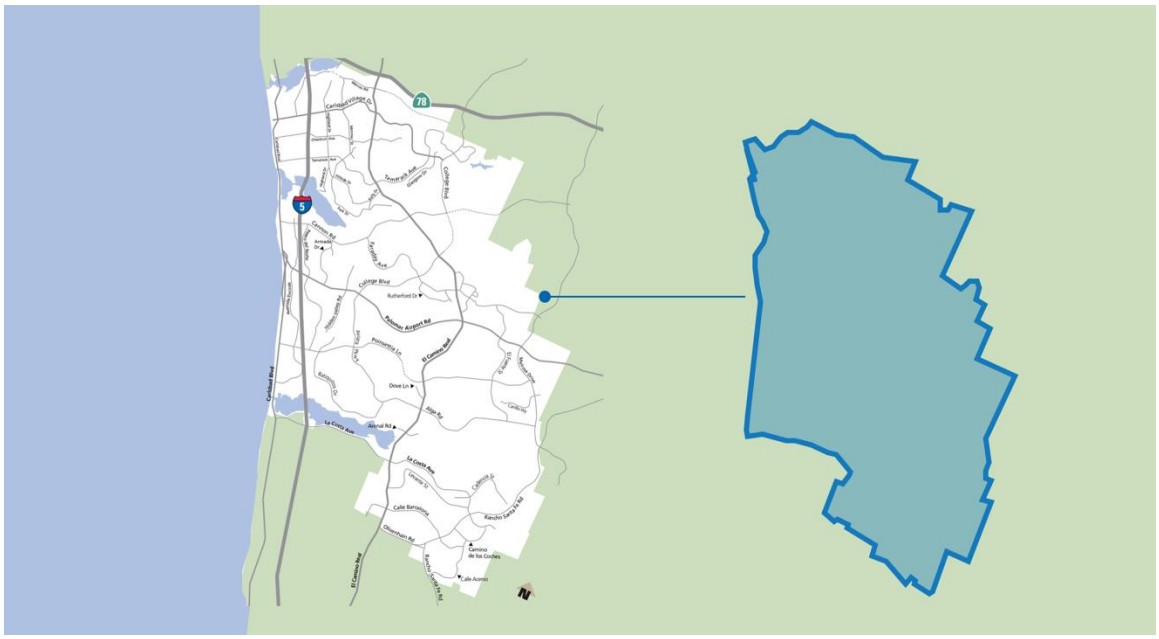
Various sections of sewer pipeline throughout the city that have existing or buildout capacity issues will be demolished and upsized.

Project Need

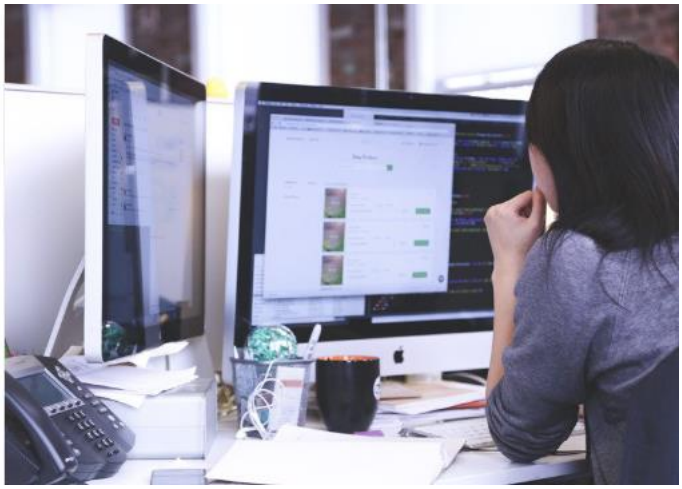
The Sewer Master Plan identifies sections of sewer pipelines that need to be upsized to increase capacity and avoid sewer spills.

Location

Citywide



Sewer Modeling



Category: Sewer
Funding Source: Sewer Connection
Managing Department: Utilities

Funding

Study	$ 2,400,000
TOTAL	**$ 2,400,000**

About This Project

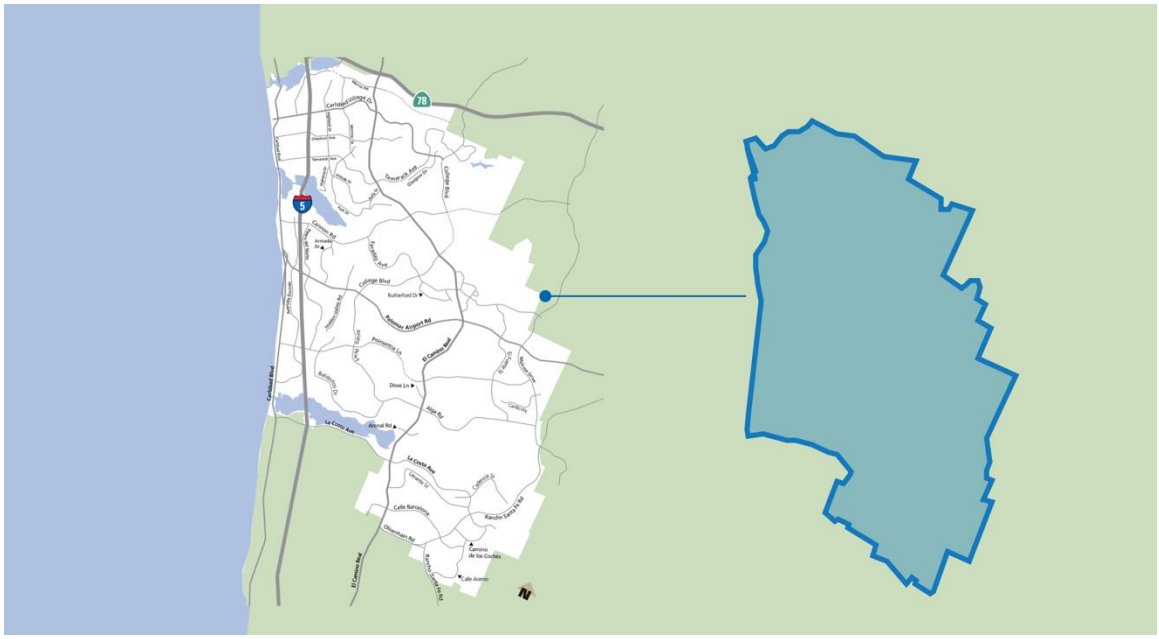
This project sets aside funding for as-needed contracted professional services to review hydraulic sewer modeling requests from private developments

Project Need

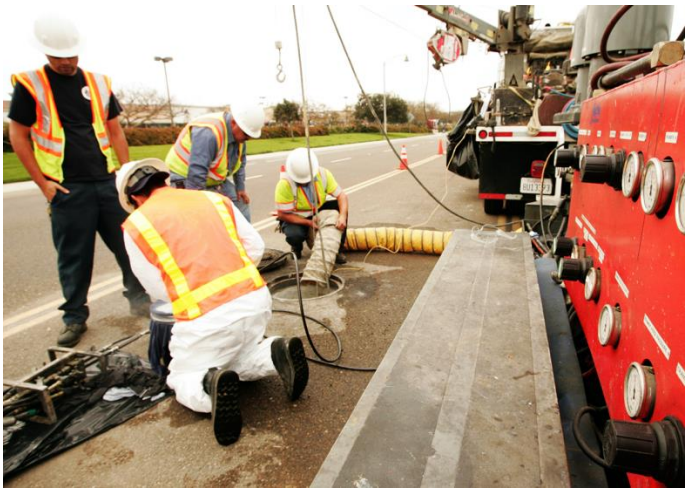
Private developers are required to submit plans to the city for review to determine if adequate, legal and safe sewer systems are included in the design.

Location

Citywide



Vallecitos Interceptor Sewer Cleaning and Monitoring



Category: Sewer
Funding Source: Sewer Replacement
Managing Department: Utilities

Funding

Environmental	$	35,000
Design	$	15,000
Construction	$	200,000
TOTAL	**$**	**250,000**

About This Project

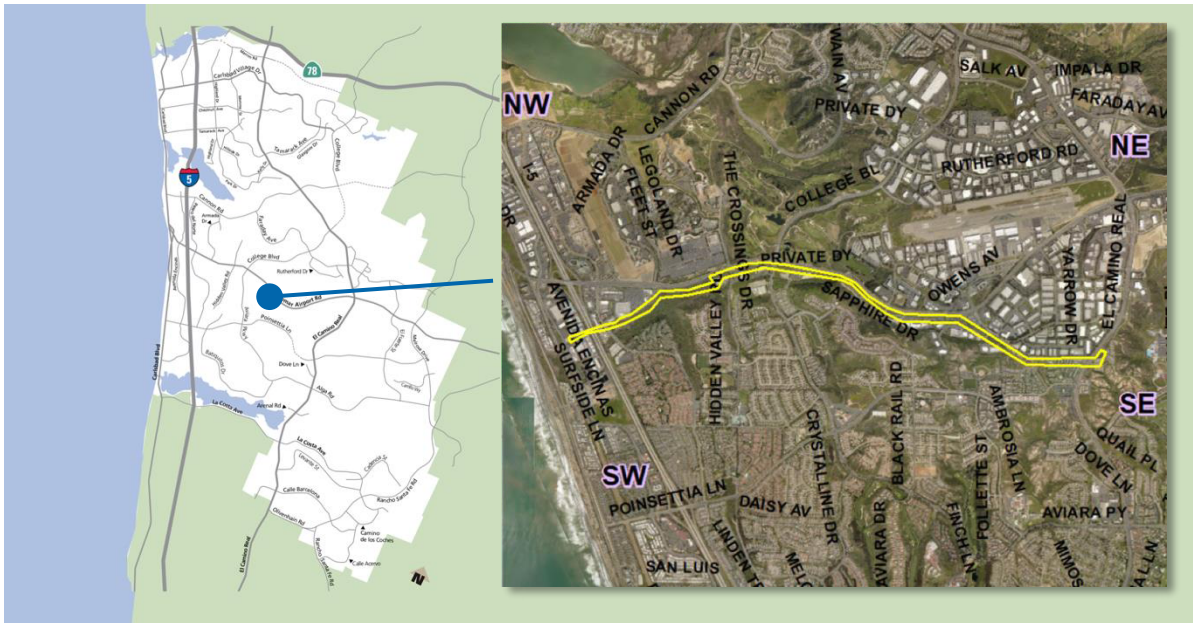
The project sets aside funding for sewer cleaning and closed-circuit TV monitoring activities for a portion of sewer interceptor pipe line shared with the Vallecitos Water District.

Project Need

The City of Carlsbad shares ownership of the pipe line with Vallecitos Water District and is responsible for a portion of the maintenance and operations costs.

Location

Palomar Airport Road from El Camino Real to the Encina Wastewater Treatment Facility on Avenida Encinas



Water Modeling

Category: Water
Funding Source: Water Connection
Managing Department: Utilities

Funding

Study	$ 2,400,000
TOTAL	**$ 2,400,000**

About This Project

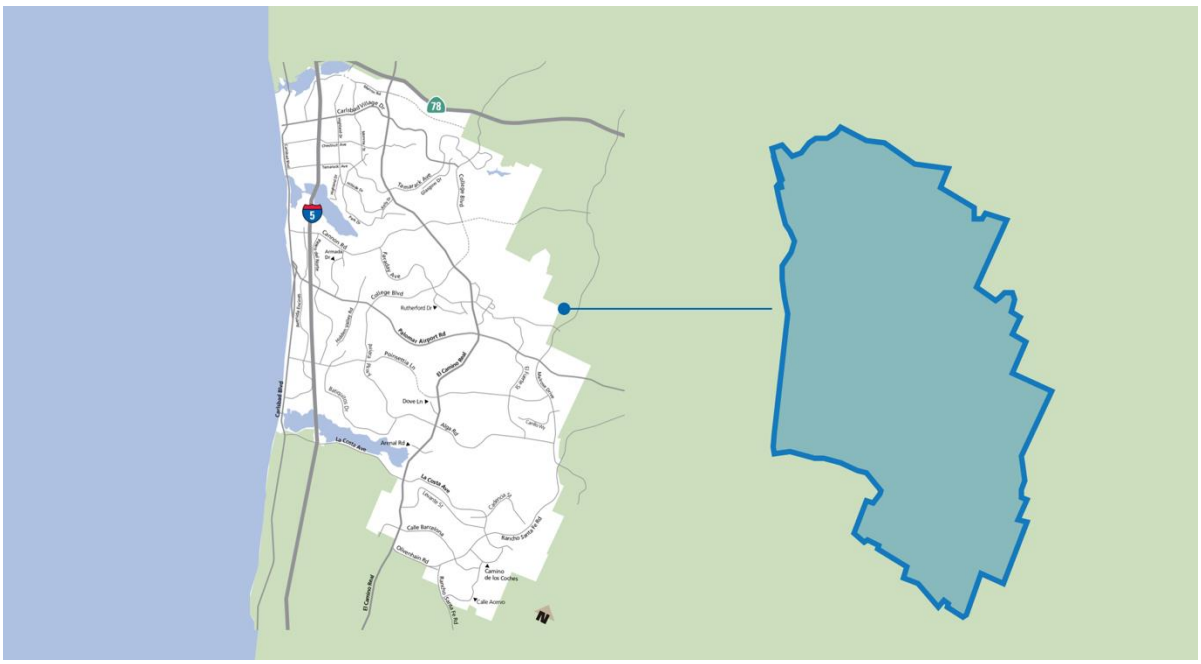
This project sets aside funding for as-needed contracted professional services to review hydraulic water modeling requests from private developments.

Project Need

Private developers are required to submit plans to the city for review to determine if adequate, legal and safe water and fire sewer systems are included in the design.

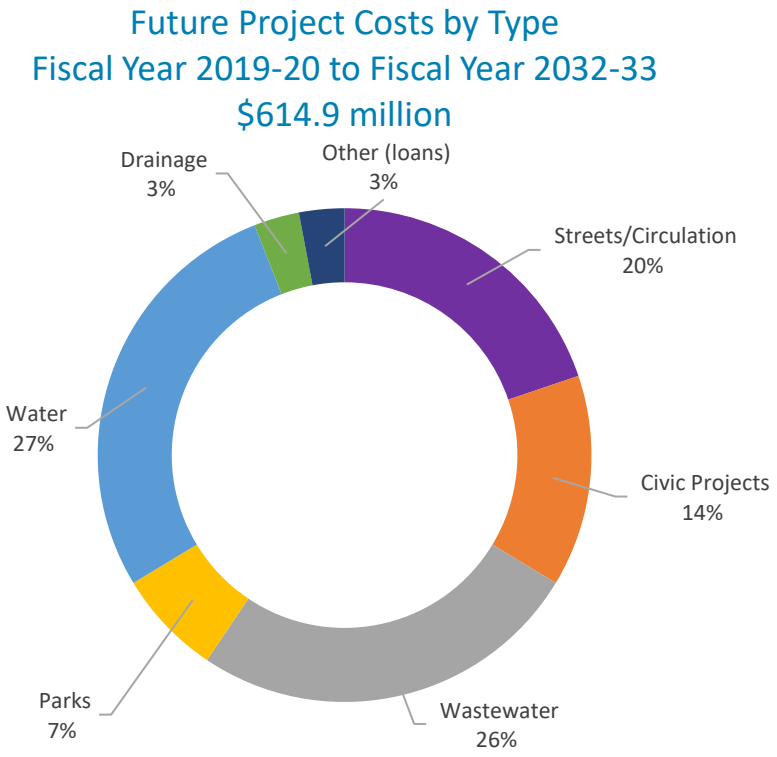
Location

Citywide



Future Projects

The Capital Improvement Program for fiscal year 2019-20 to fiscal year 2033-34 outlines approximately 246 projects at a cost of $614.9 million. 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.



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 (TIF) Program approved by the City Council on May 12, 2009. The program was planned to generate enough revenue to pay for 20 percent of the total costs of these projects, leaving the remaining 80 percent unfunded.

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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 21st 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 Comprehensive Annual 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 a CAFR 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 Ryan Green, Assistant Finance Director and Jill Moya, 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,

Kevin Branca
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, 2018

Christopher P. Morrill

Executive Director/CEO

City of Carlsbad

Elected Officials

Matt Hall, Mayor
Priya Bhat-Patel, Mayor Pro Tem
Keith Blackburn, Council Member
Cori Schumacher, Council Member
Barbara Hamilton, Council Member
Barbara Engleson, City Clerk
Craig Lindholm, City Treasurer

Leadership Team

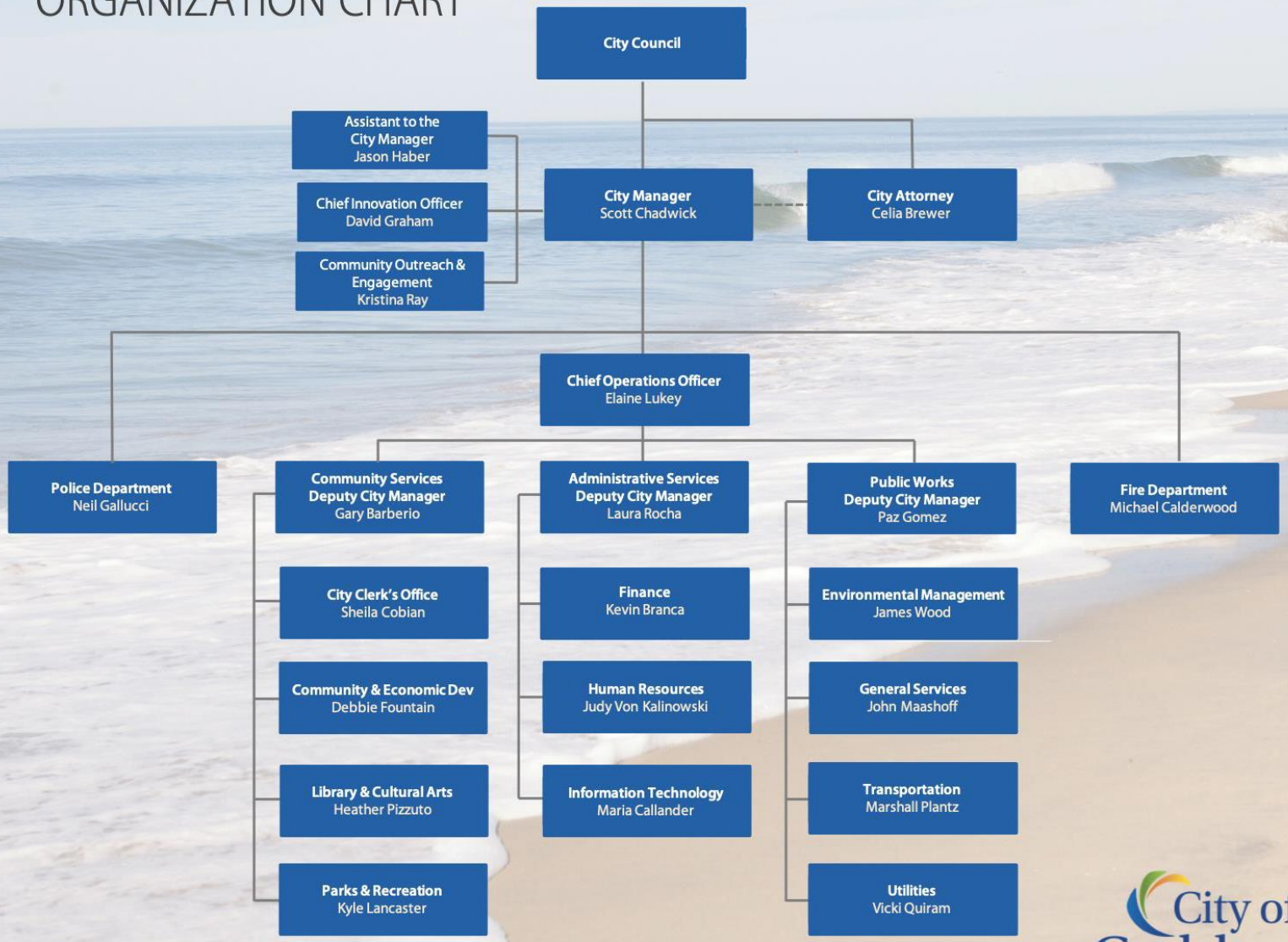
Scott Chadwick, City Manager
Celia Brewer, City Attorney
Elaine Lukey, Chief Operations Officer

Debbie Fountain, Community & Economic Development Director
Gary Barberio, Deputy City Manager, Community Services
Heather Pizzuto, Library & Cultural Arts Director
James Wood, Environmental Manager
Jason Haber, Assistant to the City Manager
John Maashoff, Public Works Manager
Judy von Kalinowski, Human Resources Director
Kevin Branca, Finance Director
Kristina Ray, Communication Manager
Kyle Lancaster, Parks & Recreation Director
Laura Rocha, Deputy City Manager, Administrative Services
Maria Callander, Information Technology Director
Marshall Plantz, Transportation Director
Michael Calderwood, Fire Chief
Morgen Fry, Secretary to the City Manager
Neil Gallucci, Police Chief
Paz Gomez, Deputy City Manager, Public Works
Sheila Cobian, City Clerk Services Manager
Vicki Quiram, Utilities Director

Boards and Commission Chairs

Laurenn Barker, Arts Commission
Linda Petrucci, Beach Preservation Committee
Timothy Stripe, Carlsbad Golf Lodging Business Improvement District
Timothy Stripe, Carlsbad Tourism Business Improvement District Board
Chad Majer, Historic Preservation Commission
Vacant, Housing Commission
Art Larson, Library Board of Trustees
Matt Simons, Parks & Recreation Commission
Carolyn Luna, Planning Commission
Ray Pearson, Senior Commission
Chuck Hunter, Traffic Safety Commission
Vacant, Underground Utility Advisory Committee

ORGANIZATION CHART



City of Carlsbad

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Financial Section

City of Carlsbad

Financial Section

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City of Carlsbad

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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
2301 Dupont Drive | Suite 200 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

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, the aggregate remaining fund information of the City of Carlsbad, California, as of and for the year ended June 30, 2019, 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 City'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 City'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 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues, expenditures and changes in fund balance - budget to 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 20 to the financial statements, during the year ended June 30, 2019, the City made prior period adjustments to correct beginning net position. 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 non-major fund financial statements and schedules, 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 non-major fund financial statements and 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 non-major fund financial statement and 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 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 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.

Irvine, California
December 5, 2019

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, 2019. 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 in an effort 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

This 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 non-major 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 contractor and miscellaneous deposits – 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 explains and supports the information in the financial statements. In addition to these required elements is the *combining fund statements* section that provides financial information about the non-major 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 provide 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.*

Financial Analysis of the City as a Whole

Net Position

The city's *combined* net position as of June 30, 2019, as shown below, was $1.811 billion. The city's net position increased by $45.1 million as compared to the prior fiscal year. This increase was in large part due to the impacts of the city recording the annual pension activities as required by Government Accounting Standards Board (GASB) 68 (a large decrease in the net pension liability and smaller changes in deferred inflows and outflows). Current and other assets were impacted by revenues exceeding expenses by $45.1 million, leading to an increase in cash and investments of $44.2 million. The increase in revenues is predominantly due to higher interest received (the yield on the treasurer's portfolio is up for the year, higher cash balances, and the impacts of GASB 31), an increase in tax revenues (property, sales and transient occupancy taxes) partially offset by decreased water revenues due to a rainier winter, and a reduction in developer impact fees due to a slowdown in development. The decrease 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
	2018	2019	2018	2019	2018	2019	2018-19
Current and other assets	$640.2	$672.2	$155.2	$167.4	$795.4	$839.6	5.6%
Capital assets	793.7	787.4	364.5	363.4	1,158.2	1,150.8	-0.6%
Total assets	**1,433.9**	**1,459.6**	**519.7**	**530.8**	**1,953.6**	**1,990.4**	**1.9%**
Deferred outflows	**60.3**	**59.0**	**5.6**	**3.8**	**65.9**	**62.8**	**-4.7%**
Other liabilities	27.7	28.8	17.1	23.6	44.8	52.4	17.0%
Net OPEB liability	1.5	1.5	1.0	0.7	2.5	2.2	-12.0%
Net pension liability	167.4	152.9	14.0	10.1	181.4	163.0	-10.1%
Long-term debt outstanding	0.6	0.4	14.9	16.8	15.5	17.2	11.0%
Total liabilities	**197.2**	**183.6**	**47.0**	**51.2**	**244.2**	**234.8**	**-3.8%**
Deferred inflows	**5.8**	**7.1**	**0.7**	**0.8**	**6.5**	**7.9**	**21.5%**
Net position							
Net investment in capital assets	793.1	787.0	349.5	346.6	1,142.6	1,133.6	-0.8%
Restricted	236.1	251.9	39.5	38.5	275.6	290.4	5.4%
Unrestricted	262.0	289.0	88.6	97.5	350.6	386.5	10.2%
Total net position	**$1,291.2**	**$1,327.9**	**$477.6**	**$482.6**	**$1,768.8**	**$1,810.5**	**2.4%**

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 $1.811 billion at the close of the most recent fiscal year.

A large portion of the city's net position (62.6 percent) 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, it should be noted that 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.

An additional portion of the city's net position (16 percent) represents resources that are subject to external restrictions on usage. The remaining balance of unrestricted net position ($386.5 million) may be used to meet the city's ongoing obligations to residents and creditors.

Just over 35 percent of the $289 million in unrestricted governmental activities net position is attributable to the General Fund. This is an increase from the previous fiscal year, due to strong revenue growth, primarily in property, sales, transient occupancy, franchise and business license taxes. In addition, the yield on the treasurer's portfolio continues to increase, the city's cash balances continue to grow, and there was a positive impact from GASB 31 in the current fiscal year, creating additional income from property and investments. The net investment in capital assets for the city decreased slightly during fiscal year 2018-19, due primarily to a drop off in developer donated assets (streets, sidewalks, streetlights, water and wastewater lines) combined with higher depreciation charges, netted with an increase in outstanding debt (primarily Recycled Water). A portion of business-type net position represents the city's municipal golf course. At the end of fiscal year 2018-19, there is a large deficit in unrestricted net position for the Golf Course Fund. This is the result of the General Fund advancing money to the Golf Course Fund for the construction of the course and partially subsidizing the operations of the course in prior fiscal years.

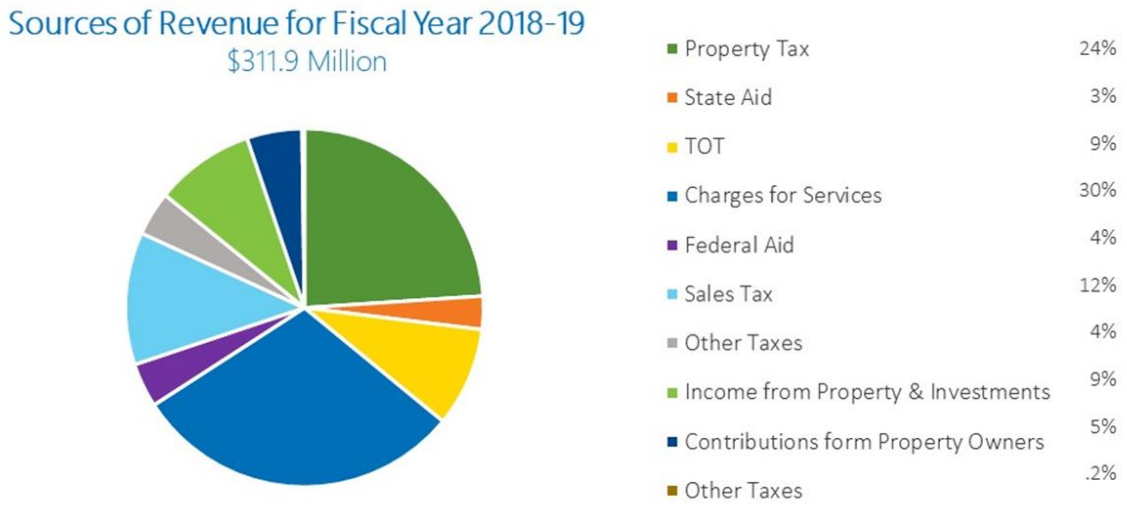
The condensed summary of activities shows that net position increased by $45.1 million during the year. This increase occurs when spending is less that the revenues received. There were several reasons for the increase in net position: $22.4 million in "savings" in the General Fund is being carried forward into the new fiscal year by various major service areas within the city to enhance and provide for future services and programs (indicating spending levels less than budgeted expenditures); revenues outpacing budgeted projections due to strong economic conditions; the build-up of cash reserves in the city's capital project and enterprise funds for future capital project construction and acquisition, as well as rate stabilization efforts due to the purchasing of more expensive water from the desalination facility; revenues received in the city's special revenue funds for future services and programs; and the donation of infrastructure assets from developers.

Changes in Net Position

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2018	2019	2018	2019	2018	2019	2018-19
Revenues							
Program revenues							
Charges for services	$21.0	$21.8	$75.4	$71.9	$96.4	$93.7	-2.8%
Operating grants and contributions	13.1	17.3	1.6	1.2	14.7	18.5	25.9%
Capital grants and contributions	23.0	13.8	5.5	4.9	28.5	18.7	-34.4%
General revenues							
Property taxes	66.5	70.0	3.7	4.0	70.2	74.0	5.4%
Sales and use taxes	33.7	38.5	-	-	33.7	38.5	14.2%
Other taxes	36.5	39.5	-	-	36.5	39.5	8.2%
Income from property and investments	2.5	20.7	1.0	7.8	3.5	28.5	714.3%
Other	0.5	0.4	-	0.1	0.5	0.5	0.0%
Total revenues	**196.8**	**222.0**	**87.2**	**89.9**	**284.0**	**311.9**	**9.8%**
Expenses							
General government	25.2	22.2	-	-	25.2	22.2	-11.9%
Public safety	62.6	68.0	-	-	62.6	68.0	8.6%
Community services	51.9	58.0	-	-	51.9	58.0	11.8%
Public works	36.9	36.9	-	-	36.9	36.9	0.0%
Carlsbad Municipal Water District	-	-	51.7	51.6	51.7	51.6	-0.2%
Golf course	-	-	10.5	11.0	10.5	11.0	4.8%
Wastewater	-	-	13.5	15.2	13.5	15.2	12.6%
Solid waste	-	-	3.1	3.9	3.1	3.9	25.8%
Total expenses	**176.6**	**185.1**	**78.8**	**81.7**	**255.4**	**266.8**	**4.5%**
Excess (deficiency) before transfers	20.2	36.9	8.4	8.2	28.6	45.1	57.7%
Transfers	(0.1)	(0.2)	0.1	0.2	-	-	0.0%
Increase (decrease) in net position	**20.1**	**36.7**	**8.5**	**8.4**	**28.6**	**45.1**	**57.7%**
Beginning position, as restated	1,271.1	1,291.2	469.1	474.2	1,740.2	1,765.4	1.4%
Ending net position	**$1,291.2**	**$1,327.9**	**$477.6**	**$482.6**	**$1,768.8**	**$1,810.5**	**2.4%**

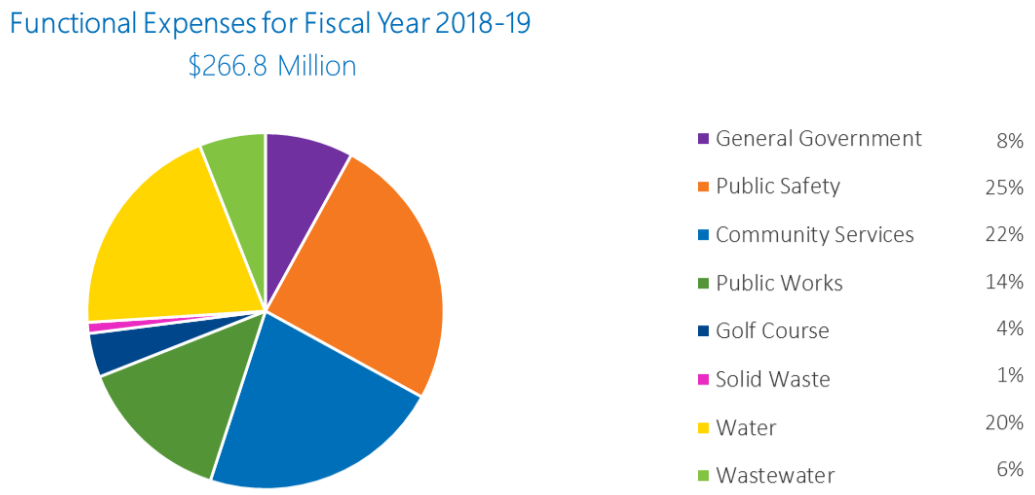
Approximately 66.7 percent of the revenues of the city's governmental funds are generated through taxes collected (property tax, sales tax, transient occupancy tax (TOT), etc.), and approximately 80 percent of the city's business-type revenue is generated through charges for services. The chart on the following page graphically depicts the city's revenue sources.



The city's revenues have continued to remain strong during this exceptionally long economic expansion since the "Great Recession." The city's "big three" revenue sources are sales, property, and transient occupancy taxes. In the most recent four fiscal years, property taxes have shown significant growth. An increase in assessed values of 5.4 percent in total for residential, commercial and industrial properties led to higher property tax revenues. This was the fourth year in a row since the recession (a lagging indicator of the financial health of the city) that the city saw growth in all three assessed value components (residential, commercial and industrial). Sales tax revenues were up significantly for the year. The state recently implemented a new system that impacted the timing of sales tax revenues for the year. Sales tax revenues for the previous fiscal year were artificially low due to this system conversion; however, the city was made whole in fiscal year 2018-19. Until the state has been operating the new remittance program for a year, it will be challenging to compare sales tax revenues by quarter, as there are still some timing differences. Transient occupancy tax continues to grow through increased occupancy, increased average daily rates and new hotel rooms. Higher room and occupancy rates throughout the city, as well as the addition of two new hotels (the second LEGOLAND Hotel and the Westin Hotel) led to higher transient occupancy taxes for the year. The city implemented a new business license system in November 2016, creating timing differences in the receipt of license revenues. Fiscal year 2018-19 saw the second full year using the new system. During this transition to the new system, additional staff were added to the team to ensure timely processing of new business license applications and renewals, generating additional revenues for the fiscal year as compared to the prior fiscal year. As expected, development slowed down during fiscal year 2018-19, but remained relatively strong for the year. The city saw infill residential development as well as some of the last remaining master planned community development. There was very little commercial and industrial development during the year. Income from property and investments were heavily impacted by three factors: the unrealized gains created by adjusting the city's investments to their fair market value at June 30, 2019 (as required by GASB), an increase in the average yield on the treasurer's portfolio for the year (an increase in the yield from 1.6 percent last fiscal year to 2.0 percent in the current fiscal year), and a 5.5 percent increase in the average daily cash balance in the General Fund for the year. These three factors combined to create a significant increase in income from property and investments. Flat water and wastewater rates combined with a reduction in water led to a reduction in charges for services for the year. A decrease in the donation of developer constructed assets (roads, pipelines, sidewalks, etc.) and a reduction in developer impact fees due to lower level of development throughout the city led to the decrease in capital grants and contributions.

The total cost of all programs and services was approximately $266.8 million in fiscal year 2018-19. This was moderately higher (4.5 percent) than the fiscal year 2017-18 figure of $255.4 million. During the fiscal year the city changed its budget practices, changing the policy surrounding carrying forward unspent appropriations at the end of the fiscal year. With this change, city departments focused on completing projects that were in process and procuring planned capital outlay items by the end of the fiscal year. This accelerated the costs that were incurred in fiscal year 2018-19 as compared to previous fiscal years. There were several other factors that influenced the change in expenses during the fiscal year. General government expenses were lower from a smaller supplementary CalPERS payment made on the city's

miscellaneous plan ($5.2 million less than fiscal year 2017-18), partially offset by higher personnel costs due to personnel increases. The variance in public safety expenses was driven predominantly by two factors: the additional CalPERS payment of $14.2 million partially offset by the annual pension accounting adjustments required by GASB 68. Community services expenses were impacted by the annual pension accounting adjustments required by GASB 68, general salary and benefit increases, and additional focus on code enforcement. Normal salary and benefit increases combined with inflationary impacts on maintenance, operations and capital expenses played a predominant role in higher business-type activities expenses for the year.



- General Government (8 percent)

  This segment of the city is divided into three major groups: Policy and Leadership, Administrative Services and non-departmental charges. The Policy and Leadership group encompasses all elected officials, the chief executive offices for the city, and the Community Outreach and Engagement team. The Administrative Services group includes Finance, Human Resources (including Workers' Compensation and Self-Insured Benefits), Information Technology, and Risk Management. Non-departmental also includes any special projects directed by City.

- Public Safety (25 percent)

  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 (22 percent)

  Community Services consists of Library and Cultural Arts, Parks and Recreation, City Clerk Services, and Community and Economic Development. Library and 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 and 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. The mission of Community and Economic Development is helping people build a strong community by guiding and facilitating high quality projects, preserving the environment, providing for and maintaining a strong economic and employment base, and strengthening neighborhoods through partnerships and collaboration to improve or enhance the quality of life and sense of community within Carlsbad. Community and Economic Development encompasses Land Use Planning, Economic Development, the Hiring Center, Housing and Neighborhood Services, Land Development Engineering, and Building. City Clerk Services includes minutes

preparation, election administration, agenda preparation, legal noticing and publishing, maintaining the Carlsbad Municipal Code, ensuring public records are archived, preserved, and accessible to the public, and developing and implementing citywide records management and document management programs.

- Public Works (14 percent)

  Public Works is responsible for building and maintaining all the infrastructure assets of the city. This service area includes Transportation, Construction Management and Inspection, Storm Drain Engineering, Asset Management, the Buena Vista Channel, Street Lighting, Property and Fleet Management, and Environmental Management.

- Golf Course (4 percent)

  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.

- Solid Waste (1 percent)

  The Solid Waste Division of the Utilities Department 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.

- Water Operations (20 percent)

  The Carlsbad Municipal Water District (CMWD), a subsidiary of the city, provides potable and recycled water service to approximately 85 percent of the city (approximately 29,700 customers). CMWD purchases 100 percent of its potable water, which includes a new 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.

- Wastewater Operations (6 percent)

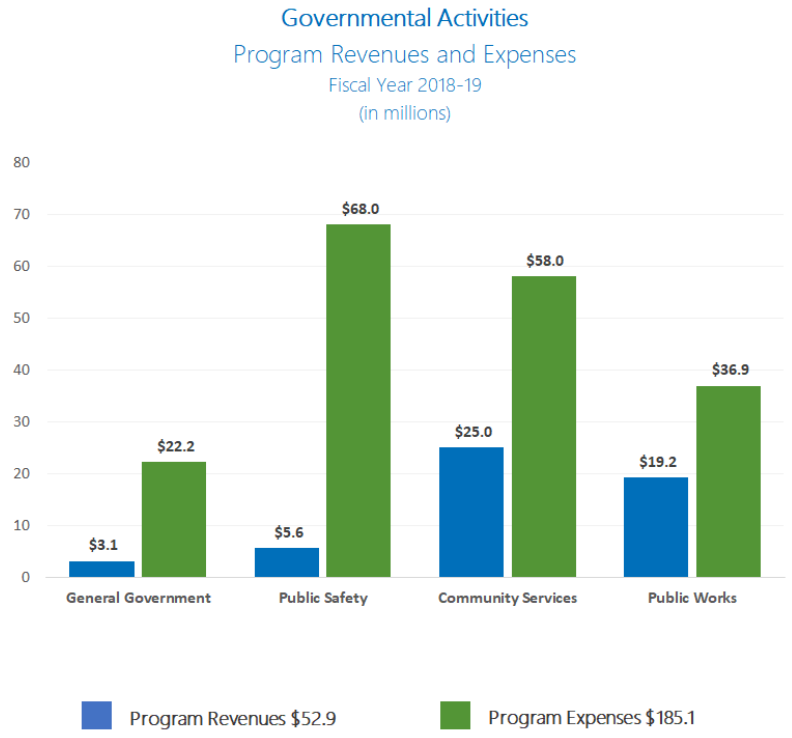
  The city operates and maintains a sanitary wastewater collection system, which covers approximately 65 percent of the geographic area of the city. Wastewater is treated by the Encina Wastewater Treatment Plant, a facility jointly owned by the cities of Carlsbad, Vista and Encinitas; the Leucadia Wastewater District; the Vallecitos Water District; and the Buena Sanitation District.

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

Governmental Activities

The increase in net position for governmental activities was $36.7 million. This increase was generated by total governmental activities revenues of $222 million ($52.9 million in program revenues and $169.1 million in general revenues) offset by $185.1 million in total costs of governmental activities, and $200,000 in transfers to the Solid Waste Fund.

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



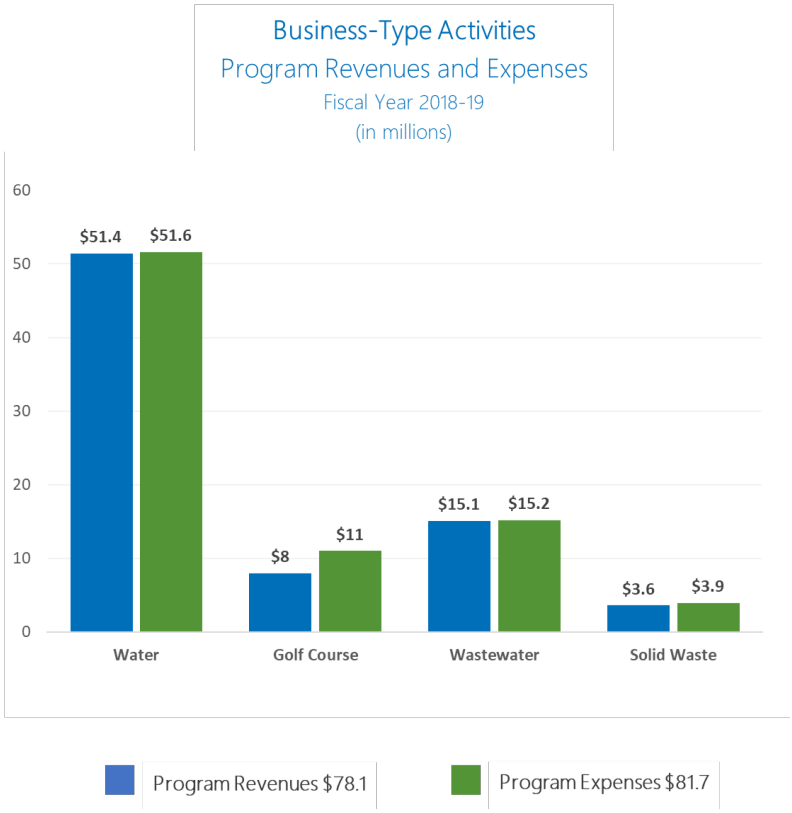
Revenues are generated through several sources to cover the cost of the city's programs. These revenues include fees and charges paid by those who directly benefit from the programs ($21.8 million), grants and contributions from other governments and organizations which subsidize certain programs ($31.1 million), and taxes and other revenues (such as income from property and investments) received by the city to pay for the "public benefit" portion, totaling $169.1 million.

Community Services revenues are derived from development activities throughout the city, housing assistance programs, parks and recreation fees, and library fees. A large portion of Community Services revenues are comprised of housing assistance programs (Section 8 Rental Assistance, affordable housing loan repayments, and developers paying into the Affordable Housing Trust Fund) as well as charges for development related services. As expected, development activity reflected a substantial decrease from the prior fiscal year, offsetting 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 been accumulated to pay for the cost. Several years ago, the city entered a new stage of its lifecycle, from a developing or growing stage, to a mature stage. As the city

continues to mature and approach build-out, 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, including the La Costa Oaks Industrial Park, Uptown Bressi, Poinsettia 61 and Zone 15. The developers of these communities have dedicated or will dedicate infrastructure to the city, a requirement for development.

Business-type Activities



Program revenues for the city's business-type activities totaled $78.1 million for the year, while program expenses equaled $81.7 million.

Water program revenues are lower than program expenses primarily due to decreased demand for potable and recycled water resulting from increased rainfall compared to the previous year. In addition, there was no increase in water rates (water and delivery charges) for calendar year 2019. Water program expenses were higher than last year, due to the enterprise making an additional CalPERS payment to the operator of the recycled water facility to address the unfunded liability and partially offset by the net effect of reduced water purchases.

The city's golf course enterprise was in its twelfth full year of operation and finished the fiscal year with a net loss of $2.8 million. However, excluding depreciation expenses, golf course revenues were sufficient to fund normal golf course operating expenses,.

Wastewater program revenues were slightly below program expenses due to making an additional CalPERS payment to address the unfunded liability.

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.

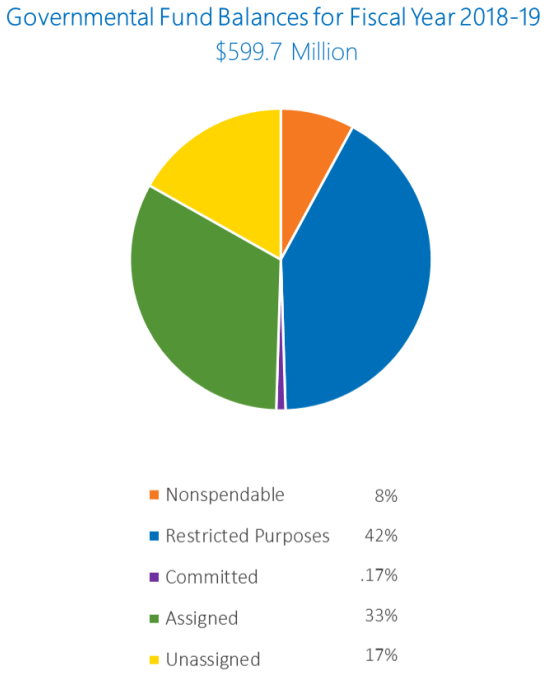
A more detailed discussion of each of the enterprises can be found in the Proprietary Funds Section.

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 Comprehensive Annual Financial Report (CAFR), the implementation of a prior GASB pronouncement resulted in the Community Activity Grants Fund being combined with the General Fund for financial statement presentation.

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.



There are five fund balance classifications: non-spendable, 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. As of the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of $599.7 million, up $33.3 million from the year before. Approximately 8 percent ($49.6 million) constitutes non-spendable 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 42 percent ($251.9 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 33 percent ($195.5 million) of the city's fund balance. Approximately 17 percent ($101.7 million) of the fund balance is unassigned, which is available for spending at the city council's discretion. Of the $101.7 million unassigned fund balance, the City Council has set aside $19.1 million for economic uncertainty purposes. However, accounting standards require that the $19.1 million set aside be shown as part of the city's unassigned fund balance.

City of Carlsbad

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

	Total		Increase (Decrease)	Total Percentage Change
	2018	2019	2018-19	
Revenues				
Taxes	$136.2	$148.8	$12.6	9.3%
Intergovernmental	1.3	1.9	0.6	46.2%
Licenses and permits	3.0	2.7	(0.3)	-10.0%
Charges for services	10.0	9.1	(0.9)	-9.0%
Fines and forfeitures	0.7	0.6	(0.1)	-14.3%
Income from property and investments	3.0	9.6	6.6	220.0%
Miscellaneous	1.4	1.5	0.1	7.1%
Total revenues	**155.6**	**174.2**	**18.6**	**12.0%**
Expenditures				
General government	25.9	23.7	(2.2)	-8.5%
Interdepartmental charges	(3.2)	(4.6)	(1.4)	43.8%
Public safety	58.0	77.3	19.3	33.3%
Community services	38.6	41.5	2.9	7.5%
Public works	15.9	16.8	0.9	5.7%
Total expenses	**135.2**	**154.7**	**19.5**	**14.4%**
Excess (deficiency) before transfers	20.4	19.5		
Transfers in	0.2	0.3		
Transfers out	(12.9)	(13.2)		
Increase (decrease) in fund balance	**7.7**	**6.6**		
Beginning fund balance	171.4	179.1		
Ending fund balance	**$179.1**	**$185.7**		

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 $185.7 million, an increase of $6.6 million. The unassigned fund balance portion of the General Fund was $101.7 million, an increase of $19.1 million from last fiscal year. During the fiscal year, the City Council approved a new budget surplus policy that changed how unspent appropriations from one fiscal year are carried forward into the next fiscal year. This new policy reduced the amount of carry forward budgets from fiscal year 2018-19 to fiscal year 2019-20 by $6.9 million. Also, the city made an additional $20 million CalPERS payment during the fiscal year, of which $19.3 million was charged to the General Fund ($700,000 was charged to the Water and Wastewater Funds). The city used $5.5 million of funds previously set aside (assigned) for CalPERS stability to help make this payment. A major factor in the decrease in General Government expenditures is the result of an additional CalPERS payment made last year of $9.7 million versus $5.1 million in fiscal year 2018-19 (General Government's portion of the $20 million CalPERS payment). Another change driving the General Government variance was the change made in the accounting for billing services provided by the Finance Department for the city's enterprises. This also impacted the change in interdepartmental charges. Public Safety expenditures were also impacted by the additional CalPERS payment of $20 million, as $14.2 million was charged to this program. Community Services were impacted by the full year operation of the Pine Avenue Community Center, additional focus on homeless programs, higher nuisance abatement costs, new library programs, and an update of the Schulman Auditorium sound system. These additional expenditures were heavily offset by the growth in several key revenues during the year: property taxes, transient occupancy tax, sales tax, business license taxes, franchise fees, income from property and investments. The economy continues to remain strong. This was evident as all the tax

revenues in the city saw moderate to significant growth during the year. As expected, development activity within the city saw a moderate decrease (charges for services and licenses and fees), after a relatively strong 2017-18 fiscal year. With the city approaching buildout, several of the remaining large residential master planned communities and industrial/commercial parks saw a reduction in construction activity as they neared completion, leaving only a small portion of the city undeveloped. This slower pace is projected to continue and cause a further revenue decline for the foreseeable future as the city approaches buildout.

In the city's fiscal year 2018-19 budget, expenditures were expected to increase 6.9 percent over the fiscal year 2017-18 budget to $155.8 million. The total personnel budget for fiscal year 2018-19 was $92.9 million, which was 2.5 percent more than the previous year's personnel budget of $90.4 million. The total maintenance and operations (M&O) budget for fiscal year 2018-19 was $49.5 million, which was 15.9 percent higher than the previous year's budget of $42.7 million. The increase in personnel budgets was based on previously negotiated salary and benefit increases, the net addition of 13.3 new staff members (8.0 full-time, a decrease of 3.0 limited-term positions, a transfer of 5.0 full-time staff to the Information Technology Internal Service Fund, and 3.3 part-time staff), projected retirement rate increases, and increases in workers compensation costs. Health insurance costs were projected to remain flat for the year. All General Fund departments assumed a 2.5 percent M&O escalator. In total, General Fund M&O costs were expected to increase by 15.9 percent due to general increases in internal service charges, a change made in the accounting for billing services by the Finance Department for the city's enterprises, increases for tuition reimbursement and citywide training/ development, staff development and succession planning consulting services, costs associated with the implementation of the Cultural Arts Master Plan, operating costs associated with new park facilities, a new Pest Management Plan, and additional traffic signal maintenance costs. Transfers out of the General Fund were budgeted at $13.2 million, a $700,000 increase from the prior fiscal year. This increase was due primarily to increases in the transfers from the General Fund to the Infrastructure Replacement Fund ($700,000). Adding to the adopted budget of $155.8 million for the General Fund, approximately $25.2 million in unspent fiscal year 2017-18 budgeted expenditures was carried over to fiscal year 2018-19, and there were $8.1 million in open encumbrances as of June 30, 2018.

The Community Facilities District Number 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 to fund public beach access improvements, finish the Park Drive drainage and street improvements project, and Fire Station No. 5 storage building and roof replacement.

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. During the year, several projects were funded within the Infrastructure Replacement Fund, including: the La Costa Avenue storm drain replacement; preventive maintenance activities such as deck sealing, concrete patching, and repairing spall to increase the life of bridge structures; and replacing corrugated metal pipe storm drain pipelines with alternative materials.

The Park Development Fund and the Public Facilities Construction Fund used a portion of their existing fund balances for the Aviara Community Park gathering space, picnic area, and warming kitchen; as well as the restoration of the historic horse stables, reconstruction of a chicken coop and new restrooms at Leo Carrillo Park.

During the year, the city continued to set aside money for the construction of various projects within these 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- 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.

CMWD funds had an operating loss of approximately $3.9 million for the year. Operating revenues were approximately $47.5 million and operating expenses were approximately $51.4 million. One of the larger factors in the operating loss was the decrease in volume of water sales, which was directly attributable to almost three times more rainfall in the current year. Water rates were increased in January 2017 and held flat during 2018 and 2019. The cost of purchased water from the Metropolitan Water District and the San Diego County Water Authority (suppliers of the CMWD's potable water) continued to increase. The decrease in purchased water, and the purchase of costlier desalinated water, were offset primarily by increased pension costs of the operator of the recycled water facility. Increases in income from property and investments (higher yield on the treasurer's portfolio, higher average cash balances, and the impacts of GASB 31) and property taxes (an increase in assessed values of 5.4 percent) resulted in income before transfers and capital contributions of $5.2 million.

In the twelfth year of operation, the Golf Course Fund had an operating loss of $3.1 million, primarily due to depreciating the enterprise's assets ($3.5 million). If golf course operating revenues are not sufficient to cover golf course operating expenses (excluding depreciation), the General Fund will make contributions in the form of lease payments to pay for the shortfall. Revenues remained strong in the current year, but an increase in course maintenance and personnel expenses drove a lower operating result.

The Wastewater Funds had an annual operating loss of $1.1 million for the fiscal year. Total revenues from operations were up by $223,000, due primarily to development throughout the city. The increase in operating expenses was predominantly due to increased CalPERS costs and a depreciation true-up at the operator of the wastewater treatment facility. Non-operating revenues related to income from property and investments added $1.7 million to the operating income (an increase in the yield on the treasurer's portfolio, an increase in average cash balances, and the impacts of GASB 31), resulting in a net gain of $593,000 before transfers and capital contributions.

Solid Waste Operations and Storm Water Programs are combined on the city's financial reports and showed a net operating loss of $256,000 for the year. Revenues were essentially the same as the previous fiscal year, and expenses increased due to planned increases in outside professional service costs (higher fats, oil and grease inspection services as well as pipeline maintenance costs). The operating loss was more than offset by income from property and investments (an increase in the yield on the treasurer's portfolio, an increase in average cash balances, and the impacts of GASB 31), and resulted in a net gain before transfers and capital contributions of $294,000.

The unrestricted net position for the Water, Golf Course, Wastewater, and Solid Waste Operations at the end of the year amounted to $96.6 million, or approximately 20 percent of the total enterprise funds net position. The unrestricted net position may be used for rate stabilization, fluctuations in operating expenses, and unforeseen repairs and maintenance. Approximately $38.5 million, or 8 percent, of the net position of all the proprietary funds are restricted for the future capital construction of new and replacement water and wastewater infrastructure assets. Since the 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. The large unrestricted net deficit in the Golf Course Fund represents funds advanced from the city's General Fund that were used to fund construction, former operating losses and debt expenses of the municipal golf course.

General Fund Budgetary Highlights for Fiscal Year 2018-19

Management monitors revenues during the year and updates estimated revenue figures when new information is received. General Fund revenue estimates were revised moderately during the year, as compared to the originally budgeted estimates. Some of the factors that led to the $3.5 million increase in revenue estimates included:

- several new federal and state grants were applied for and received during the year;
- increased sales tax revenues due to the State of California changing the timing in remitting sales tax revenues to the city;
- increased transient occupancy taxes from the addition of two new hotels, higher occupancy rates, and higher average daily rates;
- additional disaster relief from the California Office of Emergency Services for the 2014 Poinsettia Fire;
- higher interest rates earned on larger than planned cash balances; and
- several new master planned communities and higher than originally budgeted industrial/commercial development that led to higher building permit and associated revenues (licenses and permits, as well as charges for services) than originally budgeted.

The increase from the total original expenditure budget to the final budget amounted to $20.9 million primarily due to:

- a $19.3 million supplemental payment made to CalPERS to help stabilize future retirement costs;
- the appropriation of grant money received;
- sales tax audit expenses;
- developer funded studies;
- the appropriation of mutual aid response overtime reimbursements received;
- the implementation of the North Beach lifeguard program;
- additional unfunded litigation and expert expenses related to the Safety Training; and
- maintenance for newly acquired Village H property.

The difference between the final budgeted expenditures and the actual expenditures for the year (on a budgetary basis) of $31.8 million can be generally summarized as follows:

- Interdepartmental charges were $234,000 below estimates, which are offset against expenditures for reporting purposes in the financial statements.
- Savings by various major service areas within the city totaling $31.6 million. Current year savings were generated from:
    - unfilled staff vacancies;
    - overall awareness of fiscal responsibility throughout the city;
    - deferral of projects; and
    - accumulated savings set aside for future technology and innovation enhancements.
    - Of the $31.6 million in savings, $22.4 million will be carried forward into fiscal year 2019-20 and is planned to be used for:
        - ✓ innovation projects throughout the city;
        - ✓ Police memorandum of understanding (MOU) increases;
        - ✓ Safety Center air handler replacement;
        - ✓ Parks & Recreation master plan updates;
        - ✓ backfile conversion;
        - ✓ replace Schulman Auditorium sound system;
        - ✓ community public art projects;
        - ✓ three Police vehicles;

- ✓ invasive species mitigation;
- ✓ unfunded litigation;
- ✓ outfitting of a new fire engine;
- ✓ business process and training documentation;
- ✓ outfitting vehicles;
- ✓ increased costs for five vehicles:
- ✓ climate action plan;
- ✓ crossing guard contract increase;
- ✓ resident satisfaction/opinion survey;
- ✓ contracted grant writing;
- ✓ Harding Community Center office remodel;
- ✓ Dove Library wayfinding:
- ✓ retail study; and
- ✓ talent assessment and succession planning.

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 Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2018	2019	2018	2019	2018	2019	2018-19	2018-19
Land	$153.2	$153.7	$9.4	$9.4	$162.6	$163.1	$0.5	0.3%
Construction in progress	10.0	16.8	41.6	46.1	51.6	62.9	11.3	21.9%
Buildings and other structures	135.9	136.4	41.0	41.0	176.9	177.4	0.5	0.3%
Improvements other than buildings	81.5	84.3	52.3	52.3	133.8	136.6	2.8	2.1%
Machinery and equipment	43.4	46.0	12.6	12.9	56.0	58.9	2.9	5.2%
Infrastructure	721.9	726.2	342.2	350.4	1,064.1	1,076.6	12.5	1.2%
Wastewater treatment facility	-	-	57.8	58.1	57.8	58.1	0.3	0.5%
Intangibles	5.0	5.0	-	-	5.0	5.0	-	0.0%
	1,150.9	1,168.4	556.9	570.2	1,707.8	1,738.6	30.8	1.8%
Accumulated depreciation	(357.2)	(381.1)	(192.4)	(206.7)	(549.6)	(587.8)	(38.2)	7.0%
Total	**$793.7**	**$787.3**	**$364.5**	**$363.5**	**$1,158.2**	**$1,150.8**	**($7.4)**	**-0.6%**

At the end of fiscal year 2018-19, 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 sewer 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:

- improvements to public beach access along Ocean Street;
- completion of the Fire Station No. 5 storage building roof;
- completion of the Faraday building refurbishment project;
- completion of the Leo Carrillo Park Phase III project;
- completion of various Americans with Disabilities Act improvement projects including accessibility improvements to sidewalks, curb ramps and pedestrian signals;

- expansion of the recycled water facility;
- Taylor Morrison of California donated assets (waterlines, improvements to existing street);
- Army Navy Athletic Field donated assets (water lines, sewer lines, improvements to existing streets);
- Miles Pacific Subdivision donated assets (sewer lines, water lines, improvements to existing streets);
- Coastal Living 10 donated assets (waterlines, improvements on existing streets);
- Shoppes at Carlsbad donated assets (waterlines);
- Sohaei Minor Subdivision donated assets (waterlines, improvements to existing roadway);
- 33 vehicles;
- one transit cargo van;
- six police SUV vehicles;
- one sewer inspection truck;
- three trailers;
- one jet ski;
- one full size wheel loader;
- five Hostile Vehicle Mitigation (barrier) systems;
- fixed license plate recognition system;
- one police canine;
- Motorola two-way radios;
- information technology security system and performance enhancement equipment;
- several sewer line projects; and
- several storm drain projects.

In addition to carrying forward appropriations of $230.4 million for previously budgeted projects, the city's fiscal year 2019-20 capital improvement budget appropriates an additional $53.6 million for capital projects.

These additional appropriations are principally for the following projects: reconstruction of Fire Station No. 2; trail connectivity to Tamarack State Beach; replacement of Monroe Street Pool; Senior Center refurbishment; Stagecoach Park synthetic turf replacement; Hosp Grove Park improvements; various channel clearing and storm drain improvements; improvements at the Encina Water Pollution Control Facility; Supervisory Control and Data Acquisition (SCADA) improvements; sewer lift station repairs and upgrades; wastewater line refurbishments/replacements at various locations throughout the city; water valve repair/replacements; Avenida Encinas widening south of Palomar Airport Road; Terramar area coastal improvements; village decorative lighting; the ongoing pavement management program; additional water and recycled water lines and continuation of the water valve repair/replacement program and the northwest quadrant storm drain improvement program.

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 to 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		Total Percentage Change
	2018	2019	2018	2019	2018	2019	2018-19
Loans	$0.0	$0.0	$14.9	$16.8	$14.9	$16.8	12.8%
Capital Leases	0.6	0.4	0.0	0.0	0.6	0.4	-33.3%
Total	**$0.6**	**$0.4**	**$14.9**	**$16.8**	**$15.5**	**$17.2**	**11.0%**

At fiscal year-end, the city had $17.2 million in capital leases and loans, an increase of $1.7 million from last year, as shown in the table above. Regular payments were made on all the city's outstanding capital leases and loans, and the city made an additional draw on the loan with the State Water Resources Control Board. More detail about the city's long-term liabilities is presented in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates for Fiscal Year 2019-20

- The State of California adopted its fiscal Year 2019-20 Annual Budget with the following provisions affecting the city:
  - The state budget projects short-term revenues of $3.2 billion above the Governor's Budget. Most of increased revenues are constitutionally obligated to reserves, debt repayment and schools. Therefore, the budget surplus remains relatively unchanged.
  - The state has built a strong fiscal foundation by paying down liabilities and building up reserves that will help manage the effects of an economic downturn. The state budget forecast recognizes slower growth in the economy but does not predict a recession.
  - In November 2014, California voters approved Proposition 2, which sets aside additional revenues, primarily from capital gains, to address future economic downturns, instead of increasing ongoing expenditures. This set aside is also referred to the "rainy day" fund.
  - California voters approved to make permanent the income tax increases under Prop 30.
- Net assessed values in the city stand at over $35 billion, a 6.2 percent increase from the prior fiscal year, due to new construction and escalating home and commercial/industrial property values.
- Sales tax revenues are projected to increase by 3.6 percent. A factor in the projected increase in sales tax revenues are the newly renovated Shoppes at Carlsbad. Westfield (the former owner of the mall) sold this property in 2015. The new owners (Brookfield) continue to renovate the mall. In addition, the city continues to see increased internet sales tax revenues (Wayfair decision), a new Tesla dealership opened in the city in October 2019, new restaurant and retail establishments, and general increases in sales tax revenues.
- The new Home 2 Hotel (142 rooms) is expected to open in March 2020 adding to the city's transient occupancy tax revenues.
- CalPERS is addressing a structural shortfall by lowering the discount rate used to determine the city's annual pension costs. The reduction in the discount rate is being phased in over several years. The impact in the fiscal year 2019-20 budget is a citywide increase in pension costs of 5.1 percent.
- Median home prices for single-family residences in Carlsbad have increased by 14.6 percent from January 2018 ($814,000) to January 2019 ($989,000).
- City departments were not given an automatic budget increase, but rather were asked to request a budget for fiscal year 2019-20 that would be adequate to fund changes in the Consumer Price Index (CPI), any additional funding for existing contractual obligations, and to make requests for any new programs.
- The city added a net 41 full-time positions and a net 14.1 part-time positions to better align staffing with the services the city provides.

- Through Memorandums of Understanding (MOUs):
  - The Carlsbad City Employees' Association (CCEA) employees will receive 3.0 percent salary increases on January 1, 2020.
  - Fire Management and General Management employees will receive 3.0 percent salary increases on January 1, 2020.
  - Carlsbad Police Management Association (CPMA) employees will receive an average 5.5 percent total compensation increases in December 2019.
  - The Carlsbad Police Officers Association (CPOA) received an average of a 5.5 percent total compensation increases on October 10, 2019.
  - The Carlsbad Firefighters Association (CFA) is currently in negotiations and any salary increase will be appropriated from either the City Council contingency or the General Fund reserves in fiscal year 2019-20.

These factors were considered when preparing the city's General Fund budget for fiscal year 2019-20. Budgeted expenditures are expected to increase 7.3 percent to $167.1 million. The total personnel budget for fiscal year 2019-20 is $101.4 million, which is 9.1 percent more than the previous year's personnel budget of $92.9 million. The total maintenance and operations (M&O) budget for fiscal year 2018-19 is $53.8 million, which is 8.6 percent higher than the previous year's budget of $49.5 million. The total capital outlay budget for fiscal year 2019-20 is $600,000, $400,000 higher than the previous year. The increase in personnel budgets is based on previously negotiated salary and benefit increases, and the net addition of 34 new full-time and 11.37 part-time staff. Increases in retirement costs (CalPERS rates), health insurance rates, and worker's compensation rates also contributed to the increase in budgeted personnel costs. The maintenance and operations budget for fiscal year 2019-20 includes appropriations for general increases in internal service charges, general price increases, general contract increases, and costs associated with new programs (i.e. homeless response program, North Beach lifeguard program, and costs associated with the hiring of new employees (vehicles, computer, training, etc.). Transfers out of the General Fund are budgeted at $11.5 million, a $1.7 million decrease from the prior fiscal year. This decrease is due primarily to the elimination of a budget transfer to the Workers Compensation Fund for fiscal year 2019-20 (a $1.5 million transfer was done in fiscal year 2018-19). Adding to the adopted budget of $167.1 million for the General Fund, approximately $22.4 million in unspent fiscal year 2018-19 budgeted expenditures will be carried over to fiscal year 2018-19, as well as $11 million in open encumbrances as of June 30, 2019.

During the current fiscal year, the unassigned fund balance in the General Fund increased by $19.1 million to $101.7 million. Although originally projected to grow by $9.5 million according to the fiscal year 2018-19 adopted budget, the city made an additional $20 million payment to CalPERS to help stabilize future retirement costs, the city adopted a new General Fund Surplus Policy which reduced the amount of assigned carry forwards made by the city, and actual General Fund Revenues (including the $3.3 million impact of GASB 31), all contributing to the increased in the unassigned fund balance for the year. Based on fiscal year 2019-20 projections, the unassigned General Fund balance is expected to grow by approximately $3.4 million.

The city took an additional step in fiscal year 2018-19 to prepare to weather economic downturns. An additional General Fund set aside of $9.1 million was made by the City Council as an Economic Uncertainty Reserve, which can be used to shore up revenue shortfalls during normal recessions. This was added to the existing $10 million Economic Uncertainty Reserve for a new total of $19.1 million.

Projected revenues are currently sufficient to build the projects listed in the fiscal year 2019-20 CIP.

The city's business-type activities reflect the following:

- The effective increase in purchase costs for CMWD is projected to be approximately 3.5 percent. The cost of water purchased from the San Diego County Water Authority is projected to increase significantly due to decreased county-wide demand and increases in Metropolitan Water District's water rates, inter alia; however, cost increases are being partially mitigated through planned draws on San Diego County Water Authority's rate stabilization fund. Draws from Carlsbad Municipal Water District's rate stabilization fund have allowed CMWD to keep rates low during fiscal year 2019-20 with rate increases of 1% beginning in January 2020 and 2% in January 2021.

- Wastewater rates have been held flat for the past four years; however, increases of 3 percent for calendar year 2020 and 3 percent for calendar year 2021 are needed to offset increased pension costs of the operator of the wastewater treatment facility, increased energy and chemical costs, and increased capital repair costs. Better than anticipated financial results in fiscal year 2018-19, healthy reserves, and a positive outlook for the fund mitigated the need for a rate increase.
- The golf course bonds were paid off in September 2016. As a result, the operation will continue to see improvements in their cash flows going forward.
- There are no projected significant changes in other revenue sources.

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 at www.carlsbadca.gov.

City of Carlsbad

Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 571,277,668	$ 205,782,306	$ 777,059,974
Receivables:			
Interest	2,940,613	1,029,750	3,970,363
Taxes	10,643,829	41,356	10,685,185
Other	1,290,304	831,083	2,121,387
Accounts, net of allowances	101,138	10,065,231	10,166,369
Due from other governments	1,110,079	3,335,169	4,445,248
Inventories	475,716	817,594	1,293,310
Prepaid items	185,098	49,582	234,680
Land held for resale	617,247	-	617,247
Loan and reimbursement receivables, net of allowances	21,706,518	-	21,706,518
Due from Successor Agency	7,255,238	-	7,255,238
Deposits	25,000	-	25,000
Internal balances	54,574,353	(54,574,353)	-
Subtotal	672,202,801	167,377,718	839,580,519
Capital assets:			
Land	153,680,535	9,375,975	163,056,510
Construction in progress	16,752,652	46,142,826	62,895,478
Buildings and other structures	136,441,283	40,952,166	177,393,449
Improvements other than buildings	84,333,943	52,278,030	136,611,973
Machinery and equipment	46,038,742	12,933,255	58,971,997
Infrastructure	726,181,012	350,381,308	1,076,562,320
Wastewater treatment facility	-	58,126,463	58,126,463
Intangible assets	5,017,448	-	5,017,448
Less accumulated depreciation	(381,102,511)	(206,735,250)	(587,837,761)
Total capital assets	787,343,104	363,454,773	1,150,797,877
Total assets	1,459,545,905	530,832,491	1,990,378,396
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - OPEB related items	632,012	346,290	978,302
Deferred outflows of resources - pension related items	58,403,901	3,453,624	61,857,525
Total deferred outflows of resources	59,035,913	3,799,914	62,835,827

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

City of Carlsbad

Statement of Net Position (continued)
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accrued liabilities	$ 13,965,477	$ 4,848,932	$ 18,814,409
Accrued interest payable	-	58,553	58,553
Due to other governments	491	13,084,321	13,084,812
Estimated claims payable	13,115,781	-	13,115,781
Deposits payable	518,704	5,439,254	5,957,958
Unearned revenue	1,186,260	94,236	1,280,496
Noncurrent liabilities:			
Due within one year	222,373	1,582,886	1,805,259
Due in more than one year:			
Loans payable and capital leases	155,922	15,243,719	15,399,641
Net OPEB liability	1,506,060	719,407	2,225,467
Net pension liability	152,900,419	10,120,726	163,021,145
Total liabilities	183,571,487	51,192,034	234,763,521
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB related items	243,247	126,373	369,620
Deferred inflows of resources - pension related items	6,902,220	637,005	7,539,225
Total deferred inflows of resources	7,145,467	763,378	7,908,845
NET POSITION			
Net investment in capital assets	786,964,809	346,628,168	1,133,592,977
Restricted for:			
Capital assets	194,434,512	38,539,621	232,974,133
Lighting and landscaping districts	8,025,279	-	8,025,279
Affordable housing	43,588,233	-	43,588,233
Habitat and agricultural mitigation management	1,523,598	-	1,523,598
Other purposes	4,328,537	-	4,328,537
Unrestricted	288,999,896	97,509,204	386,509,100
Total net position	$ 1,327,864,864	$ 482,676,993	$ 1,810,541,857

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

City of Carlsbad

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 22,234,445	$ 1,678,967	$ 1,492,116	$ 1,860
Public safety	67,968,386	4,784,327	357,651	479,803
Community services	57,977,650	10,754,858	10,622,607	3,595,644
Public works	36,897,256	4,573,777	4,834,664	9,764,553
Interest and fiscal charges on long-term debt	3,614	-	-	-
Total governmental activities	185,081,351	21,791,929	17,307,038	13,841,860
Business-type activities:				
Carlsbad Municipal Water District	51,637,830	46,430,864	1,055,502	3,977,628
Golf course	11,034,686	7,978,896	-	-
Wastewater	15,238,408	14,098,783	73,299	886,365
Solid waste	3,840,148	3,440,551	131,444	-
Total business-type activities	81,751,072	71,949,094	1,260,245	4,863,993
Total primary government	$ 266,832,423	$ 93,741,023	$ 18,567,283	$ 18,705,853

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

Transfers

Total general revenues 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
$ (19,061,502)	$ -	$ (19,061,502)
(62,346,605)	-	(62,346,605)
(33,004,541)	-	(33,004,541)
(17,724,262)	-	(17,724,262)
(3,614)	-	(3,614)
(132,140,524)	-	(132,140,524)
-	(173,836)	(173,836)
-	(3,055,790)	(3,055,790)
-	(179,961)	(179,961)
-	(268,153)	(268,153)
-	(3,677,740)	(3,677,740)
(132,140,524)	(3,677,740)	(135,818,264)
69,951,948	4,002,341	73,954,289
38,510,186	-	38,510,186
26,320,645	-	26,320,645
6,099,806	-	6,099,806
5,321,779	-	5,321,779
1,714,782	-	1,714,782
20,695,305	7,784,199	28,479,504
438,929	112,475	551,404
(219,274)	219,274	-
168,834,106	12,118,289	180,952,395
36,693,582	8,440,549	45,134,131
1,291,171,282	474,236,444	1,765,407,726
$ 1,327,864,864	$ 482,676,993	$ 1,810,541,857

City of Carlsbad

Balance Sheet
Governmental Funds
June 30, 2019

ASSETS	General Fund	Community Facilities District No. 1	General Capital Construction
Cash and investments	$ 130,019,545	$ 87,332,793	$ 42,557,818
Receivables:			
Interest	740,112	437,869	214,256
Taxes	10,641,242	2,587	-
Other	916,855	-	181,951
Accounts, net of allowances	82,341	-	-
Due from other funds	270,083	-	-
Due from other governments	111,397	-	-
Inventories	17,659	-	-
Prepaid items	-	-	-
Land held for resale	-	-	-
Loans receivable, net of allowances	77,781	-	-
Deposits	25,000	-	-
Due from Successor Agency	7,255,238	-	-
Advances to other funds	55,673,726	1,943,710	-
Total assets	$ 205,830,979	$ 89,716,959	$ 42,954,025
LIABILITIES			
Accrued liabilities	$ 5,698,852	$ 60,989	$ 287,781
Due to other funds	-	-	-
Deposits payable	47,164	5,000	-
Due to other governments	491	-	-
Advances from other funds	-	-	-
Unearned revenue	991,531	-	-
Total liabilities	6,738,038	65,989	287,781
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Unavailable revenue - interest on advances	13,416,611	-	-
Total deferred inflows of resources	13,416,611	-	-
FUND BALANCES			
Nonspendable	49,607,793	-	-
Restricted	-	89,650,970	-
Committed	1,000,000	-	-
Assigned	33,367,567	-	42,666,244
Unassigned	101,700,970	-	-
Total fund balances	185,676,330	89,650,970	42,666,244
Total liabilities, deferred inflows of resources, and fund balances	$ 205,830,979	$ 89,716,959	$ 42,954,025

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

Infrastructure Replacement	Park Development	Public Facilities Construction	Other Governmental Funds	Total Governmental Funds
$ 119,108,006	$ 11,801,451	$ 27,396,401	$ 103,958,794	$ 522,174,808
597,061	59,153	137,383	512,340	2,698,174
-	-	-	-	10,643,829
-	-	-	191,498	1,290,304
-	-	5,657	6,538	94,536
-	-	-	-	270,083
-	-	-	998,682	1,110,079
-	-	-	-	17,659
-	-	-	992	992
-	-	-	617,247	617,247
-	-	-	21,628,737	21,706,518
-	-	-	-	25,000
-	-	-	-	7,255,238
-	-	5,650,000	-	63,267,436
$ 119,705,067	$ 11,860,604	$ 33,189,441	$ 127,914,828	$ 631,171,903
$ 232,652	$ 64,941	$ 362,387	$ 1,487,666	$ 8,195,268
-	-	-	270,083	270,083
-	-	-	465,540	517,704
-	-	-	-	491
-	5,650,000	-	2,113,310	7,763,310
-	-	-	194,729	1,186,260
232,652	5,714,941	362,387	4,531,328	17,933,116
-	-	-	107,028	107,028
-	-	-	-	13,416,611
-	-	-	107,028	13,523,639
-	-	-	992	49,608,785
-	6,145,663	32,827,054	123,275,480	251,899,167
-	-	-	-	1,000,000
119,472,415	-	-	-	195,506,226
-	-	-	-	101,700,970
119,472,415	6,145,663	32,827,054	123,276,472	599,715,148
$ 119,705,067	$ 11,860,604	$ 33,189,441	$ 127,914,828	$ 631,171,903

City of Carlsbad

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds	$ 599,715,148
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	774,307,940
Internal service funds	13,035,164
Total capital assets	787,343,104
Deferred outflows are not an available resource and therefore, are not reported in the funds.	
Governmental funds	57,398,467
Internal service funds	1,637,446
Total deferred outflows	59,035,913
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	38,292,450
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(929,773)
Internal service fund net position included as part of total capital assets	(13,035,164)
Internal service fund net position included as part of deferred outflows	(1,637,446)
Internal service fund net position included as part of long-term liabilities	6,889,653
Internal service fund net position included as part of deferred inflows	597,581
Net internal service fund net position	30,177,301
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.	13,416,611
A portion of deferred grant revenues are not available to pay for current period expenditures and therefore, are not recognized in the funds.	107,028
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	(147,895,121)
Internal service funds	(6,889,653)
Total long-term liabilities	(154,784,774)
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	(6,547,886)
Internal service funds	(597,581)
Total deferred inflows	(7,145,467)
Net position of governmental activities.	$ 1,327,864,864

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

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City of Carlsbad

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Community Facilities District No. 1	General Capital Construction
Revenues:			
Taxes	$ 148,748,285	$ 1,455,868	$ -
Intergovernmental	1,938,204	-	-
Licenses and permits	2,668,048	-	-
Charges for services	9,135,341	-	-
Fines and forfeitures	539,537	-	-
Income from property and investments	9,643,049	3,287,293	-
Contributions from property owners	-	1,352,729	-
Donations	-	-	-
Miscellaneous	1,505,358	-	1,077,525
Total revenues	174,177,822	6,095,890	1,077,525
Expenditures:			
Current:			
General government	23,660,389	103,419	-
Less: interdepartmental charges	(4,581,303)	-	-
Public safety	77,247,700	-	-
Community services	41,501,728	-	-
Public works	16,808,876	-	-
Capital outlay	-	562,112	3,095,395
Debt service:			
Principal retirement	10,475	-	-
Interest and fiscal charges	1,807	-	-
Total expenditures	154,649,672	665,531	3,095,395
Excess (deficiency) of revenues over (under) expenditures	19,528,150	5,430,359	(2,017,870)
Other financing sources (uses):			
Transfers in	270,000	-	-
Transfers out	(13,175,274)	-	(260,000)
Total other financing sources (uses)	(12,905,274)	-	(260,000)
Net change in fund balances	6,622,876	5,430,359	(2,277,870)
Fund balances at beginning of year	179,053,454	84,220,611	44,944,114
Fund balances at end of year	$ 185,676,330	$ 89,650,970	$ 42,666,244

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

Infrastructure Replacement	Park Development	Public Facilities Construction	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 4,468,867	$ 154,673,020
-	-	-	12,708,617	14,646,821
-	-	-	-	2,668,048
-	-	-	4,085,716	13,221,057
-	-	-	41,771	581,308
4,392,019	475,883	1,107,239	4,369,763	23,275,246
-	2,858,952	2,566,524	3,522,672	10,300,877
-	-	-	1,384,386	1,384,386
-	-	-	733,560	3,316,443
4,392,019	3,334,835	3,673,763	31,315,352	224,067,206
-	-	-	269,204	24,033,012
-	-	-	-	(4,581,303)
-	-	-	302,424	77,550,124
-	-	-	11,448,914	52,950,642
-	-	-	1,570,630	18,379,506
1,963,002	2,889,559	4,996,962	7,196,314	20,703,344
-	-	-	-	10,475
-	-	-	3,637	5,444
1,963,002	2,889,559	4,996,962	20,791,123	189,051,244
2,429,017	445,276	(1,323,199)	10,524,229	35,015,962
10,681,000	-	-	930,248	11,881,248
-	-	-	(165,248)	(13,600,522)
10,681,000	-	-	765,000	(1,719,274)
13,110,017	445,276	(1,323,199)	11,289,229	33,296,688
106,362,398	5,700,387	34,150,253	111,987,243	566,418,460
$ 119,472,415	$ 6,145,663	$ 32,827,054	$ 123,276,472	$ 599,715,148

City of Carlsbad

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	$ 33,296,688
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	15,392,073
Loss on the disposal of capital assets	(25,000)
Depreciation expense	(22,546,514)
Governmental funds do not reflect the donation of capital assets as revenues.	656,541
Unpaid interest income on advances to other funds is not a current financial resource, and therefore is not recognized as revenue in the funds.	125,145
Revenues that are recorded in the funds that are not recorded in the statement of activities due to measurement differences	(2,226,048)
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.	10,475
The net revenue of activities of internal service funds is reported with governmental activities.	890,557
Adjustments made to the net pension and net OPEB liabilities do not use current financial resources and therefore, are not recognized in the funds.	11,223,641
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(103,976)
Change in net position of governmental activities.	$ 36,693,582

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

City of Carlsbad

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over
	Original	Final	(Budgetary Basis)	(Under)
Revenues:				
Taxes	$ 142,666,000	$ 143,646,000	$ 148,748,285	$ 5,102,285
Intergovernmental	879,635	1,602,000	1,938,204	336,204
Licenses and permits	1,864,000	2,301,000	2,668,048	367,048
Charges for services	8,330,000	8,624,000	9,135,341	511,341
Fines and forfeitures	706,000	500,000	539,537	39,537
Income from property and investments	4,323,000	5,515,000	6,343,468	828,468
Miscellaneous	940,000	1,000,000	1,505,358	505,358
Total revenues	159,708,635	163,188,000	170,878,241	7,690,241
Expenditures:				
Current:				
General government	41,821,064	46,936,060	26,233,606	(20,702,454)
Less: interdepartmental charges	(4,697,257)	(4,347,000)	(4,581,303)	(234,303)
Public safety	66,088,047	80,877,142	79,675,188	(1,201,954)
Community services	49,917,481	50,570,461	45,038,586	(5,531,875)
Public works	23,350,786	23,350,786	19,235,168	(4,115,618)
Total expenditures	176,480,121	197,387,449	165,601,245	(31,786,204)
Excess (deficiency) of revenues over (under) expenditures	(16,771,486)	(34,199,449)	5,276,996	39,476,445
Other financing sources (uses):				
Transfers in	10,000	10,000	270,000	260,000
Transfers out	(13,203,101)	(13,175,274)	(13,175,274)	-
Total other financing sources (uses)	(13,193,101)	(13,165,274)	(12,905,274)	260,000
Net change in fund balances	(29,964,587)	(47,364,723)	(7,628,278)	$ 39,736,445
Fund balance at beginning of year	179,053,454	179,053,454	179,053,454	
Fund balance at end of year	$ 149,088,867	$ 131,688,731	$ 171,425,176	

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, 2019

BUDGET-TO-GAAP RECONCILIATION

	Actual Amounts (Budgetary Basis)
Revenues	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (previous page).	$ 170,878,241
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.	3,299,581
	$ 174,177,822
Expenditures	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (previous page).	$ 165,601,245
Differences - budget to GAAP:	
Encumbrances are shown in the year encumbered for budgetary purposes, but in the year paid for financial reporting purposes.	(10,951,573)
	$ 154,649,672

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

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City of Carlsbad

Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities -		
ASSETS	Carlsbad Municipal Water District	Golf Course	Wastewater
Current assets:			
Cash and investments	$ 139,285,492	$ 2,539,295	$ 49,553,965
Receivables:			
Interest	701,836	6,534	248,845
Taxes	41,356	-	-
Other	-	274,904	-
Accounts, net of allowances	7,084,637	2,423	2,140,267
Due from other governments	81,940	-	3,253,229
Inventories	606,056	197,377	14,161
Prepaid items	12,163	37,419	-
Total current assets	147,813,480	3,057,952	55,210,467
Capital assets:			
Land	1,905,206	4,841,667	2,629,102
Construction in progress	12,000,927	-	34,141,899
Buildings and other structures	20,781,715	20,170,451	-
Improvements other than buildings	2,322,549	42,820,657	7,134,824
Machinery and equipment	10,838,808	1,762,491	331,956
Infrastructure	233,490,265	-	116,891,043
Wastewater treatment facility	-	-	58,126,463
Intangible assets	-	-	-
Less accumulated depreciation	(84,349,131)	(36,727,419)	(85,658,700)
Total capital assets (net of accumulated depreciation)	196,990,339	32,867,847	133,596,587
Total noncurrent assets	196,990,339	32,867,847	133,596,587
Total assets	344,803,819	35,925,799	188,807,054
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - OPEB related items	312,768	-	19,886
Deferred outflows of resources - pension related items	2,147,837	-	899,924
Total deferred outflows of resources	2,460,605	-	919,810

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

Enterprise Funds		Governmental Activities -
Non-Major Solid Waste	Totals	Internal Service Funds
$ 14,403,554	$ 205,782,306	$ 49,102,860
72,535	1,029,750	242,439
-	41,356	-
556,179	831,083	-
837,904	10,065,231	6,602
-	3,335,169	-
-	817,594	458,057
-	49,582	184,106
15,870,172	221,952,071	49,994,064
-	9,375,975	-
-	46,142,826	101,076
-	40,952,166	-
-	52,278,030	-
-	12,933,255	30,267,594
-	350,381,308	-
-	58,126,463	-
-	-	1,689,637
-	(206,735,250)	(19,023,143)
-	363,454,773	13,035,164
-	363,454,773	13,035,164
15,870,172	585,406,844	63,029,228
13,636	346,290	33,805
405,863	3,453,624	1,603,641
419,499	3,799,914	1,637,446

(continued)

City of Carlsbad

Statement of Net Position
Proprietary Funds (continued)
June 30, 2019

	Business-Type Activities -		
LIABILITIES	Carlsbad Municipal Water District	Golf Course	Wastewater
Current liabilities:			
Accrued liabilities	2,267,623	650,280	797,668
Accrued interest payable	58,553	-	-
Due to other governments	7,068,734	-	6,015,587
Estimated claims payable	-	-	-
Current portion of long-term debt	1,582,886	-	-
Total current liabilities	10,977,796	650,280	6,813,255
Noncurrent liabilities:			
Deposits payable	117,279	449,967	4,872,008
Advance from other funds	-	55,504,126	-
Unearned revenue	-	-	10,000
Net OPEB liability	639,526	-	47,387
Net pension liability	5,872,114	-	2,638,181
Capital lease payable	-	-	-
Loans payable	15,243,719	-	-
Total noncurrent liabilities	21,872,638	55,954,093	7,567,576
Total liabilities	32,850,434	56,604,373	14,380,831
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB related items	113,471	-	7,654
Deferred inflows of resources - pension related items	330,630	-	209,814
Total deferred inflows of resources	444,101	-	217,468
NET POSITION			
Net investment in capital assets	180,163,734	32,867,847	133,596,587
Restricted for:			
Capital assets	33,863,308	-	4,676,313
Unrestricted	99,942,847	(53,546,421)	36,855,665
Total net position (deficit)	$ 313,969,889	$ (20,678,574)	$ 175,128,565
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 Activities -
Non-Major Solid Waste	Totals	Internal Service Funds
1,133,361	4,848,932	5,770,209
-	58,553	-
-	13,084,321	-
-	-	13,115,781
-	1,582,886	211,114
1,133,361	19,574,692	19,097,104
-	5,439,254	1,000
-	55,504,126	-
84,236	94,236	-
32,494	719,407	80,559
1,610,431	10,120,726	6,450,028
-	-	147,952
-	15,243,719	-
1,727,161	87,121,468	6,679,539
2,860,522	106,696,160	25,776,643
5,248	126,373	13,011
96,561	637,005	584,570
101,809	763,378	597,581
-	346,628,168	12,676,098
-	38,539,621	-
13,327,340	96,579,431	25,616,352
$ 13,327,340	481,747,220	$ 38,292,450
	929,773	
	$ 482,676,993	

City of Carlsbad

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
Operating revenues:			
Water sales	$ 45,716,221	$ -	$ -
Wastewater service charges	-	-	14,098,783
Golf course operations	-	7,978,896	-
Other charges for services	714,643	-	-
Miscellaneous	1,055,502	-	73,299
Total operating revenues	47,486,366	7,978,896	14,172,082
Operating expenses:			
Encina plant operations	2,016,462	-	6,986,919
Purchased water	24,128,850	-	-
Golf course operations	-	7,507,062	-
Depreciation	5,502,191	3,527,563	5,303,919
Fuel and supplies	-	-	-
Claims and premiums expense	-	-	-
Small equipment purchases	-	-	-
General and administrative	19,703,001	-	3,027,481
Total operating expenses	51,350,504	11,034,625	15,318,319
Operating income (loss)	(3,864,138)	(3,055,729)	(1,146,237)
Nonoperating revenues (expenses):			
Income from property and investments	5,377,760	117,407	1,739,031
Miscellaneous	-	112,475	-
Interest expense and fees	(323,352)	(61)	-
Gain (loss) on sale of property	-	-	-
Property taxes	4,002,341	-	-
Total nonoperating revenues (expenses)	9,056,749	229,821	1,739,031
Income (loss) before transfers and capital contributions	5,192,611	(2,825,908)	592,794
Transfers in	-	-	-
Capital contributions:			
Capital restricted fees and grants	3,396,615	-	611,757
Developer constructed assets	581,013	-	274,608
Other	-	-	-
Change in net position	9,170,239	(2,825,908)	1,479,159
Total net position (deficit) at beginning of year, as restated	304,799,650	(17,852,666)	173,649,406
Total net position (deficit) at end of year	$ 313,969,889	$ (20,678,574)	$ 175,128,565

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 Activities - Internal Service Funds
Non-Major Solid Waste	Totals	
$ -	$ 45,716,221	$ -
-	14,098,783	-
-	7,978,896	-
3,440,551	4,155,194	21,864,820
131,444	1,260,245	422,084
3,571,995	73,209,339	22,286,904
-	9,003,381	-
-	24,128,850	-
-	7,507,062	-
-	14,333,673	2,512,781
-	-	1,403,148
-	-	7,412,274
-	-	1,786,335
3,828,187	26,558,669	11,816,224
3,828,187	81,531,635	24,930,762
(256,192)	(8,322,296)	(2,643,858)
550,001	7,784,199	1,585,203
-	112,475	-
-	(323,413)	(28,158)
-	-	25,601
-	4,002,341	-
550,001	11,575,602	1,582,646
293,809	3,253,306	(1,061,212)
219,274	219,274	1,500,000
-	4,008,372	-
-	855,621	-
-	-	451,769
513,083	8,336,573	890,557
12,814,257		37,401,893
$ 13,327,340		$ 38,292,450
	103,976	
	$ 8,440,549	

City of Carlsbad

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities -		
	Carlsbad Municipal Water District	Golf Course	Wastewater
Cash flows from operating activities:			
Receipts from customers and users	$ 47,646,208	$ 8,151,568	$ 14,066,685
Payments to suppliers	(37,155,840)	(7,722,350)	(3,390,440)
Payments to employees	(5,374,439)	-	(2,322,432)
Internal activity - payments to other funds	(2,973,636)	-	(1,244,941)
Claims and premiums paid	-	-	-
Other receipts	75,657	-	766,304
Net cash provided (used) by operating activities	2,217,950	429,218	7,875,176
Cash flows from noncapital financing activities:			
Operating subsidies and transfers from other funds	-	-	-
Advances to other funds	-	(22,782)	-
Net cash provided (used) by capital and related financing activities	-	(22,782)	-
Cash flows from capital and related financing activities:			
Proceeds from capital debt	3,428,908	-	-
Capital restricted fees	1,251,894	-	611,757
Purchase of capital assets	(4,465,491)	(287,266)	(7,645,070)
Gross proceeds from the sale of capital assets	-	-	-
Principal paid on capital debt	(1,546,234)	-	-
Interest and other fees paid	(330,090)	(61)	-
Proceeds from state and local grants	2,144,721	-	-
Property taxes received	3,994,524	-	-
Net cash (used in) capital and related financing activities	4,478,232	(287,327)	(7,033,313)
Cash flows from investing activities:			
Interest on investments	5,235,663	115,668	1,696,700
Net increase (decrease) in cash and cash equivalents	11,931,845	234,777	2,538,563
Cash and cash equivalents at beginning of year	127,353,647	2,304,518	47,015,402
Cash and cash equivalents at end of year	$ 139,285,492	$ 2,539,295	$ 49,553,965

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

Enterprise Funds		Governmental Activities - Internal Service Funds
Non-Major Solid Waste	Totals	
$ 3,491,968	$ 73,356,429	$ 21,882,278
(1,602,207)	(49,870,837)	(9,380,709)
(1,526,212)	(9,223,083)	(5,628,284)
(656,865)	(4,875,442)	(234,302)
-	-	(4,894,656)
131,444	973,405	-
(161,872)	10,360,472	1,744,327
219,274	219,274	1,500,000
-	(22,782)	-
219,274	196,492	1,500,000
-	3,428,908	-
-	1,863,651	-
-	(12,397,827)	(1,892,913)
-	-	25,601
-	(1,546,234)	(198,810)
-	(330,151)	(28,158)
-	2,144,721	-
-	3,994,524	-
-	(2,842,408)	(2,094,280)
538,216	7,586,247	1,550,039
595,618	15,300,803	2,700,086
13,807,936	190,481,503	46,402,774
$ 14,403,554	$ 205,782,306	$ 49,102,860

(continued)

City of Carlsbad

Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2019

	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)	$ (3,864,138)	$ (3,055,729)	$ (1,146,237)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,502,191	3,527,563	5,303,919
Other non-operating revenues and expenses	-	112,475	-
Change in assets and liabilities:			
(Increase) decrease in receivables	1,215,344	60,197	(32,097)
(Increase) decrease in due from other governments	269,120	-	1,056,979
(Increase) decrease in deposits	-	2,012	(799,920)
(Increase) decrease in inventories	3,835	(10,684)	(2,215)
(Increase) decrease in prepaid items	11,718	(12,969)	-
(Increase) decrease in deferred outflows - OPEB related items	14,115	-	(3,930)
(Increase) decrease in deferred outflows - pension related items	1,151,292	-	476,577
(Decrease) increase in accrued liabilities	285,066	115,580	59,861
(Decrease) increase in due to other governments	329,150	-	3,275,893
(Decrease) increase in estimated claims payable	-	-	-
(Decrease) increase in deposits payable	(29,860)	(309,227)	693,005
(Decrease) increase in unearned revenue	-	-	-
(Decrease) increase in net OPEB liability	(260,951)	-	(155)
(Decrease) increase in net pension liability	(2,455,523)	-	(1,036,974)
(Decrease) increase in deferred inflows - OPEB related items	5,718	-	358
(Decrease) increase in deferred inflows - pension related items	40,873	-	30,113
Net cash provided by operating activities	$ 2,217,950	$ 429,218	$ 7,875,177
Noncash capital financing activities:			
Capital assets contributed by other sources	$ 581,013	$ -	$ 274,608

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

Enterprise Funds		Governmental Activities - Internal Service Funds
Non-Major Solid Waste	Totals	
$ (256,192)	$ (8,322,296)	$ (2,643,858)
-	14,333,673	2,512,781
-	112,475	(30,148)
(1,264)	1,242,180	4,922
-	1,326,099	-
-	(797,908)	-
-	(9,064)	(61,635)
-	(1,251)	(184,106)
(2,695)	7,490	(6,680)
205,954	1,833,823	730,581
169,906	630,413	548,911
-	3,605,043	-
-	-	2,250,350
-	353,918	-
52,681	52,681	-
(107)	(261,213)	(264)
(364,583)	(3,857,080)	(1,460,210)
245	6,321	607
34,183	105,169	83,076
$ (161,872)	$ 10,360,473	$ 1,744,327
$ -	$ 855,621	$ 451,769

Statement of Net Position
Fiduciary Funds
June 30, 2019

ASSETS	Agency Funds	Private Purpose Trust Funds
Current assets:		
Cash and investments	$ 20,968,099	$ 1,289,292
Receivables:		
Interest	135,405	18,837
Taxes	4,464	-
Other	22,406	-
Total current assets	21,130,374	1,308,129
Noncurrent assets:		
Loans receivable	-	3,750,000
Restricted assets:		
Cash and investments	4,460,404	-
Total noncurrent assets	4,460,404	3,750,000
Total assets	$ 25,590,778	$ 5,058,129
LIABILITIES		
Current liabilities:		
Accrued liabilities	$ 1,365,302	$ 2,598
Accrued interest payable	-	79,718
Deposits held for others	24,225,476	-
Current portion of long-term debt	-	815,000
Total current liabilities	25,590,778	897,316
Noncurrent liabilities:		
Due to the City of Carlsbad	-	7,255,238
Tax allocation bonds payable	-	3,705,000
Total noncurrent liabilities	-	10,960,238
Total liabilities	25,590,778	11,857,554
NET POSITION		
Held in trust for redevelopment obligation retirement purposes	$ -	$ (6,799,425)

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

Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

ADDITIONS	Private Pupose Trust Funds
Contributions:	
Tax increment	$ 3,637,680
Income from property and investments	87,708
Total additions	3,725,388
DEDUCTIONS	
General and administrative	132,937
Community development	492,876
Interest expense and fees	368,753
Total deductions	994,566
Change in net position	2,730,822
Total net position (deficit) at beginning of year	(9,530,247)
Total net position (deficit) at end of year	$ (6,799,425)

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

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 (CMWD). 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.

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.

Agency funds, which are a type of fiduciary funds, are custodial in nature (assets equal liabilities) and do not involve the recording of city revenues and expenses. Since revenues and expenses are not recognized, agency funds have no measurement focus, however, assets and liabilities are accounted for on the accrual basis of accounting.

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.

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 **Public Facilities Construction (PFF)** capital project fund is used to account for the receipt of fees charged to developers, and expenditures that are restricted for specific public facilities such as parks and fire stations necessitated by growth.

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 **Wastewater** enterprise funds are used to account for the operation, maintenance, and capital facility financing of the city's wastewater system.
- 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 **Agency funds** account for assets held by the city for other governments or individuals. These funds include contractors' deposits for future development, miscellaneous deposits, as well as debt service transactions on assessment district bonds for which the city is not obligated.
- The **Trust funds** account for the activities of the Redevelopment Obligation Retirement Funds, which accummulates resources for obligations previously incured 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 are the charges between CMWD and various other functions of the city. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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.

Compensated absences

Compensated absences are comprised of vacation payable for all city employees, banked overtime (comp time) and vested sick benefits for certain former district employees. 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, 2019, 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.

Note 1. Summary of Significant Accounting Policies (continued)

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:

	Years
Buildings and other structures	10 – 50
Improvements other than buildings	10 – 50
Machinery and equipment	3 – 20
Infrastructure	10 – 100
Wastewater treatment facility (including equipment)	5 – 75
Intangible assets	5 – 10

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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

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 two percent of outstanding billings at June 30, 2019, the ambulance billing receivable allowance is equal to 40 percent of outstanding billings at June 30, 2019, and the trade and false alarm receivable allowance is equal to the total of all outstanding receivables that are over 90 days past due plus 30 percent of all remaining balances. 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, 2019, 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.

Note 1. Summary of Significant Accounting Policies (continued)

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.

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, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB 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/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.

Note 1. Summary of Significant Accounting Policies (continued)

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, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

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 to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The budget includes estimated revenues and proposed expenditures on a departmental and/or project basis.
- A public hearing is conducted at a City Council meeting to obtain citizens' comments during June.
- 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, and increases in General Liability and Workers' Compensation Fund claims expenses. The city manager is authorized to increase or decrease an appropriation for a specific purpose where the appropriation is

Note 2. Budgetary Data (continued)

offset by unbudgeted revenue, which is designated for said specific purpose. Monthly reports are provided to the City Council during the year, and any changes to the adopted budget are approved by the City Council as necessary. During the year, several supplementary appropriations were necessary.

Budgets for governmental type funds are adopted on the modified accrual basis except that encumbrances are treated as budgeted expenditures in the year purchases are committed. Expenditures may not exceed budgeted appropriations at the fund level. All appropriations lapse at fiscal year-end unless 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 (IPS), 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 IPS objectives of safety of principal, adequacy of liquidity, and achievement of an average market rate of return. The risk disclosures below 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, 2019, the LAIF performance report shows a fair value factor of 1.001711790. 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.

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.

Note 3. Deposit and Investment Risk (continued)

As of June 30, 2019, the city had the following investments in its portfolio:

Treasurer's Pool investments	Fair Market Value	% of Total	Modified Duration
U.S. agencies:			
United States Treasury Bills & Notes	$ 80,311,926	10.1%	1.762
Federal Home Loan Mortgage Corporation	111,159,182	14.0%	2.272
Federal National Mortgage Association	59,627,582	7.5%	1.152
Federal Home Loan Bank	97,406,322	12.2%	2.299
Federal Farm Credit Bank	83,848,917	10.5%	2.248
Federal Agricultural Corporation	15,402,236	1.9%	2.437
Supranational	19,773,613	2.5%	2.822
Refunding Corporation	8,162,037	1.0%	1.763
Financing Corporation	5,271,804	0.7%	0.237
Tennessee Valley Authority	7,299,840	0.9%	1.056
RFCO Strip Principal	2,922,810	0.4%	1.280
Subtotal U.S. agencies	491,186,269	61.7%	2.129
Corporate notes:			
Medium-term corporate notes	163,972,281	20.6%	2.159
Subtotal corporate notes	163,972,281	20.6%	2.159
LAIF	114,066,817	14.3%	-
Certificates of deposit	18,814,466	2.4%	1.803
Cash accounts	8,085,527	1.0%	-
Total Treasurer's Pool	796,125,360	100.0%	1.815
Investments held outside the Treasurer's Pool			
Money market funds	4,625,347		
Guaranteed investment contracts	1,292,770		
Subtotal debt service funds/bond proceeds	5,918,117		
Other deposits	1,723,887		
Petty cash funds	10,405		
Total cash and investments	$ 803,777,769		
Statement of Net Position, Primary Government			
Cash and investments	$ 777,059,974		
Statement of Net Position, Fiduciary Funds			
Cash and investments	22,257,391		
Restricted cash and investments	4,460,404		
Total cash and investments	$ 803,777,769		

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, 2019:

	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills & Notes	$ 80,311,926	$ -	$ -	$ 80,311,926
Refunding Corporation	-	8,162,037	-	8,162,037
Federal Agency securities	-	402,712,306	-	402,712,306
Medium-term corporate notes	-	163,972,281	-	163,972,281
Certificates of Deposit	-	18,814,466	-	18,814,466
Total Investments Reported at Fair Value	80,311,926	593,661,090	-	673,973,016
Cash accounts	-	-	-	8,085,527
LAIF	-	-	-	114,066,817
Money market funds	-	-	-	4,625,347
Guaranteed investment contracts	-	-	-	1,292,770
Other deposits	-	-	-	1,723,887
Petty cash funds	-	-	-	10,405
Total cash and investments	$ 80,311,926	$ 593,661,090	$ -	$ 803,777,769

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, 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 requires that total investments in medium-term corporate notes of all issuers not exceed 30 percent of the portfolio.

Note 3. Deposit and Investment Risk (continued)

For concentration of investments, the city's IPS requires that no more than five percent of investments in corporate notes be in any one issuer. There is no similar requirement in either the state code or the city's IPS for U.S. agencies. As of June 30, 2019, 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, 2019, approximately 9.09 percent of the investments in medium-term corporate notes did not have one of these two credit ratings. These investments were made when the credit ratings were AA or higher. California state code and the city's IPS allow the city treasurer to determine the course of action to correct exceptions to the IPS. 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 LAIF is an external investment pool managed by the California State Treasurer. Its 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 of LAIF to be minimal.

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

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, 2019 for each investment type by Standard & Poor's Investor's Service:

		Minimum	Exempt	Rating as of Year End			
Investment Type	Total	Legal Rating	from Disclosure	AAA	AA	A	Not Rated
Treasury securities	$ 80,311,926	N/A	$ 80,311,926	$ -	$ -	$ -	$ -
Federal agency securities	410,874,343	N/A	-	-	410,874,343	-	-
Medium term notes	163,972,281	AA	-	23,284,222	121,780,920	18,907,139	-
Local Agency Investment Fund (LAIF)	114,066,817	N/A	-	-	-	-	114,066,817
Certificates of deposit	18,814,466	N/A	-	-	-	-	18,814,466
Cash accounts	8,085,527	N/A	-	-	-	-	8,085,527
Other deposits	1,723,887	N/A	-	-	-	-	1,723,887
Petty cash funds	10,405	N/A	-	-	-	-	10,405
Investments with fiscal agent							
Money market funds	4,625,347	AA-m	-	4,625,347	-	-	-
Guaranteed investment contracts	1,292,770	N/A	-	-	-	-	1,292,770
	$ 803,777,769		$ 80,311,926	$ 27,909,569	$ 532,655,263	$ 18,907,139	$ 143,993,872

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, 2019, the portfolio had a 0.40 percent gain in market value based on cost.

The city's IPS 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, 2019, the modified duration of the portfolio was 1.815. 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 one percent change in market interest rates occurs, a 1.5 percent 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, 2019, maturities within one year exceeded the required minimum of $184,078,000 (two-thirds of current year operating budget for the city per the Fiscal Year 2018-19 Operating Budget adopted by the City Council).

3. As of June 30, 2019, the weighted average maturity of the LAIF underlying debt securities was 173 days. As of June 30, 2019, LAIF had a 0.1709 percent gain in market value.

4. As of June 30, 2019, the city's investment portfolio included $20,205,000 of callable step-up notes at par.

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, 2019.

	Due to Other Funds	Due from Other Funds
General Fund	$ -	$ 270,083
Other Governmental Funds:		
Community Development Block Grant	270,083	-
Totals	$ 270,083	$ 270,083

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, 2019:

Advances From	Advances To	Amount	
General Fund	Other Governmental Funds:		
	Habitat Mitigation	$ 169,600	(1)
General Fund	Enterprise Funds:		
	Golf Course	55,504,126	(2)
Other Governmental Funds:	Other Governmental Funds:		
CFD No. 1	Traffic Impact Projects	1,943,710	(3)
Public Facilities Construction	Park Development	5,650,000	(4)
		$ 63,267,436	
General Fund	Fiduciary Funds:		
	Redevelopment Obligation Retirement Trust Funds	$ 7,255,238	(5)

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

(1) The advance between the General Fund and the Habitat & Agricultural Management Fund is estimated to be repaid from future Habitat Mitigation Fees. Interest on the advance will compound annually at the average interest rate earned by the Treasurer's Pool during the fiscal year.
(2) The advance between the General Fund and the Golf Course Enterprise Fund is estimated to be repaid through residual operating income from golf course operations.
(3) 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.
(4) The advance between the PFF Fund and the Park Development Funds is estimated to be repaid at build-out.
(5) The obligation of the Redevelopment Obligation Retirement Trust Funds represents the obligations of the custodian of the assets and liabilities of the former redevelopment agency (the Successor Agency) and is presented in the accompanying financial statements as Due from Successor Agency. Interest on the obligation will compound annually at three percent per Health and Safety Code Section 34191.4 which was amended by Senate Bill No. 107. Senate Bill No. 107 went into effect in September 2015.

Note 6. Capital Assets

Capital asset activity was as follows for the year ended June 30, 2019:

	Balance at June 30, 2018	Increases	Decreases	Balance at June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land (including right-of-way)	$ 153,172,352	$ 508,183	$ -	$ 153,680,535
Construction in progress	10,042,054	8,213,289	(1,502,691)	16,752,652
Total capital assets, not being depreciated	163,214,406	8,721,472	(1,502,691)	170,433,187
Capital assets, being depreciated:				
Buildings	135,956,852	484,431	-	136,441,283
Improvements, other than buildings	81,453,044	2,880,899	-	84,333,943
Machinery and equipment	43,364,968	3,877,905	(1,204,131)	46,038,742
Infrastructure	721,892,857	4,288,155	-	726,181,012
Intangible assets	5,017,448	-	-	5,017,448
Total capital assets, being depreciated	987,685,169	11,531,390	(1,204,131)	998,012,428
Less accumulated depreciation for:				
Buildings	(40,084,330)	(2,906,625)	-	(42,990,955)
Improvements, other than buildings	(30,896,443)	(3,282,576)	-	(34,179,019)
Machinery and equipment	(26,617,510)	(3,120,920)	1,179,131	(28,559,299)
Infrastructure	(256,625,450)	(15,160,298)	-	(271,785,748)
Intangible assets	(2,998,616)	(588,874)	-	(3,587,490)
Total accumulated depreciation	(357,222,349)	(25,059,293)	1,179,131	(381,102,511)
Total capital assets being depreciated, net	630,462,820	(13,527,903)	(25,000)	616,909,917
Governmental activities capital assets, net	$ 793,677,226	$ (4,806,431)	$ (1,527,691)	$ 787,343,104

Note 6. Capital Assets (continued)

	Balance at June 30, 2018	Increases	Decreases	Balance at June 30, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land (including right-of-way)	$ 9,375,975	$ -	$ -	$ 9,375,975
Construction in progress	41,621,369	4,521,457	-	46,142,826
Total capital assets, not being depreciated	50,997,344	4,521,457	-	55,518,801
Capital assets, being depreciated:				
Buildings	40,933,226	18,940	-	40,952,166
Improvements, other than buildings	52,278,030	-	-	52,278,030
Machinery and equipment	12,648,604	284,651	-	12,933,255
Infrastructure	342,229,972	8,151,336	-	350,381,308
Wastewater treatment facility	57,806,075	320,388	-	58,126,463
Total capital assets, being depreciated	505,895,907	8,775,315	-	514,671,222
Less accumulated depreciation for:				
Buildings	(10,433,757)	(893,718)	-	(11,327,475)
Improvements, other than buildings	(34,509,916)	(3,248,707)	-	(37,758,623)
Machinery and equipment	(1,835,648)	(625,554)	-	(2,461,202)
Infrastructure	(108,974,787)	(6,810,748)	-	(115,785,535)
Wastewater treatment facility	(36,647,469)	(2,754,946)	-	(39,402,415)
Total accumulated depreciation	(192,401,577)	(14,333,673)	-	(206,735,250)
Total capital assets being depreciated, net	313,494,330	(5,558,358)	-	307,935,972
Business-type activities capital assets, net	$ 364,491,674	$ (1,036,901)	$ -	$ 363,454,773

Note 6. Capital Assets (continued)

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

Governmental activities:	
General government	$ 1,229,434
Public safety	1,353,967
Community services	4,480,759
Public works	15,482,352
Capital assets held by the internal service funds (charged to various functions based on their usage of the assets)	2,512,781
Total depreciation expense - governmental activities	$ 25,059,293
Business-type activities:	
Carlsbad Municipal Water District	$ 5,502,191
Wastewater	5,303,919
Golf course	3,527,563
Total depreciation expense - business-type activities	$ 14,333,673

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, 2019:

	Principal Balance at July 1, 2018	Increases	Decreases	Principal Balance at June 30, 2019	Due Within One Year
Governmental activities:					
Obligations under capital lease	$ 587,581	$ -	$ 209,286	$ 378,295	$ 222,373
Total governmental activities	$ 587,581	$ -	$ 209,286	$ 378,295	$ 222,373

	Principal Balance at July 1, 2018	Increases	Decreases	Principal Balance at June 30, 2019	Due Within One Year
Business-type activities:					
Loans payable	$ 14,943,931	$ 3,428,908	$ 1,546,234	$ 16,826,605	$ 1,582,886
Total business type activities	$ 14,943,931	$ 3,428,908	$ 1,546,234	$ 16,826,605	$ 1,582,886

Note 7. Long-term Debt (continued)

Long-term debt at June 30, 2019 is comprised of the following issues:

Governmental long-term debt	Balance at June 30, 2019
The city has entered into several office equipment lease-purchase agreements. As of June 30, 2019 the city has not purchased any of the copier equipment. All lease terms are for 60 months, with interest rates ranging from 6.0% to 7.2%.	$ 378,295
Sub-total governmental long-term debt	378,295
Less current portion	(222,373)
Total long-term portion of governmental debt	$ 155,922

Business-type long-term debt	Balance at June 30, 2019
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 $557,785 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.	$ 3,562,982
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 $1,025,101 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.	8,892,233
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 December 2021. Interest is payable on December 31 of each year at 1.0% per anum. Principal due under the current amortiztion schedule ranges from $126,795 to $169,208. Payable from recycled water user fees.	4,371,390
Subtotal business-type long-term debt	16,826,605
Less current portion	(1,582,886)
Total long-term portion of business-type debt	$ 15,243,719

Note 7. Long-term Debt (continued)

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

	Governmental Activities	
Year ended June 30:	Principal	Interest
2020	$ 222,373	$ 16,877
2021	155,922	3,578
	$ 378,295	$ 20,455

	Business-type Activities	
Year ended June 30:	Principal	Interest
2020	$ 1,582,886	$ 293,595
2021	1,620,408	256,074
2022	1,784,490	261,767
2023	1,825,072	221,174
2024	1,866,600	179,634
2025-2029	4,817,012	367,299
2030-2034	694,154	154,130
2035-2039	729,563	118,404
2040-2044	766,778	80,856
2045-2049	805,891	41,392
2050-2051	333,751	5,059
	$ 16,826,605	$ 1,979,384

The aggregate maturities for the business-type activities reflect a recent $4,371,390 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 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, 2019.

Note 8. Rate Covenants and Pledged Revenue (continued)

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	Debt Service as a Percentage of Pledged Revenue
Recycled water revenues	$ 2,202,516	$ 1,876,482	85%

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, 2019, the city has two series of assessment district bonds outstanding in the amount of $32,380,000. 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' agency funds.

Special tax bonds

As of June 30, 2019, the city has two series Community Facilities District (CFD) bonds outstanding in the amount of $19,715,000. 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' agency 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, 2019 is $19,876,148. 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.

Note 10. Fund Balances

The following is a summary of the components of fund balances as of June 30, 2019:

	Governmental Funds			
Fund Balances	General	Community Facilities District No. 1	General Capital Construction	Infrastructure Replacement
Nonspendable:				
Inventory	$ 17,659	$ -	$ -	$ -
Prepaid items	-	-	-	-
Loans receivable	77,781	-	-	-
Due from Successor Agency*	2,273,749	-	-	-
Advances to other funds*	47,238,604	-	-	-
Totals	49,607,793	-	-	-
Restricted for:				
Affordable housing	-	-	-	-
Lighting and landscaping districts	-	-	-	-
Habitat and agricultural mitigation/preservation	-	-	-	-
Capital projects	-	89,650,970	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Totals	-	89,650,970	-	-
Committed to:				
Community activity grants	1,000,000	-	-	-
Totals	1,000,000	-	-	-
Assigned to:				
General government	18,505,261	-	-	-
Public safety	5,474,886	-	-	-
Community services	6,184,075	-	-	-
Public works	3,203,345	-	-	-
Capital projects	-	-	42,666,244	119,472,415
Totals	33,367,567	-	42,666,244	119,472,415
Unassigned:				
Unassigned	82,565,061	-	-	-
Economic uncertainty	19,135,909	-	-	-
Totals	101,700,970	-	-	-
Total fund balances	$ 185,676,330	$ 89,650,970	$ 42,666,244	$ 119,472,415

* Only reflects that portion of fund balance invested in interfund advances and loans (the General Fund amount is net of $13,416,611 in unavailable revenue for measurable but unavailable interest earned on such advances and loans).

Governmental Funds			
Park Development	Public Facilities Construction	Other Governmental Funds	Total
$ -	$ -	$ -	$ 17,659
-	-	992	992
-	-	-	77,781
-	-	-	2,273,749
-	-	-	47,238,604
-	-	992	49,608,785
-	-	43,587,241	43,587,241
-	-	8,025,279	8,025,279
-	-	1,523,598	1,523,598
6,145,663	32,827,054	65,810,825	194,434,512
-	-	842,903	842,903
-	-	329,918	329,918
-	-	3,155,716	3,155,716
6,145,663	32,827,054	123,275,480	251,899,167
-	-	-	1,000,000
-	-	-	1,000,000
-	-	-	18,505,261
-	-	-	5,474,886
-	-	-	6,184,075
-	-	-	3,203,345
-	-	-	162,138,659
-	-	-	195,506,226
-	-	-	82,565,061
-	-	-	19,135,909
-	-	-	101,700,970
$ 6,145,663	$ 32,827,054	$ 123,276,472	$ 599,715,148

Note 10. Fund Balances (continued)

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

Nonspendable Fund Balance

Nonspendable Fund Balance – this 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 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. These amounts are shown as assigned fund balance at the end of the fiscal year:

- General government – citywide back file conversion; unfunded litigation costs; climate action plan communications costs; resident satisfaction/opinion survey; data driven decision making platform; Smart City initiatives; implementation and maintenance of a learning management system; utility billing system upgrade; cashiering system upgrade; a new Enterpise Resource Planning system; and additional inovation-related projects.
- Public safety – a three-year labor contract; crossing guard contract increase; outfitting of a new fire engine; fire station bay monitor displays; fire Citygate contract; the purchase and outfitting of five police vehicles; three marked police vehicles; school resource office vehicle and outfitting; and the outfitting of two former ambulances for police use.a taser replacement program; graffiti trackers; K-9 narcotics training; police license plate readers; new office furniture and space renovations; and additional part-time employees.

Note 10. Fund Balances (continued)

- Community services – housing element costs; replace Schulman Auditorium sound system; business processes and training documentation; contract for backfile conversion; community public art projects; parks and recreation master plan updates; third party geotech and traffic analysis; talent assessment and succession planning; Dove Library collections and technical services space reconfiguration; cultural arts mobile outreach; Dove Library wayfinding; Leo Carrillo Ranch surface repairs; and Harding Community Center office remodel.
- Public works – invasive species mitigation; Safety Center air handlers replacement; PriSim replacement; security upgrade; and supplemental provisions update for public works contracts.
- Capital projects – citywide infrastructure replacement projects; trail connectivity to Tamarack State Beach; construction of the Orion Center; refurbishments at City Hall and the Faraday Center; beach access repair/upgrades; Safety Center building improvements; replacement of Fire Station No. 2 and the Monroe Stree Pool; the ongoing pavement management program; Maerkle Reservoir floating cover replacement; Maerkle Reservoir transmission main; extension of Poinsettia Lane; sidewalk/street construction program; Kelly Drive and Park Drive road diet and multiuse trail; analysis and conceptual alignments for two double-track railroad trench alternatioves through the village area; Terramar area coastal improvements; additional water and recycled water lines; continuation of drainage and street improvements at the Encina Water Pollution Control Facility; and wastewater line refurbishments/replacements at various locations throughout the city.

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 commited 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, 2019:

	Deficit Balance
Enterprise Funds:	
Golf Course	$ (20,678,574)

The deficit in the Golf Course Fund is the result of the General Fund advancing money to the Golf Course Fund for the construction of the course and partially subsidizing the operations of the course in prior fiscal years.

Note 13. Interfund Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Gas Tax Fund	$ 10,000
	General Capital Construction	260,000
Capital Project Funds:		
Infrastructure Replacement	General Fund	10,681,000
Enterprise Funds:		
Storm Water Protection	General Fund	219,274
Internal Service Funds:		
Workers' Compensation	General Fund	1,500,000
Special Revenue Funds:		
Affordable Housing	Tyler Court Apartments	100,248
Financing Districts	General Fund	775,000
Section 8 Rental Assistance	Affordable Housing	55,000
		$ 13,600,522

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 budgetary authorizations; and (3) move excess cash collected for future capital replacement in accordance with Council authorization.

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, a Self-Insured Benefits Fund and a Workers' Compensation Fund (all internal service funds) to account for and finance its uninsured risks of loss. All other funds of the city make payments to these funds based on annual estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Beginning July 1, 2015, the city joined California State Association of Counties Excess Insurance Authority (CSAC-EIA) for excess general liability coverage. This coverage was purchased through the city's broker, Alliant Insurance Services. Under this program, the city's coverage is a maximum of $25,000,000 per occurrence with a self-insured retention (SIR) of $1,000,000. CSAC-EIA is one of the largest risk sharing pools of its kind in the country. At June 30, 2019, the unrestricted fund equity for the Risk Management Self-Insurance Fund was $1,382,629. Funds used by the Risk Management Fund to liquidate the claims liability predominantly come from the General Fund (85.70%), the Water funds (5.22%) and the Wastewater funds (2.50%).

Note 14. Risk Management (continued)

Through December 31, 2018, the city was self insured for dental insurance. Dental insurance coverage for city employees was administered by MetLife. Under the city's previous agreement with MetLife, MetLife paid dental claims for each covered member, up to a maximum of $1,500 per calendar year. At June 30, 2019, it is estimated that there are claims still outstanding in the amount of $20,000.

The city is insured for workers' compensation claims by Safety National. Safety National provides coverage up to a maximum of $2,000,000 per occurrence for losses which exceed the city's SIR of $1,250,000 for all employees. At June 30, 2019, the unrestricted fund equity for the Workers' Compensation Self-Insurance Fund was $ $2,020,380. Funds used by the Workers' Compensation Fund to liquidate the claims liability predominantly come from the General Fund (92.38%), the Water funds (2.43%) and the Wastewater funds (1.15%).

The estimated claims payable reported at June 30, 2019 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 2018 and 2019 for the three internal service funds are as follows:

	Claims			
	Beginning Balance	Expense and Changes in Estimates	Claim Payments	Ending Balance
Self-Insured Benefits Fund:				
2017-18	$ 105,258	$ 609,912	$ 613,003	$ 102,167
2018-19	102,167	269,946	352,113	20,000
Risk Management Fund:				
2017-18	2,934,641	1,131,031	1,743,555	2,322,117
2018-19	2,322,117	1,158,709	582,838	2,897,988
Workers' Compensation Fund:				
2017-18	7,355,549	3,701,351	2,615,752	8,441,148
2018-19	8,441,148	4,634,755	2,878,110	10,197,793

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.

Note 15. Joint Ventures (continued)

As of June 30, 2019, the undivided interest of each member agency in the various components of the Encina Water Pollution Control Facilities aggregated as follows:

City of Carlsbad	24%
City of Vista	25%
Leucadia Wastewater District	17%
Vallecitos Water District	23%
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 $466 in Fiscal Year 2018. The financial statements of EWA can be obtained at 6200 Avenida Encinas, Carlsbad, California 92011 or at 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.

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, 2017 Annual Actuarial Valuation Report (funding valuation). 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.

Note 16. Pension Plan (continued)

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, 2019, are summarized as follows:

	Miscellaneous		
Hire date	Prior to November 28, 2011	On or after November 28, 2011 to December 31, 2012	On or after January 1, 2013
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%	7%	6.75%
Required employer contribution rates	12.343%	12.343%	12.343%
Required employer payment of unfunded liability:		$7,126,004	

	Safety		
Hire date	Prior to October 4, 2010	On or after October 4, 2010 to December 31, 2012	On or after January 1, 2013
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%	9%	12%
Required employer contribution rates	19.595%	19.595%	19.595%
Required employer payment of unfunded liability:		$4,523,960	

Note 16. Pension Plan (continued)

Employees covered

As of June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	515	228
Inactive employees or beneficiaries currently not yet receiving benefits	457	98
Active employees	506	187
Total	1,478	513

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, 2018 (the measurement date), the average active employee contribution rate ranged from 6.75 percent to 8.0 percent of annual pay for miscellaneous employees and 9.0 percent to 12.0 percent of annual pay for safety employees, and the average employer's contribution rate is 12.343 percent of annual payroll for miscellaneous employees and 19.595 percent 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

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2018 total pension liability was 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 2.0% 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 table includes 15 years of mortality improvements used Society of Actuaries Scalee 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

Note 16. Pension Plan (continued)

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 staff 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.

Asset Class[1]	Current Target Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0	1.00	2.62
Inflation 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)

[1] In the System's CAFR, 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.

[2] An expected inflation of 2.0% used for this period.

[3] An expected inflation of 2.92% used for this period.

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 under forms and publications.

Changes in net pension liability

	Miscellaneous Plan	Safety Plan	Total
Net pension liability	$ 83,011,929	$ 80,009,216	$ 163,021,145
Deferred outflows of resources - pension related items	26,304,222	35,553,303	61,857,525
Deferred inflows of resources - pension related items	(5,103,967)	(2,435,258)	(7,539,225)
Pension expense	14,566,408	12,650,211	27,216,619

The following table shows 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) (c) = (a) - (b)
Balance at: 6/30/2017	**$ 372,190,930**	**$ 270,386,079**	**$ 101,804,851**
Changes Recognized for the Measurement Period:			
• Service cost	7,642,062	-	7,642,062
• Interest on the Total Pension Liability	25,874,546	-	25,874,546
• Differences between expected and actual experience	(3,023,977)	-	(3,023,977)
• Changes of assumptions	(2,662,243)	-	(2,662,243)
• Plan to plan resource movement	-	3,388	(3,388)
• Contributions from the employer	-	22,114,923	(22,114,923)
• Contributions from employees	-	3,005,761	(3,005,761)
• Net investment income	-	22,720,698	(22,720,698)
• Benefit payments, including refunds of employee contributions	(16,887,970)	(16,887,970)	-
• Administrative expense	-	(421,336)	421,336
• Other Miscellaneous Income/(Expense)[1]	-	(800,124)	800,124
Net Changes during 2017-18	10,942,418	29,735,340	(18,792,922)
Balance at 6/30/2018	**$ 383,133,348**	**$ 300,121,419**	**$ 83,011,929**

[1]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 Pensions (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 epense 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).

Note 16. Pension Plan (continued)

Safety Plan	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2017	**$ 285,701,762**	**$ 206,161,081**	**$ 79,540,681**
Changes Recognized for the Measurement Period:			
• Service cost	5,985,155	-	5,985,155
• Interest on the Total Pension Liability	20,248,091	-	20,248,091
• Differences between expected and actual experience	2,726,755	-	2,726,755
• Changes of assumptions	(1,332,336)	-	(1,332,336)
• Plan to plan resource movement	-	(4,566)	4,566
• Contributions from the employer	-	8,675,370	(8,675,370)
• Contributions from employees	-	2,169,504	(2,169,504)
• Net investment income	-	17,250,148	(17,250,148)
• Benefit payments, including refunds of employee contributions	(13,797,333)	(13,797,333)	-
• Administrative expense	-	(321,256)	321,256
• Other Miscellaneous Income/(Expense)[1]	-	(610,070)	610,070
Net Changes during 2017-18	13,830,332	13,361,797	468,535
Balance at 6/30/2018	**$ 299,532,094**	**$ 219,522,878**	**$ 80,009,216**

[1]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 Pensions (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 epense 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).

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 percent, 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 percent) or 1 percentage-point higher (8.15 percent) 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	$ 133,945,784	$ 83,011,929	$ 40,881,618
Plan's Net Pension Liability - Safety	$ 122,063,576	$ 80,009,216	$ 45,649,075

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.

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, 2018 measurement date is 3.2 years, which was obtained by dividing the total service years of 4,778 (the sum of remaining service lifetimes of the active employees) by 1,478 (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, 2018 measurement date is 4.5 years, which was obtained by dividing the total service years of 2,315 (the sum of remaining service lifetimes of the active employees) by 513 (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, 2018 (the measurement date), the city recognized a pension expense of $27,216,619 for the Plans.

As of June 30, 2018, the city reports other amounts for the Miscellaneous Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 17,733,606	$ -
Difference between expected and actual experience	-	(3,255,576)
Change in allocation between programs	18,099	(18,099)
Changes of assumptions	7,447,418	(1,830,292)
Net difference between projected and actual earnings on pension plan investments	1,105,099	-
Total	$ 26,304,222	$ (5,103,967)

Note 16. Pension Plan (continued)

As of June 30, 2018, the city reports other amounts for the Safety Plan as deferred outflows and deferred inflows of resources related to pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 23,119,790	$ -
Difference between expected and actual experience	2,215,947	(726,150)
Changes of assumptions	9,417,619	(1,709,108)
Net difference between projected and actual earnings on pension plan investments	799,947	-
Total	$ 35,553,303	$ (2,435,258)

For the Miscellaneous Plan, $17,733,606 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date, and for the Safety Plan, $23,119,790 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	$ 7,341,929
2020	(333,645)
2021	(2,907,306)
2022	(634,329)
2023	-
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:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	$ 5,651,008
2020	4,313,840
2021	416,671
2022	(383,264)
2023	-
Thereafter	-

Note 17. Other Post Employment Benefits (OPEB)

The city and former employees of CMWD are offered other postemployment benefits in the form of health benefits. The majority of city employees are under the city defined benefit agent multiple-employer plan. CMWD has a defined benefit agent multiple-employer plan.

Plan descriptions

Carlsbad Municipal Water District (CMWD)

The first 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 percent of the premiums for health insurance 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 was previously administered by the Association of California Water Agencies (ACWA). Effective March 1, 2019, this Plan is now administed by CalPERS.

City of Carlsbad

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 of eligible retirees are eligible for the city subsidy. Surviving spouses/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 2017	$128.00
Calendar Year 2018	133.00
Calendar Year 2019	136.00

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 under forms and publications.

Note 17. Other Post Employment Benefits (continued)

Employees covered

As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms for each Plan:

	CMWD	City
Inactive employees or beneficiaries currently receiving benefits	18	210
Inactive employees or beneficiaries currently not yet receiving benefits	-	315
Active employees	2	695
Total	20	1,220

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 Plans. 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 for each Plan are as follows:

	CMWD	City
Fiscal Year 2018-19 Cash Contributions	$ 239,547	$ 370,924
Fiscal Year 2018-2019 Estimated Implied Subisdy Payments	28,549	248,636
Fiscal Year 2018-19 Trust Contributions	-	90,646
Total Contributions	$ 268,096	$ 710,206

Note 17. Other Post Employment Benefits (continued)

Net OPEB liability

The city's and CMWD's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the actuarial methods and assumptions shown on the following page:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
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[1]	Derived using CalPERS' Membership Data for all funds.
Pre-Retirement Turnover[2]	Derived using CalPERS' Membership Data for all funds.
Healthcare Trend Rate[3]	Based in part on premium experience.

Notes:

1. Based on CalPERS 1997-2015 Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.
2. Based on CalPERS 1997-2015 Experience Study for Miscellaneous Employees. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.
3. Short-term healthcare trend's were developed in consultation with Axene Health Partner's healcare actuaries. Long-term healthcare trend developed using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.

Note 17. Other Post Employment 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:

	CERBT Strategy 1	
Asset Class	Target Allocation	Long-Term Expexted Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITS	8%	3.76%
Total	100%	

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 percent. The projection of cash flows used to determine the discount rate assumed that city and CMWD 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.

Changes in OPEB liability

	CMWD Plan	City Plan	Total
Net OPEB liability	$ 533,073	$ 1,692,394	$ 2,225,467
Deferred outflows of resources - OPEB related items	268,096	710,206	978,302
Deferred inflows of resources - OPEB related items	(96,278)	(273,342)	(369,620)
OPEB expense	35,351	577,075	612,426

Note 17. Other Post Employment Benefits (continued)

The changes in the net OPEB liability for the CMWD plan are shown below:

CMWD Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2018 *(Measurement Date: 6/30/2017)*	**$ 4,061,904**	**$ 3,268,229**	**$ 793,675**
Changes Recognized for the Measurement Period:			
• Service cost	12,595	-	12,595
• Interest on the total OPEB liability	275,029	-	275,029
• Contributions from the employer	-	291,039	(291,039)
• Net investment income	-	263,258	(263,258)
• Benefit payments, including refunds of employee contributions	(291,039)	(291,039)	-
• Administrative expense	-	(6,071)	6,071
Net Changes	(3,415)	257,187	(260,602)
Balance at 6/30/2019 *(Measurement Date: 6/30/2018)*	**$ 4,058,489**	**$ 3,525,416**	**$ 533,073**

The changes in the net OPEB liability for the city Plan are shown below:

City Plan	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2018 *(Measurement Date: 6/30/2017)*	**$11,757,255**	**$ 10,059,309**	**$ 1,697,946**
Changes Recognized for the Measurement Period:			
• Service cost	507,914	-	507,914
• Interest on the total OPEB liability	838,617	-	838,617
• Contributions from the employer	-	569,855	(569,855)
• Net investment income	-	800,892	(800,892)
• Benefit payments, including refunds of employee contributions	(569,855)	(569,855)	-
• Administrative expense	-	(18,664)	18,664
Net Changes	776,676	782,228	(5,552)
Balance at 6/30/2019 *(Measurement Date: 6/30/2018)*	**$12,533,931**	**$ 10,841,537**	**$ 1,692,394**

Note 17. Other Post Employment Benefits (continued)

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

The following presents the net OPEB liability of the 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, 2018:

	Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Plan's Net OPEB Liability - CMWD	$ 1,011,141	$ 533,073	$ 139,507
Plan's Net OPEB Liability - City	$ 3,310,813	$ 1,692,394	$ 355,733

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB 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, 2018:

	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 - CMWD	$ 103,929	$ 533,073	$ 1,049,904
Plan's Net OPEB Liability - City	$ 99,135	$ 1,692,394	$ 3,661,929

OPEB plan fiduciary net position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

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.

Note 17. Other Post Employment Benefits (continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB (CMWD)

For the fiscal year ended June 30, 2019, the CMWD recognized OPEB expense of $35,351. As of the fiscal year ended June 30, 2019, the CMWD reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 268,096	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(96,278)
Total	$ 268,096	$ (96,278)

The $268,096 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended:	Deferred Outflows/(Inflows) of Resources
2020	$ (29,780)
2021	(29,780)
2022	(29,780)
2023	(6,938)
2024	-
Thereafter	-

OPEB expense and deferred outflows/inflows of resources related to OPEB (city)

For the fiscal year ended June 30, 2019, the city recognized OPEB expense of $577,075. As of the fiscal year ended June 30, 2019, the city reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 710,206	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(273,342)
Total	$ 710,206	$ (273,342)

Note 17. Other Post Employment Benefits (continued)

The $710,206 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended:	Deferred Outflows/(Inflows) of Resources
2020	$ (84,621)
2021	(84,621)
2022	(84,623)
2023	(19,477)
2024	-
Thereafter	-

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 $1,433 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 $2,411 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 March 25, 1991, CMWD entered into a twenty year agreement with the Leucadia Wastewater District (LWD), to purchase recycled water to be used primarily for irrigation at the La Costa Resort & Spa golf course, and for other appropriate uses within the CMWD boundaries. CMWD agreed to purchase a minimum of about 394 acre feet (AF) of recycled water per fiscal year (with actual amounts varying based on seasonal demands), at 99 percent of the retail potable water charged to residential users within the CMWD boundary. The cost per that agreement was $1,222.84 per AF or a minimum of $481,800 per fiscal year. On September 1, 2013, CMWD and LWD revised the original agreement and extended the term of the agreement for a minimum of five years. The revised agreement removed the required minimum quantity to be delivered (394 AF). The agreement was to continue year-to-year beyond the five year term unless either party provides notice of termination. CMWD provided notice to LWD that the agreement would terminate effective August 30, 2018, and the agreement was terminated.

During the term of the revised agreement, CMWD and the LWD shared equally all rebates or other incentive payments from the Metropolitan Water District, San Diego County Water Authority, and any other governmental agency for recycled water produced by LWD for CMWD.

On August 5, 2003, CMWD entered into a twenty-two 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

Note 18. Commitments and Contingencies (continued)

purchased each fiscal year. The recycled water cost is adjusted every July 1st and shall not exceed 75 percent 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 percent 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, 2019 is $1,277,618.

As of June 30, 2019, 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:

	Outstanding Encumbrances
General Fund	$ 10,951,573
Community Facilities District No. 1	1,125,354
General Capital Construction	1,855,743
Infrastructure Replacement	1,886,839
Park Development	388,667
Public Facilities Construction	1,161,981
Nonmajor Governmental Funds in the Aggregate	4,662,715
Total	$ 22,032,872

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.

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.

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

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 a 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, 2019:

	Principal Balance at July 1, 2018	Increases	Decreases	Principal Balance at June 30, 2019	Due Within One Year
Bonds	$ 5,295,000	$ -	$ 775,000	$ 4,520,000	$ 815,000
Due to the City of Carlsbad	9,103,922	122,820	1,971,504	7,255,238	-
	$ 14,398,922	$ 122,820	$ 2,746,504	$ 11,775,238	$ 815,000

The 1993 Carlsbad Housing and Redevelopment Commission Tax Allocation Bonds were issued totaling $15,495,000. Principal is due in amounts ranging from $815,000 to $1,000,000 on September 1 of each year through 2024. Interest is payable on March 1 and September 1 at rates varying from 5.25% to 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. Minimum annual debt service requirements have not been established for the obligation of the Successor Agency to the city.

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

Year ended June 30:	Principal	Interest
2020	$ 815,000	$ 217,759
2021	855,000	173,707
2022	900,000	127,200
2023	950,000	78,175
2024	1,000,000	26,500
	$ 4,520,000	$ 623,341

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

Pledged Revenue

The Successor Agency has a debt issuance outstanding that is collateralized by the pledging of certain revenues. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table presented above. The purpose for which the proceeds of the related debt issuance was utilized is disclosed in the debt description above. 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 on the following page. 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 (Village Area)	$ 3,725,388	$ 1,034,496	28%

Note 20. Prior Period Adjustment

In 2016, the city's Wastewater Fund received a construction deposit from the City of Vista. These funds were incorrectly recorded as a deposit (asset) from the City of Vista instead of a deposit (liability) from the City of Vista with offsetting revenue recognition. The effect of reflecting this liability and revenue correctly on the beginning net position of the Wastewater Fund is reflected below.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds

	Wastewater
Net position at July 1, 2018	$ 176,963,234
Recognize liability for deposit made by the City of Vista	(3,313,828)
Net position at July 1, 2018, as restated	$ 173,649,406

Statement of Net Position

	Business-Type Activities
Net position at July 1, 2018	$ 477,646,405
Recognize liability for deposit made by the City of Vista	(3,313,828)
Net position at July 1, 2018, as restated	$ 474,332,577

Required Supplementary Information

City of Carlsbad

Required Supplementary Information

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

Total Pension Liability

Measurement Period	Total Pension Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms
Miscellaneous Plan				
2013–14[1]	**$ 292,931,044**	$ 6,908,307	$ 21,793,340	$ -
2014–15[1]	**310,018,027**	6,674,982	23,142,961	-
2015–16[1]	**322,606,958**	6,836,445	24,192,948	-
2016–17[1]	**336,686,595**	7,836,970	25,085,808	-
2017–18[1]	**372,190,930**	7,642,062	25,874,546	-
Safety Plan				
2013–14[1]	**$ 227,568,288**	$ 5,425,425	$ 16,876,220	$ -
2014–15[1]	**239,340,454**	5,048,529	17,775,039	-
2015–16[1]	**247,020,357**	5,209,900	18,557,781	-
2016–17[1]	**257,649,541**	5,825,080	19,305,098	-
2017–18[1]	**285,701,762**	5,985,155	20,248,091	-

Plan Fiduciary Net Position

Measurement Period	Plan Fiduciary Net Position Beginning[4]	Contributions Employer	Contributions Employee	Net Investment Income[2]
Miscellaneous Plan				
2013–14[1]	**$ 204,354,694**	$ 8,004,157	$ 3,039,951	$ 35,526,156
2014–15[1]	**239,310,294**	8,434,882	2,703,715	5,362,753
2015–16[1]	**242,447,633**	9,562,926	2,833,466	1,330,196
2016–17[1]	**241,681,934**	14,677,334	2,820,046	26,893,994
2017–18[1]	**270,386,079**	22,114,923	3,005,761	22,720,698
Safety Plan				
2013–14[1]	**$ 161,108,415**	$ 6,141,746	$ 1,853,365	$ 27,905,516
2014–15[1]	**186,479,563**	6,491,856	1,726,785	4,107,305
2015–16[1]	**187,329,833**	6,836,098	1,933,363	990,545
2016–17[1]	**184,778,552**	12,379,181	1,922,500	20,385,351
2017–18[1]	**206,161,081**	8,675,370	2,169,504	17,250,148

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Net of administrative expenses.

[3] 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 Pensions (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).

[4] Includes any beginning of year adjustment.

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**
$ -	$ -	$ (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**

Benefit Payments, Including Refunds of Employee Contributions	Other Changes In Fiduciary Net Position[3]	**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**
$ (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**

Required Supplementary Information

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

	Measurement Period	Plan Fiduciary Net Position as a Percentage of the Total Liability	Covered Payroll	Plan Net Pension Liability/(Asset) as a Percentage of Covered - Payroll
Miscellaneous Plan				
	2013–14[1]	77.19%	$ 32,856,020	215.20%
	2014–15[1]	75.15%	33,730,770	237.64%
	2015–16[1]	71.78%	35,303,101	269.11%
	2016–17[1]	72.65%	37,336,682	272.67%
	2017–18[1]	78.33%	36,214,870	229.22%
Safety Plan	2013–14[1]	77.91%	$ 18,629,989	283.74%
	2014–15[1]	75.84%	18,020,162	331.24%
	2015–16[1]	71.72%	18,658,097	390.56%
	2016–17[1]	72.16%	19,072,985	417.03%
	2017–18[1]	73.29%	20,768,094	385.25%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which have occurred after June 30, 2016 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 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 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administration expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Carlsbad

Required Supplementary Information

Schedule of Plan Contributions[1]

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
Miscellaneous Plan					
06/30/14	$ 8,004,157	$ (8,004,157)	$ -	$ 32,856,020	24.36%
06/30/15	8,434,882	(8,434,882)	-	33,730,770	25.01%
06/30/16	9,562,926	(9,562,926)	-	35,303,101	27.09%
06/30/17	10,338,549	(14,677,334)	(4,338,785)	37,336,682	39.31%
06/30/18	11,083,979	(22,092,810)	(11,008,831)	36,214,870	61.00%
06/30/19	11,954,252	(17,733,606)	(5,779,354)	39,130,545	45.32%
Safety Plan					
06/30/14	$ 6,141,746	$ (6,141,746)	$ -	$ 18,629,989	32.97%
06/30/15	6,491,856	(6,491,856)	-	18,020,162	36.03%
06/30/16	6,836,098	(6,836,098)	-	18,658,097	36.64%
06/30/17	7,695,135	(12,379,181)	(4,684,046)	19,072,985	64.90%
06/30/18	8,658,116	(8,658,116)	-	20,768,094	41.69%
06/30/19	8,899,136	(23,119,790)	(14,220,654)	22,328,023	103.55%

[1] 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 2018-19 were derived from the June 30, 2016 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75 percent
Salary Increases	Varies by entry age and service.
Payroll Growth	3.00 percent
Investment Rate of Return	7.375 percent net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Carlsbad

Required Supplementary Information

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

Total OPEB Liability

Measurement Period[1]	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms
CMWD Plan				
2016–17	**$ 4,041,120**	$ 12,228	$ 274,428	$ -
2017–18	**4,061,904**	12,595	275,029	-
City Plan				
2016–17	**$ 11,102,453**	$ 493,120	$ 789,709	$ -
2017–18	**11,757,255**	507,914	838,617	-

Plan Fiduciary Net Position

Measurement Period[1]	Plan Fiduciary Net Position Beginning	Contributions Employer	Contributions Employee	Net Investment Income[2]
CMWD Plan				
2016–17	**$ 3,077,703**	$ 133,108	$ -	$ 323,290
2017–18	**3,268,229**	291,039	-	263,258
City Plan				
2016–17	**$ 9,114,475**	$ 614,664	$ -	$ 958,197
2017–18	**10,059,309**	569,855	-	800,892

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)**
$ -	$ -	$ (265,872)	**$ 20,784**	**$ 4,061,904**
-	-	(291,039)	**(3,415)**	**4,058,489**
$ -	$ -	$ (628,027)	**$ 654,802**	**$ 11,757,255**
-	-	(569,855)	**776,676**	**12,533,931**

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)**
$ (265,872)	$ -	**$ 190,526**	**$ 3,268,229**	**$ 793,675**
(291,039)	(6,071)	**257,187**	**3,525,416**	**533,073**
$ (628,027)	$ -	**$ 944,834**	**$ 10,059,309**	**$ 1,697,946**
(569,855)	(18,664)	**782,228**	**10,841,537**	**1,692,394**

Required Supplementary Information

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

	Measurement Period[1]	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
CMWD Plan				
	2016–17	80.46%	$ 165,769	478.78%
	2017–18	86.87%	106,131	502.28%
City Plan	2016–17	85.56%	$ 54,645,089	3.11%
	2017–18	86.50%	55,473,250	3.05%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable.
[2] Net of administrative expenses.

City of Carlsbad

Required Supplementary Information

Schedule of Plan Contributions[1]

Fiscal Year Ending[2]	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered - Employee Payroll[3]	Contributions as a Percentage of Covered-Employee Payroll
CMWD Plan					
06/30/18	$ 77,750	$ (291,039)	$ (213,289)	$ 106,131	274.23%
06/30/19	78,177	(268,096)	(189,919)	64,872	413.27%
City Plan					
06/30/18	$ 692,943	$ (569,855)	$ 123,088	$ 55,473,250	1.03%
06/30/19	710,206	(710,206)	-	61,393,696	1.16%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable.

[2] Represents the fiscal year ending for the measurement period.

[3] Represents payroll for the following fiscal year end.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2017 funding valuation reports.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar over closed 30 year period
Inflation	2.75 percent
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00 percent
Investment Rate of Return	7.0 percent 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.

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Combining and Individual Fund Statements and Schedules

City of Carlsbad

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			
ASSETS	Affordable Housing	Community Development Block Grant	Donations	Financing Districts
Cash and investments	$ 21,527,399	$ -	$ 2,611,503	$ 8,181,379
Receivables:				
Interest	105,214	-	13,098	41,050
Other	-	-	1,530	15,452
Accounts, net of allowances	-	-	-	4,985
Due from other governments	-	515,525	-	-
Prepaid items	-	-	-	-
Land held for resale	-	617,247	-	-
Loan receivables, net of allowances	21,628,737	-	-	-
Total assets	$ 43,261,350	$ 1,132,772	$ 2,626,131	$ 8,242,866
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	$ 94,305	$ 239,797	$ 93,307	$ 217,587
Due to other funds	-	270,083	-	-
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	94,305	509,880	93,307	217,587
Deferred inflows of resources:				
Unavailable revenue - grants	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Affordable housing	43,167,045	-	-	-
Lighting and landscaping districts	-	-	-	8,025,279
Habitat and agricultural mitigation/preservation	-	-	-	-
Capital projects	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	622,892	2,532,824	-
Total fund balances	43,167,045	622,892	2,532,824	8,025,279
Total liabilities, deferred inflows of resources and fund balances	$ 43,261,350	$ 1,132,772	$ 2,626,131	$ 8,242,866

Special Revenue Funds					
Habitat and Agricultural Management	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Totals
$ 1,684,657	$ 796,101	$ 358,893	$ 319,108	$ 187,234	$ 35,666,274
8,541	3,991	2,299	-	505	174,698
-	77,716	-	-	1,101	95,799
-	-	-	1,553	-	6,538
-	-	107,028	-	-	622,553
-	-	-	-	992	992
-	-	-	-	-	617,247
-	-	-	-	-	21,628,737
$ 1,693,198	$ 877,808	$ 468,220	$ 320,661	$ 189,832	$ 58,812,838
$ -	$ 34,905	$ 31,274	$ 20,249	$ 29,695	$ 761,119
-	-	-	-	-	270,083
-	-	-	14,686	24,675	39,361
169,600	-	-	-	-	169,600
-	-	-	-	-	-
169,600	34,905	31,274	34,935	54,370	1,240,163
-	-	107,028	-	-	107,028
-	-	-	-	992	992
-	-	-	285,726	134,470	43,587,241
-	-	-	-	-	8,025,279
1,523,598	-	-	-	-	1,523,598
-	-	-	-	-	-
-	842,903	-	-	-	842,903
-	-	329,918	-	-	329,918
-	-	-	-	-	3,155,716
1,523,598	842,903	329,918	285,726	135,462	57,465,647
$ 1,693,198	$ 877,808	$ 468,220	$ 320,661	$ 189,832	$ 58,812,838

(continued)

City of Carlsbad

Combining Balance Sheet
Nonmajor Governmental Funds (continued)
June 30, 2019

	Capital Project Funds			
ASSETS	Assessment and Other Districts	Bridge and Thoroughfare Districts	Gas Tax	Grants and Other Capital Project Funds
Cash and investments	$ 3,368,498	$ 12,641,114	$ 14,615,864	$ 1,685,803
Receivables:				
Interest	12,036	63,367	73,146	8,451
Other	-	-	-	-
Accounts, net of allowances	-	-	-	-
Due from other governments	-	-	375,138	-
Prepaid items	-	-	-	-
Land held for resale	-	-	-	-
Loan receivables, net of allowances	-	-	-	-
Total assets	$ 3,380,534	$ 12,704,481	$ 15,064,148	$ 1,694,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	$ -	$ -	$ 319,635	$ 7,165
Due to other funds	-	-	-	-
Deposits payable	426,179	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	194,729	-
Total liabilities	426,179	-	514,364	7,165
Deferred inflows of resources:				
Unavailable revenue - grants	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Affordable, low and moderate income housing	-	-	-	-
Lighting and landscaping districts	-	-	-	-
Habitat and agricultural mitigation/preservation	-	-	-	-
Capital projects	2,954,355	12,704,481	14,549,784	1,687,089
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Total fund balances	2,954,355	12,704,481	14,549,784	1,687,089
Total liabilities, deferred inflows of resources and fund balances	$ 3,380,534	$ 12,704,481	$ 15,064,148	$ 1,694,254

Capital Project Funds				
Planned Local Drainage Facilities	Sales Tax/ TransNet	Traffic Impact Projects	Totals	Total Other Governmental Funds
$ 5,948,993	$ 7,395,475	$ 22,636,773	$ 68,292,520	$ 103,958,794
29,825	37,182	113,635	337,642	512,340
-	95,699	-	95,699	191,498
-	-	-	-	6,538
-	991	-	376,129	998,682
-	-	-	-	992
-	-	-	-	617,247
-	-	-	-	21,628,737
$ 5,978,818	$ 7,529,347	$ 22,750,408	$ 69,101,990	$ 127,914,828
$ 77,712	$ 262,524	$ 59,511	$ 726,547	$ 1,487,666
-	-	-	-	270,083
-	-	-	426,179	465,540
-	-	1,943,710	1,943,710	2,113,310
-	-	-	194,729	194,729
77,712	262,524	2,003,221	3,291,165	4,531,328
-	-	-	-	107,028
-	-	-	-	992
-	-	-	-	43,587,241
-	-	-	-	8,025,279
-	-	-	-	1,523,598
5,901,106	7,266,823	20,747,187	65,810,825	65,810,825
-	-	-	-	842,903
-	-	-	-	329,918
-	-	-	-	3,155,716
5,901,106	7,266,823	20,747,187	65,810,825	123,276,472
$ 5,978,818	$ 7,529,347	$ 22,750,408	$ 69,101,990	$ 127,914,828

City of Carlsbad

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Affordable Housing	Community Development Block Grant	Donations	Financing Districts
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	625,448	-	-
Charges for services	30,687	-	-	2,408,304
Fines and forfeitures	-	-	-	-
Income from property and investments	1,179,139	200,665	79,149	278,611
Contributions from property owners	734,556	-	-	-
Donations	-	-	1,384,386	-
Miscellaneous	492,876	-	14,998	18,564
Total revenues	2,437,258	826,113	1,478,533	2,705,479
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	649,105	509,404	413,978	1,791,280
Public works	-	-	-	970,630
Capital outlay	-	-	70,244	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	649,105	509,404	484,222	2,761,910
Excess (deficiency) of revenues over (under) expenditures	1,788,153	316,709	994,311	(56,431)
Other financing sources (uses):				
Transfers in	100,248	-	-	775,000
Transfers out	(55,000)	-	-	-
Total other financing sources (uses)	45,248	-	-	775,000
Net change in fund balances	1,833,401	316,709	994,311	718,569
Fund balances at beginning of year	41,333,644	306,183	1,538,513	7,306,710
Fund balances at end of year	$ 43,167,045	$ 622,892	$ 2,532,824	$ 8,025,279

Special Revenue Funds					
Habitat and Agricultural Management	Other Special Revenue Funds	Police Grants and Asset Forfeiture	Section 8 Rental Assistance	Tyler Court Apartments	Totals
$ -	$ -	$ -	$ -	$ -	$ -
-	-	808,269	7,494,252	-	8,927,969
-	-	-	-	529,511	2,968,502
-	-	41,771	-	-	41,771
70,118	26,130	16,752	213	8,166	1,858,943
17,202	424,979	-	-	-	1,176,737
-	-	-	-	-	1,384,386
-	-	-	207,122	-	733,560
87,320	451,109	866,792	7,701,587	537,677	17,091,868
-	211,387	-	-	-	211,387
-	-	302,424	-	-	302,424
199,893	-	-	7,479,465	405,789	11,448,914
-	-	-	-	-	970,630
-	59,262	527,044	-	54,531	711,081
3,637	-	-	-	-	3,637
203,530	270,649	829,468	7,479,465	460,320	13,648,073
(116,210)	180,460	37,324	222,122	77,357	3,443,795
-	-	-	55,000	-	930,248
-	-	-	-	(100,248)	(155,248)
-	-	-	55,000	(100,248)	775,000
(116,210)	180,460	37,324	277,122	(22,891)	4,218,795
1,639,808	662,443	292,594	8,604	158,353	53,246,852
$ 1,523,598	$ 842,903	$ 329,918	$ 285,726	$ 135,462	$ 57,465,647

(continued)

City of Carlsbad

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended June 30, 2019

	Capital Project Funds			
	Assessment and Other Districts	Bridge and Thoroughfare Districts	Gas Tax	Grants and Other Capital Project Funds
Revenues:				
Taxes	$ -	$ -	$ 4,468,867	$ -
Intergovernmental	-	-	396,575	956,847
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Income from property and investments	111,164	468,437	542,930	65,467
Contributions from property owners	-	302,370	23,644	22,480
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	111,164	770,807	5,432,016	1,044,794
Expenditures:				
Current:				
General government	17	-	-	46,100
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	600,000	-
Capital outlay	-	-	3,441,492	47,005
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	17	-	4,041,492	93,105
Excess (deficiency) of revenues over (under) expenditures	111,147	770,807	1,390,524	951,689
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(10,000)	-
Total other financing sources (uses)	-	-	(10,000)	-
Net change in fund balances	111,147	770,807	1,380,524	951,689
Fund balances at beginning of year	2,843,208	11,933,674	13,169,260	735,400
Fund balances at end of year	$ 2,954,355	$ 12,704,481	$ 14,549,784	$ 1,687,089

Capital Project Funds				
Planned Local Drainage Facilities	Sales Tax/ TransNet	Traffic Impact Projects	Totals	Total Other Governmental Funds
$ -	$ -	$ -	$ 4,468,867	$ 4,468,867
22,895	2,404,331	-	3,780,648	12,708,617
-	1,117,214	-	1,117,214	4,085,716
-	-	-	-	41,771
241,988	257,890	822,944	2,510,820	4,369,763
234,094	-	1,763,347	2,345,935	3,522,672
-	-	-	-	1,384,386
-	-	-	-	733,560
498,977	3,779,435	2,586,291	14,223,484	31,315,352
-	11,700	-	57,817	269,204
-	-	-	-	302,424
-	-	-	-	11,448,914
-	-	-	600,000	1,570,630
1,122,365	1,549,809	324,562	6,485,233	7,196,314
			-	
-	-	-	-	3,637
1,122,365	1,561,509	324,562	7,143,050	20,791,123
(623,388)	2,217,926	2,261,729	7,080,434	10,524,229
-	-	-	-	930,248
-	-	-	(10,000)	(165,248)
-	-	-	(10,000)	765,000
(623,388)	2,217,926	2,261,729	7,070,434	11,289,229
6,524,494	5,048,897	18,485,458	58,740,391	111,987,243
$ 5,901,106	$ 7,266,823	$ 20,747,187	$ 65,810,825	$ 123,276,472

City of Carlsbad

Combining Schedule of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Year Ended June 30, 2019

	Budget	Actual Amounts (Budgetary Basis)	Variance Over (Under)
Affordable Housing			
Total revenues	$ 1,434,000	$ 2,077,873	$ 643,873
Total expenditures	1,042,989	760,871	(282,118)
Net change in fund balance	391,011	1,317,002	925,991
Community Development Block Grant			
Total revenues	412,500	822,037	409,537
Total expenditures	1,150,320	509,404	(640,916)
Net change in fund balance	(737,820)	312,633	1,050,453
Donations			
Total revenues	1,446,500	1,444,551	(1,949)
Total expenditures	1,105,585	519,116	(586,469)
Net change in fund balance	340,915	925,435	584,520
Financing Districts			
Total revenues	3,331,500	2,571,924	(759,576)
Total expenditures	3,840,329	3,028,804	(811,525)
Net change in fund balance	(508,829)	(456,880)	51,949
Habitat and Agricultural Management			
Total revenues	54,000	51,993	(2,007)
Total expenditures	270,348	203,530	(66,818)
Net change in fund balance	(216,348)	(151,537)	64,811
Other Special Revenue Funds			
Total revenues	440,000	438,336	(1,664)
Total expenditures	507,778	430,051	(77,727)
Net change in fund balance	$ (67,778)	$ 8,285	$ 76,063

(continued)

Combining Schedule of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Special Revenue Funds (continued)
Year Ended June 30, 2019

	Budget	Actual Amounts (Budgetary Basis)	Variance Over (Under)
Police Grants and Asset Forfeiture			
Total revenues	$ 884,000	$ 858,178	$ (25,822)
Total expenditures	1,007,909	932,712	(75,197)
Net change in fund balance	(123,909)	(74,534)	49,375
Section 8 Rental Assistance			
Total revenues	7,575,000	7,701,490	126,490
Total expenditures	8,305,230	7,487,365	(817,865)
Net change in fund balance	(730,230)	214,125	944,355
Totals			
Total revenues	15,577,500	15,966,382	388,882
Total expenditures	17,230,488	13,871,853	(3,358,635)
Net change in fund balance	$ (1,652,988)	$ 2,094,529	$ 3,747,517

Combining Schedule of Revenues and Expenditures
Budget and Actual (Budgetary Basis)
Capital Project Funds
Year Ended June 30, 2019

	Budget	Actual Amounts (Budgetary Basis)	Variance Over (Under)
Parking-in-Lieu (Grants and Other Capital Project Funds)			
Total revenues	$ 44,500	$ 44,004	$ (496)
Total expenditures	93,205	93,105	(100)
Net change in fund balance	$ (48,705)	$ (49,101)	$ (396)

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City of Carlsbad

Combining Statement of Net Position
Internal Service Funds
June 30, 2019

ASSETS	Fleet Management	Self-Insured Benefits
Current assets:		
Cash and investments	$ 19,207,775	$ 5,991,656
Receivables:		
Interest	94,748	30,148
Accounts, net of allowances	6,602	-
Inventories	458,057	-
Prepaid items	-	-
Total current assets	19,767,182	6,021,804
Noncurrent assets:		
Capital assets:		
Machinery and equipment	24,897,028	-
Construction in progress	-	-
Intangible assets	-	-
Less accumulated depreciation	(13,901,245)	-
Total capital assets (net of accumulated depreciation	10,995,783	-
Total assets	30,762,965	6,021,804
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - OPEB related items	7,741	-
Deferred outflows of resources - pension related items	299,024	-
Total deferred outflows of resources	306,765	-
LIABILITIES		
Current liabilities:		
Accrued liabilities	628,229	4,101,538
Estimated claims payable	-	20,000
Current portion of long-term debt	-	-
Total current liabilities	628,229	4,121,538
Noncurrent liabilities:		
Deposits payable	-	-
Net OPEB liability	18,447	-
Net pension liability	1,220,276	-
Capital lease payable	-	-
Total noncurrent liabilities	1,238,723	-
Total liabilities	1,866,952	4,121,538
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - OPEB related items	2,979	-
Deferred inflows of resources - pension related items	74,932	-
Total deferred inflows of resources	77,911	-
NET POSITION		
Net investment in capital assets	10,995,783	-
Unrestricted	18,129,084	1,900,266
Total net position	$ 29,124,867	$ 1,900,266

Information Technology	Risk Management	Workers' Compensation	Total
$ 7,167,089	$ 4,575,092	$ 12,161,248	$ 49,102,860
33,637	22,946	60,960	242,439
-	-	-	6,602
-	-	-	458,057
-	-	184,106	184,106
7,200,726	4,598,038	12,406,314	49,994,064
5,370,566	-	-	30,267,594
101,076	-	-	101,076
1,689,637	-	-	1,689,637
(5,121,898)	-	-	(19,023,143)
2,039,381	-	-	13,035,164
9,240,107	4,598,038	12,406,314	63,029,228
23,934	1,491	639	33,805
1,166,366	88,212	50,039	1,603,641
1,190,300	89,703	50,678	1,637,446
982,824	50,584	7,034	5,770,209
-	2,897,988	10,197,793	13,115,781
211,114	-	-	211,114
1,193,938	2,948,572	10,204,827	19,097,104
-	1,000	-	1,000
57,034	3,554	1,524	80,559
4,681,873	340,349	207,530	6,450,028
147,952	-	-	147,952
4,886,859	344,903	209,054	6,679,539
6,080,797	3,293,475	10,413,881	25,776,643
9,212	574	246	13,011
476,090	11,063	22,485	584,570
485,302	11,637	22,731	597,581
1,680,315	-	-	12,676,098
2,183,993	1,382,629	2,020,380	25,616,352
$ 3,864,308	$ 1,382,629	$ 2,020,380	$ 38,292,450

City of Carlsbad

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Fleet Management	Self-Insured Benefits
Operating revenues:		
Other charges for services	$ 5,043,320	$ 373,181
Miscellaneous	64,551	-
Total operating revenues	5,107,871	373,181
Operating expenses:		
Depreciation	1,822,995	-
Fuel and supplies	1,403,148	-
Claims and premiums expense	-	382,553
Small equipment purchases	16,986	-
General and administrative	1,296,843	-
Total operating expenses	4,539,972	382,553
Operating income (loss)	567,899	(9,372)
Nonoperating revenues (expenses):		
Income from property and investments	708,908	-
Interest expense	-	-
Gain (loss) on sale of property	25,601	-
Total nonoperating revenues (expenses)	734,509	-
Income (loss) before transfers and capital contributions	1,302,408	(9,372)
Transfers in	-	-
Capital contributions	350,693	-
Change in net position	1,653,101	(9,372)
Total net position at beginning of year	27,471,766	1,909,638
Total net position at end of year	$ 29,124,867	$ 1,900,266

Information Technology	Risk Management	Workers' Compensation	Totals
$ 11,352,800	$ 2,091,149	$ 3,004,370	$ 21,864,820
32,643	50,967	273,923	422,084
11,385,443	2,142,116	3,278,293	22,286,904
689,786	-	-	2,512,781
-	-	-	1,403,148
-	1,759,733	5,269,988	7,412,274
1,769,349	-	-	1,786,335
10,004,525	407,743	107,113	11,816,224
12,463,660	2,167,476	5,377,101	24,930,762
(1,078,217)	(25,360)	(2,098,808)	(2,643,858)
271,211	153,651	451,433	1,585,203
(28,158)	-	-	(28,158)
-	-	-	25,601
243,053	153,651	451,433	1,582,646
(835,164)	128,291	(1,647,375)	(1,061,212)
-	-	1,500,000	1,500,000
101,076	-	-	451,769
(734,088)	128,291	(147,375)	890,557
4,598,396	1,254,338	2,167,755	37,401,893
$ 3,864,308	$ 1,382,629	$ 2,020,380	$ 38,292,450

City of Carlsbad

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Fleet Management	Self-Insured Benefits
Cash flows from operating activities:		
Receipts from customers and users	$ 5,112,793	$ 343,033
Payments to suppliers	(1,863,932)	-
Payments to employees	(849,455)	-
Internal activity - payments to other funds	(135,111)	-
Claims and premiums paid	-	(334,467)
Net cash provided by (used in) operating activities	2,264,295	8,566
Cash flows from noncapital financing activities:		
Operating subsidies and transfers (to) from other funds	-	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,693,172)	-
Gross proceeds from the sale of capital assets	25,601	-
Principal paid on capital debt	-	-
Interest expense	-	-
Net cash provided by (used in) capital and related financing activities	(1,667,571)	-
Cash flows from investing activities:		
Interest on investments	692,896	-
Net increase (decrease) in cash and cash equivalents	1,289,620	8,566
Cash and cash equivalents at beginning of year	17,918,155	5,983,090
Cash and cash equivalents at end of year	$ 19,207,775	$ 5,991,656

Information Technology	Risk Management	Workers' Compensation	Total
$ 11,385,446	$ 2,142,116	$ 2,898,890	$ 21,882,278
(7,377,110)	(129,902)	(9,765)	(9,380,709)
(4,368,633)	(271,433)	(138,763)	(5,628,284)
(74,551)	(22,610)	(2,030)	(234,302)
-	(1,242,144)	(3,318,045)	(4,894,656)
(434,848)	476,027	(569,713)	1,744,327
-	-	1,500,000	1,500,000
(199,741)	-	-	(1,892,913)
-	-	-	25,601
(198,810)	-	-	(198,810)
(28,158)	-	-	(28,158)
(426,709)	-	-	(2,094,280)
271,014	148,070	438,059	1,550,039
(590,543)	624,097	1,368,346	2,700,086
7,757,632	3,950,995	10,792,902	46,402,774
$ 7,167,089	$ 4,575,092	$ 12,161,248	$ 49,102,860

(continued)

City of Carlsbad

Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended June 30, 2019

	Fleet Management	Self-Insured Benefits
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 567,899	$ (9,372)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,822,995	-
Other non-operating revenues and expenses	-	(30,148)
Change in assets and liabilities:		
(Increase) decrease in receivables	4,922	-
(Increase) in inventories	(61,635)	-
(Increase) in prepaid items	-	-
(Increase) in deferred outflows - OPEB related items	(1,529)	-
(Increase) in deferred outflows - pension related items	126,300	-
Increase (decrease) in accrued liabilities	74,416	130,253
Increase (decrease) in estimated claims payable	-	(82,167)
Increase (decrease) in net OPEB liability	(61)	-
Increase (decrease) in net pension liability	(276,256)	-
Increase (decrease) in deferred inflows - OPEB related items	139	-
Increase (decrease) in deferred inflows - pension related items	7,105	-
Net cash provided by (used in) operating activities	$ 2,264,295	$ 8,566
Noncash capital financing activities:		
Capital assets contributed by other funds	$ 350,693	$ -

Information Technology	Risk Management	Workers' Compensation	Total
$ (1,078,217)	$ (25,360)	$ (2,098,808)	$ (2,643,858)
689,786	-	-	2,512,781
-	-	-	(30,148)
-	-	-	4,922
-	-	-	(61,635)
-	-	(184,106)	(184,106)
(4,730)	(295)	(126)	(6,680)
527,603	55,469	21,209	730,581
413,643	(60,372)	(9,029)	548,911
-	575,871	1,756,646	2,250,350
(187)	(12)	(4)	(264)
(1,059,921)	(77,051)	(46,982)	(1,460,210)
430	27	11	607
76,745	7,750	(8,524)	83,076
$ (434,848)	$ 476,027	$ (569,713)	$ 1,744,327
$ 101,076	$ -	$ -	$ 451,769

City of Carlsbad

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

Contractors' and Miscellaneous Deposits

ASSETS	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Current assets:				
Cash and investments	$ 14,599,174	$ 58,203,828	$ 56,499,715	$ 16,303,287
Receivables:				
Interest	60,735	81,653	60,735	81,653
Taxes	-	37	37	-
Other	17,572	5,110	22,682	-
Prepaid items	2,639	-	2,639	-
Total current assets	$ 14,680,120	$ 58,290,628	$ 56,585,808	$ 16,384,940
LIABILITIES				
Accrued liabilities	$ 811,759	$ 59,413,818	$ 58,889,837	$ 1,335,740
Deposits held for others	13,868,361	5,632,361	4,451,522	15,049,200
Total liabilities	$ 14,680,120	$ 65,046,179	$ 63,341,359	$ 16,384,940

Assessment Districts

ASSETS	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Current assets:				
Cash and investments	$ 6,587,811	$ 6,425,740	$ 8,348,739	$ 4,664,812
Receivables:				
Interest	78,951	53,753	78,952	53,752
Taxes	4,030	4,464	4,030	4,464
Other	17,360	22,406	17,360	22,406
Total current assets	6,688,152	6,506,363	8,449,081	4,745,434
Restricted assets:				
Cash and investments	5,124,822	-	664,418	4,460,404
Total restricted assets	5,124,822	-	664,418	4,460,404
Total assets	$ 11,812,974	$ 6,506,363	$ 9,113,499	$ 9,205,838
LIABILITIES				
Accrued liabilities	$ 52,724	$ 51,961	$ 75,123	$ 29,562
Deposits held for others	11,760,250	5,908,700	8,492,674	9,176,276
Total liabilities	$ 11,812,974	$ 5,960,661	$ 8,567,797	$ 9,205,838

(continued)

Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended June 30, 2019

Total Agency Funds

ASSETS	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Current assets:				
Cash and investments	$ 21,186,985	$ 64,629,568	$ 64,848,454	$ 20,968,099
Receivables:				
Interest	139,686	135,406	139,687	135,405
Taxes	4,030	4,501	4,067	4,464
Other	34,932	27,516	40,042	22,406
Prepaid items	2,639	-	2,639	-
Total current assets	21,368,272	64,796,991	65,034,889	21,130,374
Restricted assets:				
Cash and investments	5,124,822	-	664,418	4,460,404
Total current assets	5,124,822	-	664,418	4,460,404
Total assets	$ 26,493,094	$ 64,796,991	$ 65,699,307	$ 25,590,778
LIABILITIES				
Accrued liabilities	$ 864,483	$ 59,465,779	$ 58,964,960	$ 1,365,302
Deposits held for others	25,628,611	11,541,061	12,944,196	24,225,476
Total liabilities	$ 26,493,094	$ 71,006,840	$ 71,909,156	$ 25,590,778

Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2019

ASSETS		Redevelopment Obligation Retirement Trust Fund
Current assets:		
Cash and investments	$	1,289,292
Receivables:		
Interest		18,837
Total current assets		1,308,129
Noncurrent assets:		
Loans receivable		3,750,000
Total assets		5,058,129
LIABILITIES		
Current liabilities:		
Accrued liabilities		2,598
Accrued interest payable		79,718
Current portion of long-term debt		815,000
Total current liabilities		897,316
Noncurrent liabilities:		
Due to the City of Carlsbad		7,255,238
Tax allocation bonds payable		3,705,000
Total noncurrent liabilities		10,960,238
Total liabilities		11,857,554
NET POSITION		
Held in trust for redevelopment obligation retirement purposes	$	(6,799,425)

Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended June 30, 2019

ADDITIONS		Redevelopment Retirement Obligation Trust Fund
Contributions:		
Redevelopment Property Tax Trust Fund (RPTTF) revenues	$	3,637,680
Income from property and investments		87,708
Total additions		3,725,388
DEDUCTIONS		
General and administrative		625,813
Interest expense and fees		368,753
Total deductions		994,566
Change in net position		2,730,822
Total net position (deficit) at beginning of year		(9,530,247)
Total net position (deficit) at end of year	$	(6,799,425)

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City of Carlsbad

Statistical Section

Statistical Section

Statistical Section

City of Carlsbad

Statistical Section

Statistical Section

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

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Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	**166**
Revenue Capacity 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.	**176**
Debt Capacity 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.	**184**
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	**194**
Operating Information 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.	**198**

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

Net Position by Component
Last Ten Fiscal Years
(dollars in thousands)

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 767,719	$ 774,269	$ 780,727	$ 782,500
Restricted for:				
Capital assets	178,669	184,419	192,713	182,685
Lighting and landscaping districts	2,827	2,133	2,246	2,958
Affordable housing	36,187	40,005	38,434	37,390
Habitat and agricultural mitigation management	6,600	5,377	4,799	2,665
Other purposes	2,710	5,298	4,022	3,685
Unrestricted	279,737	284,825	308,470 (1)	319,317
Total governmental activities net position	$ 1,274,449	$ 1,296,326	$ 1,331,411	$ 1,331,200
Business-type activities				
Net investment in capital assets	$ 317,238	$ 314,691	$ 311,392	$ 307,000
Restricted for:				
Capital assets	44,241	44,954	45,522	45,990
Unrestricted	34,556	38,278	47,530	55,758
Total business-type activities net position	$ 396,035	$ 397,923	$ 404,444	$ 408,748
Total government				
Net investment in capital assets	$ 1,084,957	$ 1,088,960	$ 1,092,119	$ 1,089,500
Restricted for:				
Capital assets	222,910	229,373	238,235	228,675
Lighting and landscaping districts	2,827	2,133	2,246	2,958
Affordable housing	36,187	40,005	38,434	37,390
Habitat and agricultural mitigation management	6,600	5,377	4,799	2,665
Other purposes	2,710	5,298	4,022	3,685
Unrestricted	314,293	323,103	356,000	375,075
Total net position	$ 1,670,484	$ 1,694,249	$ 1,735,855	$ 1,739,948

Source: City of Carlsbad Comprehensive Annual Financial Reports

(1) The significant increase in FY 2011-12 is due to the dissolution of the city's Redevelopment Agency which created a large extraordinary gain for the year.

(2) Net position for the prior year was restated in FY 2014-15, to reflect the application of GASB 68.

2014	2015	2016	2017	2018	2019
$ 784,210	$ 783,298	$ 788,035	$ 788,078	$ 793,090	$ 786,965
175,468	178,228	176,279	183,245	182,811	194,434
4,703	5,263	5,921	6,527	7,307	8,025
39,317	39,544	40,390	40,528	41,500	43,588
1,713	1,708	1,758	1,805	1,640	1,524
3,774	3,059	2,948	2,818	2,800	4,329
328,602	223,522	245,078	249,816	262,023	289,000
$ 1,337,787 (2)	$ 1,234,622 (2)	$ 1,260,409	$ 1,272,817	$ 1,291,171	$ 1,327,865
$ 305,681	$ 307,122	$ 317,927	$ 344,836	$ 349,548	$ 346,628
46,632	47,315	45,950	40,098	39,522	38,540
66,083	69,922	73,285	85,153	88,576	97,509
$ 418,396 (2)	$ 424,359 (2)	$ 437,162	$ 470,087	$ 477,646	$ 482,677
$ 1,089,891	$ 1,090,420	$ 1,105,962	$ 1,132,914	$ 1,142,638	$ 1,133,593
222,100	225,543	222,229	223,343	222,333	232,974
4,703	5,263	5,921	6,527	7,307	8,025
39,317	39,544	40,390	40,528	41,500	43,588
1,713	1,708	1,758	1,805	1,640	1,524
3,774	3,059	2,948	2,818	2,800	4,329
394,685	293,444	318,363	334,969	350,599	386,509
$ 1,756,183	$ 1,658,981	$ 1,697,571	$ 1,742,904	$ 1,768,817	$ 1,810,542

City of Carlsbad

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

	2010		2011	2012	2013	
Expenses						
Governmental activities						
General government	$ 23,038	(1)	$ 16,907	$ 16,675	$ 23,574	(4)
Public safety	44,371		45,011	45,576	48,468	
Community services	37,675		42,179	43,087	47,900	(5)
Public works	35,383		25,759	28,441	36,806	
Interest and fiscal charges on long-term debt	547		453	298	4	
Total governmental activities	141,014		130,309	134,077	156,752	
Business-type activities						
Carlsbad Municipal Water District	33,923		34,978	35,985	41,626	
Golf course	11,927		11,538	11,190	10,668	
Wastewater	10,434		11,751	11,330	13,556	
Solid waste	2,535		2,565	2,922	2,918	
Total business-type activities	58,819		60,832	61,427	68,768	
Total government	$ 199,833		$ 191,141	$ 195,504	$ 225,520	
Program Revenues						
Governmental activities						
Charges for services:						
General government	$ 341		$ 1,793	$ 315	$ 1,469	
Public safety	4,358		4,502	4,379	4,025	
Community services	6,199		7,266	6,314	6,987	
Public works	4,196		3,567	3,717	5,073	
Operating grants and contributions	11,445		12,033	11,813	13,199	
Capital grants and contributions	32,459		13,557	15,429	17,741	
Total governmental activities	58,998		42,718	41,967	48,494	
Business-type activities						
Charges for services:						
Carlsbad Municipal Water District	29,865		30,715	35,776	44,240	(6)
Golf course	5,625		5,850	6,127	6,278	
Wastewater	9,580		10,053	10,989	12,402	
Solid waste	2,988		3,015	2,961	3,060	
Operating grants and contributions	1,734		1,263	1,201	38	
Capital grants and contributions	17,882		5,640	4,560	2,855	
Total business-type activities	67,674		56,536	61,614	68,873	
Total government	$ 126,672		$ 99,254	$ 103,581	$ 117,367	
Net (Expense)/Revenue:						
Governmental activities	$ (82,016)		$ (87,591)	$ (92,110)	$ (108,258)	
Business-type activities	8,855		(4,296)	187	105	
Total government net expense	$ (73,161)		$ (91,887)	$ (91,923)	$ (108,153)	

2014	2015	2016	2017	2018	2019
$ 20,187	$ 16,108	$ 16,147	$ 18,374	$ 25,192 (11)	$ 22,234
48,942	48,856	50,463	55,994	62,630 (11)	67,968
45,341	48,630	51,191	54,212	51,897	57,978
30,314	36,273	37,464	34,317	36,875	36,897
1	-	1	3	2	4
144,785	149,867	155,266	162,900	176,596	185,081
43,547	40,897	39,458	45,219	51,658	51,638
11,032	10,538	10,545	10,211	10,560	11,035
12,488	12,629	12,613	12,626	13,495	15,238
2,856	2,973	2,997	3,272	3,089	3,840
69,923	67,037	65,613	71,328	78,802	81,751
$ 214,708	$ 216,904	$ 220,879	$ 234,228	$ 255,398	$ 266,832
$ 289	$ 1,382	$ 296	$ 327	$ 816	$ 1,679
3,950	4,220	3,980	4,647	4,805	4,784
8,732	10,534	10,711	12,154	11,588	10,755
3,720	4,014	4,152	3,952	3,768	4,574
11,919	12,242	11,912	12,630	13,054	17,307
16,129	19,105	12,042 (8)	22,789	22,993	13,842
44,739	51,497	43,093	56,499	57,024	52,941
46,750	47,461	39,854 (9)	44,817	50,095	46,431
6,635	6,709	6,988	7,119	7,973	7,979
12,896	12,875	12,963	13,467	13,885	14,099
3,320	3,245	3,206	3,302	3,427	3,440
90	59	5,646	2,471	1,611	1,260
3,198	5,879	2,011	13,322	5,484	4,864
72,889	76,228	70,668	84,498	82,475	78,073
$ 117,628	$ 127,725	$ 113,761	$ 140,997	$ 139,499	$ 131,014
$ (100,046)	$ (98,370)	$ (112,173)	$ (106,401)	$ (119,572)	$ (132,140)
2,966	9,191	5,055	13,170	3,673	(3,678)
$ (97,080)	$ (89,179)	$ (107,118)	$ (93,231)	$ (115,899)	$ (135,818)

(continued)

City of Carlsbad

Changes in Net Position (continued)

Last Ten Fiscal Years

(dollars in thousands)

	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property taxes	$ 55,113	$ 54,049	$ 51,538	$ 52,861
Sales and use taxes	23,031	25,660	28,094	28,403
Transient occupancy taxes	11,490	11,569	12,872	14,702
Franchise taxes	4,906	4,650	4,852	5,118
Business license taxes	3,458	3,581	2,695	3,834
Real property transfer taxes	758	911	925	1,058
Vehicle license fees	309	483	53 (2)	55
Income from property and investments	12,523	8,372	6,088	1,792
Other general revenues	391	328	419	426
Extraordinary gain/(loss)	-	-	20,477 (3)	-
Transfers	(443)	(135)	(1,810)	(656)
Total governmental activities	111,536	109,468	126,203	107,593
Business type activities				
Property taxes	2,822	2,779	2,721	2,904
Income from property and investments	3,686	2,109	2,054	555
Other general revenues	153	3,599	106	85
Transfers	443	135	1,810	655
Total business-type activities	7,104	8,622	6,691	4,199
Total government	$ 118,640	$ 118,090	$ 132,894	$ 111,792
Change in Net Position				
Governmental activities	$ 29,520	$ 21,877	$ 34,093	$ (665)
Business-type activities	15,959	4,326	6,878	4,304
Total government	$ 45,479	$ 26,203	$ 40,971	$ 3,639

Source: City of Carlsbad Comprehensive Annual Financial Reports

(1) The large increase in general government expenses in FY 2009-10 is primarily a result of a refund of over $10 million in excess development fees paid by Rancho Santa Fe Road property owners.
(2) The State of California ceased sending the city vehicle license fee revenues in FY 2011-12.
(3) 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.
(4) 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.
(5) 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.
(6) The increase in FY 2012-13 was the result of a combination of a five percent increase in the number of water units sold coupled with an average eight percent increase in water rates charged to customers and a reimbursement from a lawsuit involving a landslide.
(7) 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.
(8) 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.
(9) The decrease in FY 2015-16 was a result of a decrease in water sales during the fiscal year from drought conservation measures.
(10) 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.
(11) The increase in FY 2017-18 is mainly due to changes in the city's pension discount rate.

2014	2015	2016	2017	2018	2019
$ 52,608	$ 55,992	$ 58,945	$ 63,988	$ 66,524	$ 69,952
30,520	32,146	34,843	33,999	33,674	38,510
17,472	19,713	20,943	22,267	24,233	26,320
4,907	5,427	5,632	5,475	5,812	6,100
4,177	4,548	4,895	4,328	5,026	5,322
1,080	1,406	1,546	1,393	1,463	1,715
-	-	-	-	-	-
6,917	4,564	11,910 (10)	1,975	2,551	20,695
429	609	486	451	519	439
(10,289) (7)	-	-	-	-	-
(1,188)	(1,264)	(1,240)	(15,067)	(136)	(219)
106,633	123,141	137,960	118,809	139,666	168,834
2,897	3,133	3,306	3,569	3,743	4,002
2,498	1,870	3,163	749	986	7,784
99	623	39	370	3	113
1,188	1,264	1,240	15,067	136	219
6,682	6,890	7,748	19,755	4,868	12,118
$ 113,315	$ 130,031	$ 145,708	$ 138,564	$ 144,534	$ 180,952
$ 6,587	$ 24,771	$ 25,787	$ 12,408	$ 20,094	$ 36,694
9,648	16,081	12,803	32,925	8,541	8,440
$ 16,235	$ 40,852	$ 38,590	$ 45,333	$ 28,635	$ 45,134

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

	2010	2011 (2)	2012	2013
General Fund				
Reserved	$ 59,586	$ -	$ -	$ -
Unreserved	68,935	-	-	-
Nonspendable	-	53,943	54,228	57,719
Restricted	-	-	-	-
Committed	-	1,000	1,000	1,000
Assigned	-	23,584	22,955	26,200
Unassigned	-	57,533	61,384	69,578
Total General Fund	$ 128,521	$ 136,060	$ 139,567	$ 154,497
All Other Governmental Funds				
Reserved	$ 50,617	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	41,449	-	-	-
Debt service funds	(17,824)	-	-	-
Capital project funds	262,612 (1)	-	-	-
Nonspendable				
Special revenue funds	-	433	440	435
Debt service funds	-	-	-	-
Capital project funds	-	250	-	-
Restricted				
Special revenue funds	-	65,585	64,401	61,938
Debt service funds	-	-	-	-
Capital project funds	-	171,214	177,372	167,009 (4)
Committed				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Assigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital project funds	-	123,473	123,465	121,861
Unassigned				
Special revenue funds	-	-	-	-
Debt service funds	-	(18,658)	- (3)	-
Capital project funds	-	-	-	-
Total all other governmental funds	$ 336,854	$ 342,297	$ 365,678	$ 351,243

Source: City of Carlsbad Comprehensive Annual Financial Reports

(1) The large decrease in FY 2009-10 in the unreserved fund balance in the capital project funds is primarily a result of a refund of over $10 million in excess development fees paid by Rancho Santa Fe Road property owners.
(2) GASB 54, which requires changes in the reporting categories for fund balances, was implemented in FY 2010-11.
(3) AB1x26 and AB 1484 were implemented in FY 2011-12. The former Redevelopment Agency debt service funds were transferred to trust funds.
(4) 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.
(5) Beginning in FY 2015-16, the Gas Tax fund balance was reclassified from a Special Revenue fund to a Capital Project fund.

2014	2015	2016	2017	2018	2019
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
56,707	56,381	55,324	53,751	51,628	49,608
-	-	-	-	-	-
1,000	1,000	1,000	1,000	1,000	1,000
27,838	40,865	42,692	38,439	43,855	33,367
75,615	80,274	94,404	78,191	82,570	101,701
$ 161,160	$ 178,520	$ 193,420	$ 171,381	$ 179,053	$ 185,676
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
430	3	4	1	1	1
-	-	-	-	-	-
-	-	-	-	-	-
66,833	66,300	51,013 (5)	51,677	53,246	57,465
-	-	-	-	-	-
157,712 (4)	161,499	176,280 (5)	183,245	182,812	194,434
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
131,627	136,237	131,939	146,994	151,306	162,139
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 356,602	$ 364,039	$ 359,236	$ 381,917	$ 387,365	$ 414,039

City of Carlsbad

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(dollars in thousands)

	2010	2011	2012	2013
Revenues:				
Taxes	$ 100,249	$ 103,660	$ 105,595	$ 109,447
Intergovernmental	12,108	12,847	9,603	11,513
Licenses and permits	1,484	1,590	1,852	2,016
Charges for services	10,215	9,938	10,092	10,261
Fines and forfeitures	1,199	1,051	892	861
Income from property and investments	12,719	9,278	6,253	2,362
Contributions from property owners	4,580	5,473	9,927	12,029
Donations	203	310	206	411
Miscellaneous	1,263	2,521	697	1,969
Total revenues	144,020	146,668	145,117	150,869
Expenditures:				
Current:				
General government	22,778	16,937	16,992	23,072
Less: Interdepartmental charges	(3,991)	(3,015)	(3,750)	(3,858)
Public safety	44,686	44,157	44,915	46,162
Community services	34,765	39,540	40,402	40,899
Public works	23,851	13,078	11,773	11,299
Capital outlay	19,727	20,985	17,367	28,602
Debt service:				
Principal retirement	490	515	851	316
Interest and fiscal charges	1,016	935	308	6
Total expenditures	143,322	133,132	128,858	146,498
Excess (deficiency) of revenues over (under) expenditures	698	13,536	16,259	4,371
Other financing sources (uses):				
Proceeds from the sale of property	-	-	-	-
Issuance of debt	-	581	-	-
Transfers in	21,837	9,802	19,887	8,087
Transfers out	(22,578)	(10,937)	(23,097)	(14,792)
Extraordinary gain (loss)	-	-	12,847 (2)	-
Total other financing sources (uses)	(741)	(554)	9,637	(6,705)
Net change in fund balances	$ (43)	$ 12,982	$ 25,896	$ (2,334)
Debt service as percentage of noncapital expenditures (1)	1.18%	1.26%	0.99%	0.24%

Source: City of Carlsbad Comprehensive Annual Financial Reports

(1) Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the Government-wide Statement of Net Position) and expenditures for capitalized assets included within the functional expenditure categories.
(2) With the dissolution of Redevelopment Agencies state-wide, the former Redevelopment Agency debt service funds were transferred to trust funds in FY 2011-12.
(3) Increase in taxes in FY 2014-15 due to growth in property and TOT taxes.
(4) 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.
(5) 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).
(6) Increase in public safety expenditures in FY 2018-19 is due to a voluntary $14.2M additional payment to CalPERS to reduce the city's unfunded pension liability in the safety plan.

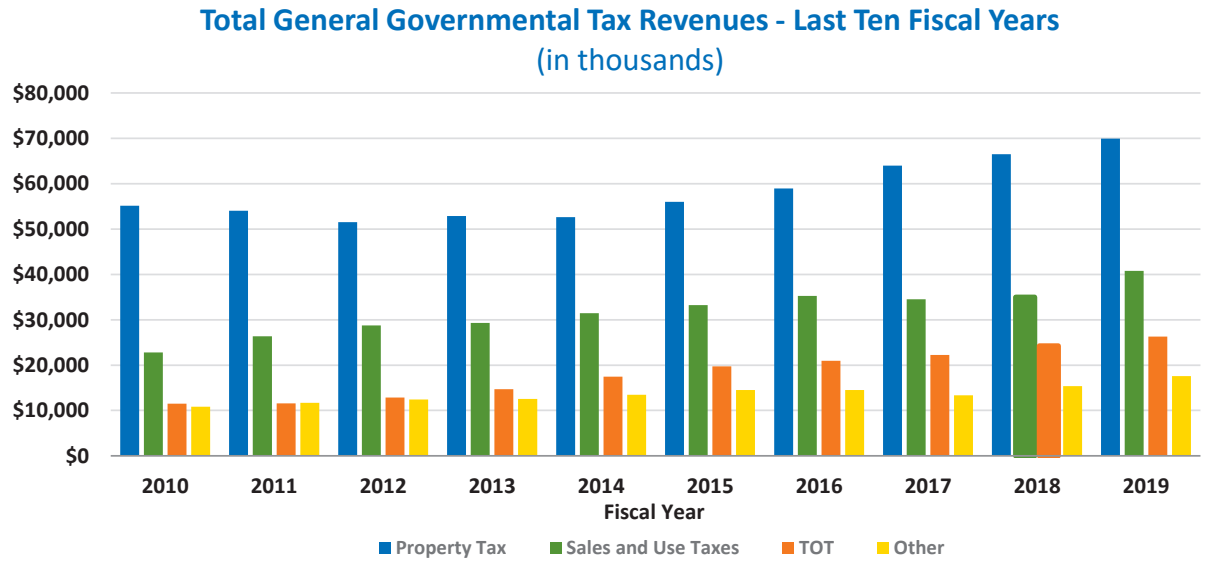
2014	2015		2016	2017	2018	2019	
$ 114,996	$ 123,411	(3)	$ 129,617	$ 134,165	$ 141,118	$ 154,673	
10,602	10,359		11,290	11,963	11,608	14,647	
2,184	2,369		2,467	3,034	2,999	2,668	
11,278	13,181		12,913	14,309	14,145	13,221	
876	837		854	740	679	581	
7,604	6,442		9,970	3,845	4,622	23,275	(5)
9,042	10,688		8,009	13,330	12,898	10,301	
210	440		417	349	332	1,385	
1,219	2,550		1,503	1,467	1,991	3,316	
158,011	170,277		177,040	183,202	190,392	224,067	
21,471	17,903		17,221	27,925	26,625	24,033	
(3,566)	(3,807)		(3,471)	(3,345)	(3,160)	(4,581)	
47,333	48,915		52,015	57,329	58,568	77,550	(6)
41,505	44,501		46,298	48,930	49,039	52,951	
15,442	16,350		17,465	17,349	17,220	18,380	
18,702	20,050		34,669	17,603	26,885	20,703	
159	-		-	-	10	10	
5	5		6	5	7	5	
141,051	143,917		164,203	165,796	175,194	189,051	
16,960	26,360		12,837	17,406	15,198	35,016	
-	-		-	-	-	-	
-	-		-	-	-	-	
11,477	14,857		9,970	20,849	11,513	11,881	
(16,415)	(16,420)		(12,710)	(37,613) (4)	(13,590)	(13,600)	
-	-		-	-	-	-	
(4,938)	(1,563)		(2,740)	(16,764)	(2,077)	(1,719)	
$ 12,022	$ 24,797		$ 10,097	$ 642	$ 13,121	$ 33,297	
0.13%	0.00%		0.00%	0.00%	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
2010	$ 55,113	$ 22,819	$ 11,490	$ 4,906	$ 3,458	$ 758	$ 1,704	$ 100,248
2011	54,049	26,386	11,569	4,650	3,581	911	2,514	103,660
2012	51,538 (1)	28,733 (2)	12,872 (2)	4,852	3,669	925	3,006 (3)	105,595
2013	52,888	29,301	14,702 (4)	5,118	3,834	1,058	2,546	109,447
2014	52,607	31,464	17,472 (4)	4,907	4,178	1,080	3,288	114,996
2015	55,992 (5)	33,202	19,713 (6)	5,427	4,548	1,406	3,123	123,411
2016	58,946	35,232	20,943	5,632	4,895	1,545	2,424	129,617
2017	63,988 (5)	34,543	22,267 (7)	5,475	4,328	1,393	2,171	134,165
2018	66,523	34,972	24,234 (8)	5,812	5,026 (9)	1,463	3,088 (10)	141,118
2019	69,952	40,795 (11)	26,320	6,100	5,322	1,715	4,469	154,673
Change 2010-2019	27%	79%	129%	24%	54%	126%	162%	54%



Source: City of Carlsbad Comprehensive Annual Financial Reports

* Includes Vehicle License Fees (VLF) in lieu, property tax increment, low/moderate housing, set aside taxes and CFD No. 1 special taxes.

(1) Primarily the result of commercial and industrial property reassessments and lower amounts received from delinquent taxes. Beginning February 1, 2012, tax increment revenue from the former Redevelopment Agency is recorded in the Successor Agency Trust Fund.

(2) Reflects improvement in the economy.

(3) The large increases are due to state Section 2103 allocations which became effective in FY 2011 to allocate funds from a motor vehicle fuel excise tax that replaced previous city and county allocations from the Proposition 42 sales tax on gasoline.

(4) The increase in TOT in FY 2013 and FY 2014 is due to the opening of two new hotels and higher occupancy and room rates citywide.

(5) Reflects improvement in the housing market and new construction.

(6) The increase in TOT in FY 2015 is due to the openings of several new hotels and higher occupancy and room rates throughout the city.

(7) The increase in TOT in FY 2017 is due to higher room rates throughout most of the city's hotels and an increase in available rooms.

(8) The increase in TOT in FY 2018 is due to higher room rates throughout most of the city's hotels and an opening of a new hotel.

(9) The increase in Business License Taxes in FY 2018 is due to a significant number of delinquent payments being collected.

(10) The increase in Gas Taxes in FY 2018 is due to new ongoing allocations received from the state's Road Maintenance and Rehabilitation Account.

(11) The increase in Sales and Use Taxes in FY 2019 is due to overall growth and the ending of the state's sales and use tax "triple flip" in FY 2018.

Water and Wastewater Rates
Last Ten Fiscal Years

	Water		Wastewater
Fiscal Year	Monthly Delivery Charge	Base Price Per Unit (1)	Monthly Base Rate
2010	$16.78	$2.29	$20.93
2011	18.00	2.70	23.03
2012	19.80	2.97	24.53
2013	21.38	3.20	25.02
2014	20.07	3.19	25.52
2015	21.08	3.35	26.03
2016	22.19	3.53	27.81
2017	24.11	3.84	27.81
2018	24.72	3.94	27.81
2019	24.72	3.94	27.81

Source: City of Carlsbad

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

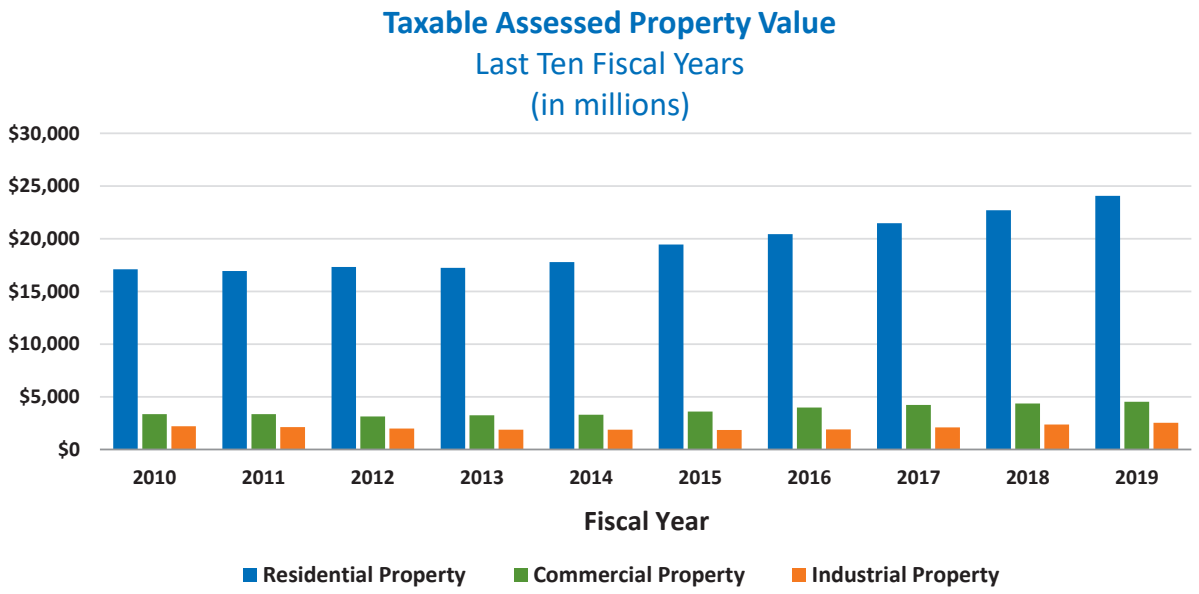
(1) One unit of water equals 748 gallons. The base price shown is for tier 1, which applies to the first 12 units of usage per month at a single family residence.

Assessed Value of Taxable Property

Last Ten Fiscal Years

(dollars in millions)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Exemptions and Other Taxable Property (1)	Net Assessed Valuation	Change From Prior Year	Estimated Property Tax Revenue (2)	Total Direct Tax Rate (3)
2010	$17,086	$3,340	$2,192	$617	$23,235	-1.20%	$45	0.1927%
2011	16,946	3,355	2,111	601	23,013	-0.96%	44	0.1927%
2012	17,306	3,133	1,983	560	22,982	-0.13%	44	0.1927%
2013	17,222	3,237	1,884	614	22,957	-0.11%	44	0.1927%
2014	17,774	3,298	1,871	580	23,523	2.47%	45	0.1927%
2015	19,450	3,603	1,847	589	25,489	8.36%	49	0.1927%
2016	20,431	3,973	1,909	612	26,925	5.63%	52	0.1927%
2017	21,472	4,238	2,092	622	28,424	5.57%	55	0.1927%
2018	22,707	4,355	2,378	555	29,995	5.53%	58	0.1927%
2019	24,077	4,528	2,541	490	31,636	5.47%	61	0.1927%



Source: County of San Diego, California Auditor and Controller

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

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

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

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

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

	Allocation of 1% Ad Valorem Property Taxes									
		Overlapping Rates for Tax Rate Area 09000 (1)								
Fiscal Year	City of Carlsbad Total Direct Rate (5)	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 (2)	Voter Approved Debt (3)	Total Tax Rate (4)
2010	0.01927%	0.3412%	0.1576%	0.1497%	0.0937%	0.0198%	0.0453%	1.0000%	0.0408%	1.0408%
2011	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0432	1.0432
2012	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0748	1.0748
2013	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0768	1.0768
2014	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0743	1.0743
2015	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0710	1.0710
2016	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0681	1.0681
2017	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0563	1.0563
2018	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0791	1.0791
2019	0.1927	0.3412	0.1576	0.1497	0.0937	0.0198	0.0453	1.0000	0.0758	1.0758

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

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

(2) 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 percent). 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.

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

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

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

Direct and Overlapping Property Tax Rates (continued)

Last Ten Fiscal Years

(rate per $100 of assessed value)

		Fiscal Year 2018-19 Voter Approved Debt Tax Rates for all Rate Areas									
Total Tax Rates (2)	County Tax Rate Areas (3)	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	Total Voter Approved Rates (1)
1.0545	1	-	-	-	-	0.0416%	0.0129%	-	-	-	0.0545%
1.0580	44	-	-	-	-	0.0416	0.0129	-	-	0.0035	0.0580
1.0660	3	-	-	-	-	0.0416	-	0.0209	-	0.0035	0.0660
1.0723	3	0.0593	-	-	-	-	0.0129	-	-	-	0.0723
1.0758	57	0.0593	-	-	-	-	0.0129	-	-	0.0035	0.0758
1.0760	5	-	-	-	0.0516	-	-	0.0209	-	0.0035	0.0760
1.0829	2	-	-	0.0665	-	-	0.0129	-	-	0.0035	0.0829
1.0837	3	0.0593	-	-	-	-	-	0.0209	-	0.0035	0.0837
1.0909	29	-	-	0.0665	-	-	-	0.0209	-	0.0035	0.0909
1.0968	1	0.0593	-	-	-	-	0.0129	-	0.0210	0.0035	0.0968
1.1039	1	-	-	0.0665	-	-	0.0129	-	0.0210	0.0035	0.1039
1.1119	11	-	-	0.0665	-	-	-	0.0209	0.0210	0.0035	0.1119
1.1124	1	-	0.0960	-	-	-	0.0129	-	-	0.0035	0.1124

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

(1) The majority of voter approved debt is related to various school district and hospital bonds.
(2) The Total Tax Rate is the 1.00% Proposition 13 rate plus the Voter Approved Debt rate.
(3) Tax rate areas are determined by the County of San Diego. There are currently thirteen tax rates distributed among the 161 tax rate areas in the city. The table above shows the number of tax rate areas affected by each of the rates.

Principal Property Taxpayers
Current Year and Nine Years Ago

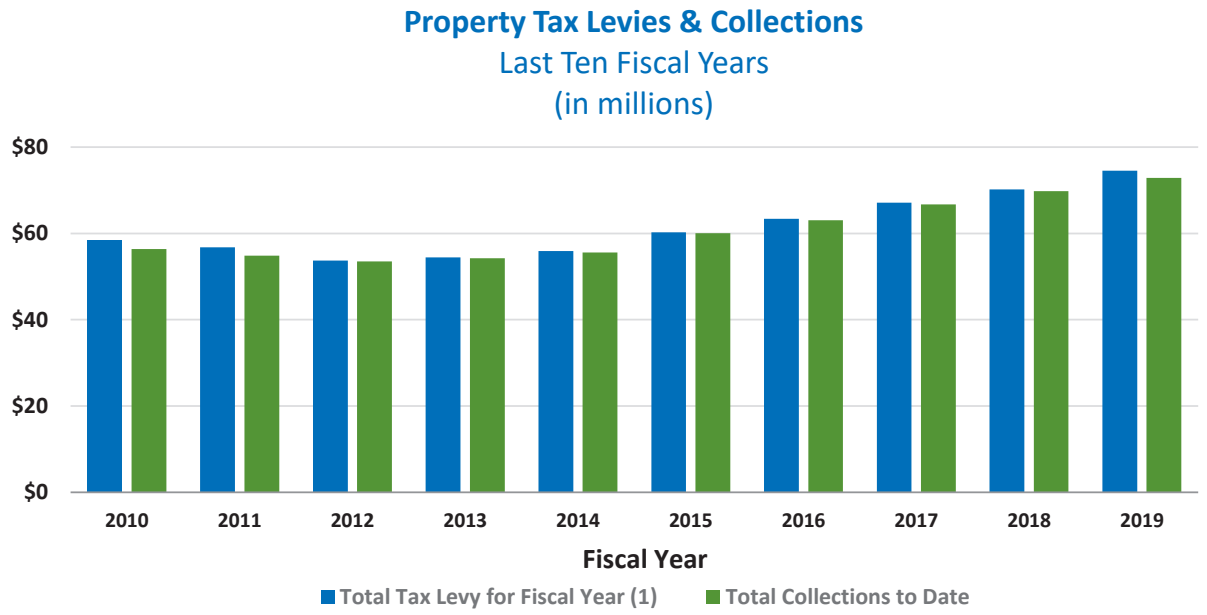
	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Net Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Net Assessed Value
Poseidon Water Desalination Plant	$ 544,402,445	1	1.72%	$ -		-
La Costa Glen Retirement Community	260,922,718	2	0.82%	230,280,630	1	0.99%
La Costa Resort & Spa	237,065,147	3	0.75%	204,343,913	3	0.88%
Legoland California, LLC	226,235,083	4	0.72%	126,054,123	4	0.54%
The Forum Shopping Center	198,561,381	5	0.63%	84,274,577	9	0.36%
The Shoppes at Carlsbad	173,289,771	6	0.55%	-		-
La Costa Town Center, LLC	143,481,791	7	0.45%	-		-
Carlsbad Premium Outlets	126,982,812	8	0.40%	114,030,700	6	0.49%
Pacific View Apartments	124,725,402	9	0.39%	121,238,334	5	0.52%
The Reserve at Carlsbad Apartments	115,900,559	10	0.37%	82,580,928	10	0.36%
Park Hyatt Aviara Resort	-		-	216,600,922	2	0.93%
Callaway Golf Company	-		-	99,591,497	7	0.43%
Grand Pacific Palisades Resort	-		-	95,986,981	8	0.41%
Total	$ 2,151,567,109		6.80%	$ 1,374,982,605		5.92%
Net assessed valuation	$ 31,635,528,433			$ 23,234,947,883		

Source: County of San Diego Offices of the Auditor and Controller and County Assessor

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2010	$58,433,851	$55,030,915	94.18%	$1,356,961	$56,387,876	96.50%
2011	56,792,002	53,953,149	95.00%	884,139	54,837,288	96.56%
2012	53,682,809	52,778,359	98.32%	746,650	53,525,009	99.71%
2013	54,469,819	53,677,921	98.55%	571,980	54,249,901	99.60%
2014	55,883,499	55,042,944	98.50%	517,082	55,560,026	99.42%
2015	60,266,230	59,509,285	98.74%	530,047	60,039,332	99.62%
2016	63,363,527	62,595,504	98.79%	459,299	63,054,803	99.51%
2017	67,116,590	66,233,111	98.68%	511,597	66,744,708	99.45%
2018	70,221,876	69,383,391	98.81%	415,935	69,799,326	99.40%
2019	74,560,530	72,869,105	97.73%	N/A	72,869,105	97.73%



Source: County of San Diego Office of the Auditor and Controller

(1) Includes real property transfer taxes, homeowner exemptions and Proposition 172 public safety sales taxes.
(2) Total collections include secured, unsecured, homeowners' exception and supplementary amounts distributed by the county.

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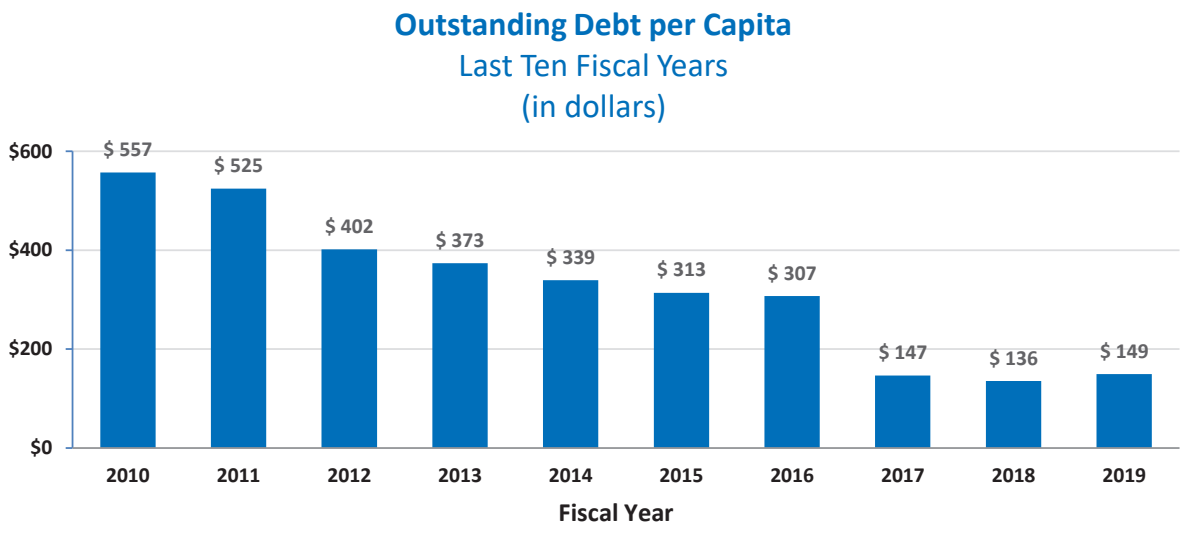
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands except per capita)

		Governmental Activities			
Fiscal Year		Bonds / Special Debt (1)	Certificates of Participation	Capital Leases	Loans Payable
2010		$ 10,250	$ -	$ -	$ -
2011		9,735	-	-	581
2012		-	-	-	475
2013		-	-	-	159
2014		-	-	-	-
2015		-	-	-	-
2016	(5)	-	-	970	-
2017		-	-	784	-
2018		-	-	588	-
2019		-	-	378	-



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

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

(1) The 1993 Carlsbad Housing & Redevelopment Commission Tax Allocation Bonds were transferred to a trust fund due to the dissolution of the Redevelopment Agency in FY 2011-12.
(2) During FY 2006-07, Carlsbad Municipal Golf Course Revenue Bonds were issued for $18.5 million.
(3) 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.
(4) Percentage of personal income is calculated using per capita personal income beginning in 2011, in prior years the percentage is calculated using household median income.
(5) The Bond/Special Debt is net of amortized premiums and the Loan Payable is net of unamortized discounts.
(6) The Carlsbad Municipal Golf Course Revenue Bonds were defeased during FY 2016-17.

Business-Type Activities						
Bonds / Special Debt (2)	Installment Purchase Agreements	Loan Payable (4)	Capital Leases	Total	Percentage of Personal Income (3)	Per Capita
$ 17,975	$ 4,105	$ 25,715	$ 502	$ 58,547	0.79%	$ 557.30
17,670	3,365	24,290	256	55,897	1.38%	524.58
17,345	2,585	22,830	14	43,249	1.00%	401.67
17,237	1,697	21,335	-	40,428	0.92%	373.48
16,645	905	19,837	-	37,387	0.77%	339.36
16,260	-	18,429	-	34,689	0.71%	313.49
16,058	-	17,670	-	34,698	0.60%	307.25
- (6)	-	15,901	-	16,685	0.28%	146.71
-	-	14,944	-	15,532	0.24%	135.51
-	-	16,827	-	17,205	0.25%	149.30

City of Carlsbad
Schedule of Direct and Overlapping Bonded Debt
Current Fiscal Year

Fiscal Year 2018-19 Assessed Valuation:	$33,056,672,643
Redevelopment Incremental Valuation:	1,421,144,210
Adjusted Assessed Valuation:	$31,635,528,433

Overlapping Tax and Assessment Debt:	Total Debt 06/30/19	Percent Applicable (1)	City's Share of Debt 6/30/19
Metropolitan Water District	$ 48,050,000	1.139%	$ 547,290
Mira Costa Community College District	85,850,000	27.650%	23,737,525
Palomar Community College District	618,718,625	2.708%	16,754,900
Carlsbad Unified School District	240,948,680	98.132%	236,447,759
Carlsbad Unified School District Community Facilities District No 1	1,430,000	100.000%	1,430,000
Oceanside Unified School District	222,457,302	0.004%	8,898
Vista Unified School District	141,249,882	0.623%	879,987
Encinitas Union School District	47,547,433	30.705%	14,599,439
San Marcos Unified School District	274,121,554	18.129%	49,695,497
San Marcos Unified School District School Facility Improvement District	1,380,653	19.644%	271,215
San Marcos Unified School District CFD No. 4	15,800,000	32.779%	5,179,082
San Marcos Unified School District CFD No. 5	14,440,000	100.000%	14,440,000
San Dieguito Union High School District	333,920,000	9.055%	30,236,456
San Dieguito Union HS District CFD No. 94-2	25,725,000	98.343%	25,298,737
San Dieguito Union HS District CFD No. 95-2	6,050,000	9.338%	564,949
Palomar Health District	431,124,259	1.670%	7,199,775
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	9,765,000	22.262%	2,173,884
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	19,715,000	100.000%	19,715,000
City of Carlsbad 1915 Act Bonds	32,380,000	100.000%	32,380,000
Total Overlapping Tax and Assessment Debt	$ 2,570,673,388		$ 481,560,393

Source: MuniServices, LLC and County of San Diego Office of the Auditor and Controller

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

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

Overlapping General Fund Obligation Debt:	Total Debt 06/30/19	Percent Applicable (1)	City's Share of Debt 6/30/19	
San Diego County General Fund Obligations	$ 255,365,000	6.316%	$ 16,128,853	
San Diego County Pension Obligation Bonds	508,765,000	6.316%	32,133,597	
San Diego County Superintendent of Schools General Fund Obligations	10,085,000	6.316%	636,969	
Mira Costa Community College District Certificates of Participation	150,000	27.650%	41,475	
Palomar Community College District General Fund Obligations	2,140,000	2.708%	57,951	
Carlsbad Unified School District General Fund Obligations	42,315,000	98.132%	41,524,556	
San Marcos Unified School District General Fund Obligations	73,382,458	18.129%	13,303,506	
Vista Unified School District Certificates of Participation	1,895,000	0.623%	11,806	
San Dieguito Union High School District General Fund Obligations	12,730,000	9.055%	1,152,702	
Total Overlapping General Fund Obligation Debt	$ 906,827,458		$ 104,991,415	
Overlapping Tax Increment Debt (Successor Agency):	4,520,000	100.000%	4,520,000	(2)
Total Overlapping Debt:	**$ 3,482,020,846**		**$ 591,071,808**	
City of Carlsbad Direct Debt:				
City of Carlsbad Governmental Activities Obligations	$ -	0.000%	$ -	
Total City of Carlsbad Direct Debt	$ -		$ -	
Combined Total Debt	**$ 3,482,020,846**		**$ 591,071,808**	(3)

Source: MuniServices, LLC and County of San Diego Office of the Auditor and Controller

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

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

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to FY 2018-19 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	1.46%

Ratios to FY 2018-19 Adjusted Assessed Valuation:	
Governmental Activities Direct Debt	**0.00%**
Combined Total Debt	1.87%

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

	2010	2011	2012	2013
Overlapping Tax and Assessment Debt:				
Metropolitan Water District	$ 0.147	$ 0.129	$ 0.110	$ 0.080
Mira Costa Community College District	-	-	-	-
Palomar Community College District	0.207	0.447	0.448	0.375
Carlsbad Unified School District	5.401	8.660	8.527	8.312
Carlsbad Unified School District CFD No. 1	0.230	0.192	0.149	0.103
Oceanside Unified School District	0.001	0.001	0.001	0.001
Vista Unified School District	0.043	0.039	0.038	0.031
Encinitas Union School District	0.205	0.357	0.338	0.454
San Marcos Unified School District	-	-	3.103	1.711
San Marcos Unified School District Facility Improvement District	0.227	0.202	0.176	0.076
San Marcos Unified School District CFD No. 4	0.245	0.241	0.236	0.230
San Marcos Unified School District CFD No. 5	1.000	0.979	0.950	0.918
San Dieguito Union High School District	-	-	-	0.621
San Dieguito Union HS District CFD No. 94-1	0.004	0.004	0.004	0.004
San Dieguito Union HS District CFD No. 94-2	1.105	1.093	1.106	1.082
San Dieguito Union HS District CFD No. 95-2	0.022	0.022	0.022	0.022
San Dieguito Union HS District combined CFD	0.218	0.215	-	-
Palomar Health District	0.383	0.444	0.434	0.353
Olivenhain Municipal Water District, Assess. Dist. No. 96-1	0.151	0.147	0.142	0.138
City of Carlsbad CFD No. 3, I.A. No. 1 & No. 2	1.244	1.080	1.063	1.045
City of Carlsbad 1915 Act Bonds	2.685	2.640	2.569	2.107
Total Overlapping Tax and Assessment Debt	$ 13.518	$ 16.892	$ 19.416	$ 17.663
Overlapping General Fund Obligation Debt:				
San Diego County General Fund Obligations	$ 1.201	$ 1.133	$ 1.155	$ 1.070
San Diego County Pension Obligation Bonds	2.470	2.410	2.300	2.017
San Diego City Superintendent of Schools General Fund Obligations	0.061	0.059	0.055	0.047
Mira Costa Community College District Certificates of Participation	0.043	0.036	0.032	0.028
Palomar Community College District General Fund Obligations	0.010	0.009	0.008	0.006
Carlsbad Unified School District General Fund Obligations	2.132	2.089	2.028	1.967
San Marcos Unified School District General Fund Obligations	0.834	0.831	0.837	0.458
Vista Unified School District Certificates of Participation	-	-	-	0.001
Encinitas Union School District Certificates of Participation	0.004	-	-	-
San Dieguito Union High School District General Fund Obligations	0.048	0.049	0.059	0.051
Other Unified School District Certificates of Participation	0.002	0.002	0.002	-
Total Overlapping General Fund Obligation Debt	$ 6.805	$ 6.618	$ 6.476	$ 5.645
Overlapping Tax Increment Debt (Successor Agency):	$ -	$ -	$ -	$ 0.376
Total Overlapping Debt:	20.323	23.510	25.892	23.684
City of Carlsbad Direct Debt:				
City of Carlsbad Governmental Activities Obligations	-	0.025	0.021	0.007
Total City of Carlsbad Direct Debt	$ -	$ 0.025	$ 0.021	$ 0.007
Combined Total Debt	$ 20.323	$ 23.535	$ 25.913	$ 23.691

Source: MuniServices, LLC and California Municipal Statistics, Inc.

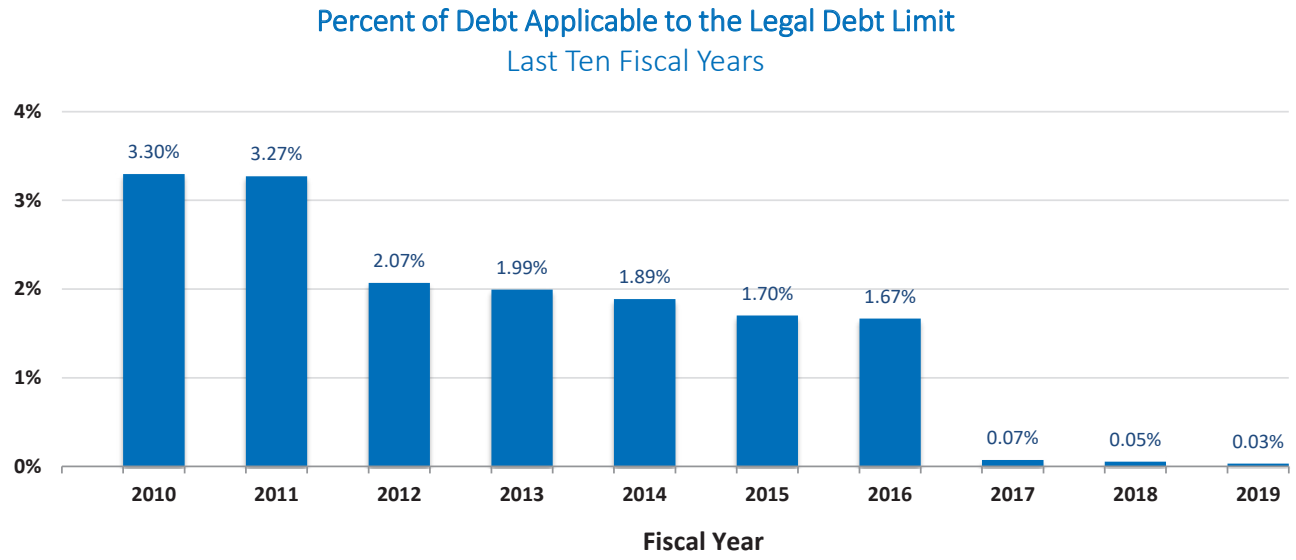
2014	2015	2016	2017	2018	2019
$ 0.062	$ 0.049	$ 0.039	$ 0.030	$ 0.023	$ 0.017
-	-	-	-	0.918	0.750
0.361	0.562	0.520	0.619	0.571	0.530
7.921	7.073	6.370	5.816	5.298	7.474
0.052	-	-	-	0.051	0.045
-	-	-	-	-	-
0.028	0.025	0.022	0.024	0.018	0.028
0.426	0.385	0.515	0.551	0.506	0.461
2.248	2.087	1.922	1.797	1.706	1.571
0.057	0.035	0.027	0.020	0.014	0.009
0.292	0.254	0.232	0.199	0.181	0.164
0.864	0.690	0.626	0.566	0.509	0.456
0.607	0.967	0.906	1.031	1.032	0.956
0.004	0.003	0.003	0.003	0.003	-
1.032	0.928	0.855	0.983	0.908	0.800
0.023	0.021	0.019	0.017	0.016	0.018
-	-	-	-	-	-
0.336	0.308	0.285	0.258	0.244	0.228
0.139	0.031	0.102	0.091	0.079	0.069
1.000	0.903	0.836	0.750	0.684	0.623
2.018	1.727	1.564	1.379	1.240	1.024
$ 17.470	$ 16.048	$ 14.843	$ 14.134	$ 14.001	$ 15.223
$ 0.983	$ 0.857	$ 0.709	$ 0.648	$ 0.572	$ 0.510
1.865	1.664	1.497	1.347	1.168	1.016
0.042	0.036	0.031	0.025	0.023	0.020
0.023	0.018	0.014	0.119	0.005	0.001
0.006	0.005	0.004	0.003	0.002	0.002
2.086	1.846	1.692	1.598	1.447	1.313
0.441	0.407	0.376	0.378	0.459	0.421
0.001	0.001	0.001	0.001	-	-
-	-	-	-	-	-
0.049	0.047	0.044	0.041	0.039	0.036
-	-	-	-	-	-
$ 5.496	$ 4.881	$ 4.368	$ 4.160	$ 3.715	$ 3.319
$ 0.341	$ 0.290	$ 0.250	$ 0.212	$ 0.177	$ 0.143
23.307	21.219	19.461	18.506	17.893	18.685
-	-	-	-	-	
$ -	$ -	$ -	$ -	$ -	$ -
$ 23.307	$ 21.219	$ 19.461	$ 18.506	$ 17.893	$ 18.685

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

	2010	2011	2012	2013
Net assessed valuation	$ 23,234,948	$ 23,012,997	$ 22,982,172	$ 22,956,650
Debt limit (25% x 15%)	871,311	862,987	861,831	860,874
Less amount of debt applicable to limit:				
Bonded debt	28,225	27,405	17,345 (1)	17,005
Loan payable	-	581	475	159
Obligations under capital leases	502	256	14	-
Total net debt applicable to limit	28,727	28,242	17,834	17,164
Legal debt margin	$ 842,584	$ 834,745	$ 843,997	$ 843,710
Total net debt applicable to the limit as a percentage of debt limit	3.30%	3.27%	2.07%	1.99%



Source: City of Carlsbad Comprehensive Annual Financial Reports

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

(1) The 1993 Carlsbad Housing & Redevelopment Commission Tax Allocation Bonds were transferred to a trust fund due to the dissolution of the Redevelopment Agency in FY 2011-12.
(2) The golf course bonds were defeased during FY 2016-17.

2014	2015	2016	2017	2018	2019
$ 23,522,746	$ 25,489,468	$ 26,924,891	$ 28,423,782	$ 29,994,964	$ 31,635,528
882,103	955,855	1,009,683	1,065,892	1,124,811	1,186,332
16,645	16,260	15,855	- (2)	-	-
-	-	-	-	-	-
-	-	970	785	588	378
16,645	16,260	16,825	785	588	378
$ 865,458	$ 939,595	$ 992,858	$ 1,065,107	$ 1,124,223	$ 1,185,954
1.89%	1.70%	1.67%	0.07%	0.05%	0.03%

Pledged-Revenue Coverage
Last Ten Fiscal Years

	2010	2011	2012	2013
Wastewater Revenue Bonds				
Gross revenues (1), (5)	$ 10,837,232	$ 11,564,398	$ 12,391,225	$ 12,599,601
Less expenses (2), (5)	6,197,845	6,060,142	6,645,436	7,094,310
Net available revenue	$ 4,639,387	$ 5,504,256	$ 5,745,789	$ 5,505,291
Debt service				
Principal (5)	$ 705,000	$ 740,000	$ 780,000	$ 820,000
Interest (5)	228,006	191,419	152,468	111,469
Total debt service	$ 933,006	$ 931,419	$ 932,468	$ 931,469
Coverage	**4.97**	**5.91**	**6.16**	**5.91**
Recycled Water Loans				
Gross revenues (3)	$ 6,635,220	$ 5,942,531	$ 7,002,009	$ 8,160,109
Less expenses (4)	3,300,263	3,629,787	4,133,530	4,019,176
Net available revenue	$ 3,334,957	$ 2,312,744	$ 2,868,479	$ 4,140,933
Debt service				
Principal	$ 1,252,343	$ 1,282,018	$ 1,312,398	$ 1,343,498
Interest	624,140	594,463	564,084	532,983
Total debt service	$ 1,876,483	$ 1,876,481	$ 1,876,482	$ 1,876,481
Coverage	**1.78**	**1.23**	**1.53**	**2.21**
Golf Course Revenue Bonds				
Gross revenues (1), (6)	$ 7,080,711	$ 7,582,458	$ 7,863,951	$ 6,777,292
Less expenses (2), (6)	6,426,412	6,356,592	6,177,438	5,954,896
Net available revenue	$ 654,299	$ 1,225,866	$ 1,686,513	$ 822,396
Debt service				
Principal (6)	$ 290,000	$ 305,000	$ 325,000	$ 340,000
Interest (6)	810,250	798,350	785,750	771,600
Total debt service	$ 1,100,250	$ 1,103,350	$ 1,110,750	$ 1,111,600
Coverage	**0.59**	**1.11**	**1.52**	**0.74**

Source: City of Carlsbad Comprehensive Annual Financial Reports

(1) Includes operating and non-operating revenues and transfers in from the General Fund.
(2) Includes operating and non-operating expenses, excluding interest expense and depreciation.
(3) Includes recycled water operating and non-operating revenues and fees.
(4) Includes recycled water operating and non-operating expenses, excluding interest expense and depreciation.
(5) Debt service on the wastewater revenue bonds was completed during FY 2015-16.
(6) The golf course bonds were defeased during FY 2016-17.

2014	2015	2016	2017	2018	2019
$ 13,699,286	$ 13,723,835	$ 13,723,835	$ -	$ -	$ -
6,989,194	7,249,798	7,249,798	-	-	-
$ 6,710,092	$ 6,474,037	$ 6,474,037	$ -	$ -	$ -
$ 860,000	$ 905,000	$ 905,000	$ -	$ -	$ -
68,419	23,191	-	-	-	-
$ 928,419	$ 928,191	$ 905,000	$ -	$ -	$ -
7.23	**6.97**	**7.15**	**n/a**	**n/a**	**n/a**
$ 9,392,061	$ 9,210,258	$ 8,216,362	$ 8,371,467	$ 9,869,958	$ 8,198,882
3,640,786	3,826,699	4,679,706	4,863,054	5,559,509	5,996,366
$ 5,751,275	$ 5,383,559	$ 3,536,656	$ 3,508,413	$ 4,310,449	$ 2,202,516
$ 1,375,337	$ 1,407,932	$ 1,441,301	$ 1,475,461	$ 1,510,433	$ 1,546,234
501,144	468,550	435,182	401,021	366,049	330,248
$ 1,876,481	$ 1,876,482	$ 1,876,483	$ 1,876,482	$ 1,876,482	$ 1,876,482
3.06	**2.87**	**1.88**	**1.87**	**2.30**	**1.17**
$ 7,747,116	$ 8,428,375	$ 8,196,853	$ -	$ -	$ -
6,125,159	6,302,019	6,273,320	-	-	-
$ 1,621,957	$ 2,126,356	$ 1,923,533	$ -	$ -	$ -
$ 360,000	$ 385,000	$ 405,000	$ -	$ -	$ -
755,850	739,088	721,313	-	-	-
$ 1,115,850	$ 1,124,088	$ 1,126,313	$ -	$ -	$ -
1.45	**1.89**	**1.71**	**n/a**	**n/a**	**n/a**

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Total Population	% of S.D. County Population	% Change from Previous Year	Educational Attainment: % High School Graduate	Educational Attainment: % Bachelor's Degree or Higher	Median Age
2010	105,055	3.30%	1.59%	n/a	n/a	38.7
2011	106,555	3.42%	1.43%	96.2%	51.6%	39.4
2012	107,674	3.43%	1.05%	95.3%	50.6%	40.3
2013	108,246	3.44%	0.53%	88.5%	35.4%	39.3
2014	110,169	3.45%	1.78%	95.6%	51.3%	40.3
2015	110,653	3.43%	0.44%	96.0%	51.9%	41.1
2016	112,930	3.43%	2.06%	95.6%	54.8%	42.1
2017	113,725	3.43%	0.70%	95.8%	54.2%	41.9
2018	114,622	3.43%	0.79%	95.7%	55.0%	42.3
2019	115,241	3.44%	0.54%	95.7%	58.1%	42.6

Sources: MuniServices, LLC
Population projections are from the California Department of Finance
Household and demographic characteristics estimates are from the United States Census Data Sets Tables.
Unemployment rate estimates are from the California Employment Development Department, Bureau of Labor Statistics.

(1) Personal income is the estimated total aggregate income for the total population.
(2) Per Capita Personal Income is reported starting in FY 2010-11; prior amounts are Median Household Income, adjusted for inflation.

Average Household Size	Personal Income (1) (millions)	Per Capita Personal Income (2)		City Unemployment Rate
2.53	n/a	$ 70,581		6.50%
2.53	$ 4,048	$ 37,985	(2)	6.80%
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%

Principal Employers
Current Year and Nine Years Ago

		2019			2010		
Employer	**Industry**	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Legoland California	Hospitality/Tourism	2,300	1	3.26%	1,022	5	1.88%
ViaSat	Information Technology	2,153	2	3.05%	1,940	3	3.57%
Life Technologies	Life Sciences	1,982	3	2.81%	3,988	1	7.34%
Omni La Costa Resort & Spa	Hospitality/Tourism	1,300	4	1.84%	838	7	1.54%
Carlsbad Unified School District	Education	1,032	5	1.46%	983	6	1.81%
Gemological Institute of America	Research/Education	856	6	1.21%	-	-	-
City of Carlsbad	Government	746	7	1.06%	713	9	1.31%
Nortek Security Control	Information Technology	637	8	0.90%	-	-	-
Optum UnitedHealth Groug	Life Sciences	571	9	0.81%	-	-	-
HM Electronics	Information Technology	571	9	0.81%	-	-	-
Taylor Made Golf Company	Action Sports	570	10	0.81%	2,075	2	3.82%
Callaway Golf Company	Action Sports	-	-	-	1,637	4	3.01%
Park Hyatt Aviara Resort	Hospitality/Tourism	-	-	-	823	8	1.51%
Nordson Asymtek	Manufacturing	-	-	-	671	10	1.23%
Subtotal Employees		**12,718**		**18.01%**	**14,690**		**27.03%**
Total Employees (estimate)		**70,614**			**54,347**		

Source: Carlsbad Business License Data

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Authorized Full and 3/4 Time City Government Employees by Program Area

Last Ten Fiscal Years

Program Area	2010	2011		2012	2013
Policy and Leadership Group					
City Attorney	7.00	7.00		7.00	7.00
City Clerk and Records Management	8.00	8.00		6.25	6.00
City Council	1.00	1.00		1.00	1.00
City Manager	8.00	8.00		7.00	7.00
City Treasurer	0.75	0.75		0.75	0.75
Communications	3.75	2.75		2.75	2.75
Administrative Services					
Finance and Risk Management	31.00	30.50		30.50	30.50
Human Resources and Workers' Comp	10.00	9.00		9.00	9.00
Information Technology	19.00	22.50	(1)	22.50	22.50
Public Safety					
Police	162.00	162.00		162.00	161.00
Fire	88.75	88.75		87.75	87.75
Community Services					
Community and Economic Development	50.00	54.00	(1)	50.00	47.00
Housing and Neighborhood Services	10.00	11.00	(1)	13.00	10.00
Library and Arts	53.00	52.25		51.25	51.25
Parks and Recreation	72.10	71.95		70.95	68.40
Public Works					
Environmental Management	-	-		-	-
General Services, Engineering, Environmental	133.00	-	(1)	-	-
General Services	-	41.60	(1)	39.60	40.55
Public Works Administration	-	-		-	-
Transportation	-	58.40	(1)	54.40	54.40
Utilities	55.40	69.55	(1)	68.55	67.65
Full and 3/4 Time Authorized Employees	712.75	699.00		684.25	674.50
Net Increase/(decrease) over prior year	6.50	(13.75)		(14.75)	(9.75)

Source: City of Carlsbad Operating Budget

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick-leave).
A 3/4 time employee is scheduled to work 1,560 hours per year (including vacation and sick-leave).

(1) During FY 2010-11, the Community Services, Public Works and Information Technology divisions were reorganized.
(2) During FY 2014-15, the Policy and Leadership and Community Services divisions were reorganized.
(3) During FY 2015-16 and FY 2016-17, the Public Works division restructured divisions.
(4) During FY 2018-19, Police IT was consolidated with city IT, resulting in the transfer of 5.0 FTEs.

2014	2015	2016	2017	2018	2019
7.00	7.00	7.00	6.00	7.00	7.00
5.00	5.00	5.00	5.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	8.00	8.00	9.00
0.75	0.75	0.75	0.75	0.75	0.75
2.75	4.75 (2)	5.00	5.00	5.00	5.00
31.50	31.50	32.50	33.00	32.00	32.00
9.00	11.00	11.00	11.00	11.00	11.00
22.50	22.50	19.50	20.00	27.00	32.00 (4)
161.00	162.00	168.00	168.00	168.00	169.00 (4)
88.00	89.00	89.00	90.00	90.00	90.00
44.00	44.00	44.00	44.00	44.00	46.00
10.00	12.00	13.00	13.00	13.00	12.00
51.25	50.25 (2)	50.50	50.50	50.50	50.50
67.60	61.60 (2)	58.15	57.15	57.00	55.00
-	-	8.50	9.50	9.70	9.60
-	-	-	-	-	
40.60	39.90	28.10 (3)	51.30 (3)	52.00	53.00
-	-	8.05 (3)	9.85 (3)	12.30	7.65
53.40	55.90	57.35 (3)	33.00 (3)	32.00	35.00
65.40	64.60	60.85 (3)	60.20	59.00	61.75
667.75	669.75	674.25	676.25	685.25	693.25
(6.75)	2.00	4.50	2.00	9.00	8.00

Operating Indicators by Function/Program
Last Ten Fiscal Years

	2010	2011	2012	2013	
General Government					
Number of applications processed (full and part-time)	5,260	2,416	1,998	10,904	(8)
Number of external new hires (full and part-time)	27	31	16	151	(8)
Number of internal promotions / transfers (full-time only)	34	5	6	6	
Business licenses processed	9,173	9,539	9,303	9,422	
Number of outgoing payments processed	40,310	41,344	39,075	38,441	
Public Safety					
Police					
Calls for service	94,678	97,414	93,248	90,122	
Average priority one response (minutes)	6.0	5.5	5.9	5.8	
Cases	8,826	8,188	7,963	8,314	
Fire					
Emergency responses	9,503	9,084	9,106	10,755	
Response time: arrivals on scene within goal standard	74%	71%	72%	71%	
Community Development					
Affordable housing units completed	6	5	-	59	
Financial assistance to affordable housing projects	$3,750,000	$ 525,000	$ 780,000	$7,408,000	
Building permits issued	n/a	2,600	1,400	1,500	
Building inspections conducted	15,500	19,500	19,000	24,000	
Final inspections (residential dwelling units)	300	260	271	440	
Final inspections (commercial square feet)	n/a	n/a	n/a	n/a	
Code Enforcement Actions	3,400	4,320	3,827	4,943	
Community Services					
Library - total material circulation	1,365,127	1,362,700	1,358,839	1,348,333	
Library - patron visits	749,514	858,788	858,422	821,045	
Cultural Arts - number of events	54	44	50	50	
Arts - attendance of events	80,000	80,000	75,000	80,000	
Recreation - youth sports participants	1,200	1,200	1,200	1,200	
Recreation - adult sports participants	5,400	5,400	5,450	5,200	
Recreation - enrichment class enrollees	13,075	13,300	12,650	12,200	
Recreation - special events participants	12,000	9,000	10,000	13,000	
Recreation - aquatics classes conducted	368	470	557	575	
Trees trimmed	1,816	2,221	1,863	1,936	
Public Works					
Streets					
Road miles resurfaced- overlay or slurry seal	15.3	3.8	25.2	24.3	
Carlsbad Municipal Water District					
Average consumption (millions of gallons per day)	15.3 (1)	14.1 (1)	14.4	15.4	
Annual water deliveries (acre feet)	17,142 (1)	15,786 (1)	16,104	17,248	
Water connections	27,910	27,978	28,379	28,947	
Wastewater					
Sewage pumped (millions of gallons per day)	7.10	7.57	6.92	6.65	
Annual flow (millions of gallons)	2,590	2,762	2,524	2,426	
Wastewater connections	22,335	22,342	22,631	22,955	

Source: City of Carlsbad

(1) Water deliveries and consumption decreased significantly in FY 2008-09 through 2010-11 as a result of conservation efforts.
(2) Increases in the number of participants is the result of the opening of the Alga Norte Community Park in FY 2013-14.
(3) 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.
(4) The decrease in patron visits is due to the temporary closures of library facilities for remodeling during FY 2015-16.
(5) The decrease is due to the time involved with the implementation of a new licensing system during FY 2016-17.
(6) Reporting of information is not available for FY 20167-17 due to the implementation of a new permitting system.
(7) Beginning in FY 2016-17, 2,500 acre feet of contracted desalinated water is included in the water purchase totals.
(8) Beginning in FY 2012-13, part-time applicants were added to the number of applicants and new hires.

2014	2015	2016	2017	2018	2019
9,527	8,551	8,037	9,544	9,455	8,495
284	299	260	292	311	345
47	41	31	58	44	66
10,327	10,735	11,449	8,142 (5)	11,267	9,546
39,310	40,663	41,398	41,304	41,869	43,520
87,976	91,314	92,061	84,858	90,760	99,562
5.8	6.5	6.1	5.9	5.8	5.7
8,296	8,349	9,253	8,884	8,643	8,705
9,925	9,830	11,455	12,515	12,039	12,378
63%	63%	64%	64%	61%	65%
-	-	-	-	-	-
$ -	$2,646,000	$ -	$ 1,280,000	$ -	$ -
1,400	1,600	3,000	4,500	4,392	4,133
19,000	21,000	23,000	27,000	22,671	27,222
190	200	200	600	289	545
45,000	60,000	60,000	95,000	155,292	1,829,394
4,794	5,389	10,994	n/a (6)	9,538	10,950
1,369,369	1,293,282	1,103,090	1,243,228	1,169,247	1,185,390
791,533	804,003	609,679 (4)	720,205	685,188	668,973
62	80	88	79	82	96
75,000	87,000	85,000	79,067	65,817	61,531
2,292 (2)	1,000	1,000	968	1,003	1,260
5,600	6,150	5,600	4,500	4,800	4,800
10,350	19,030 (3)	19,632	17,402	12,996	17,900
13,600	17,841 (3)	19,474	12,150	11,645	9,600
1,018 (2)	1,224	684	733	778	830
1,920	2,018	1,965	1,971	1,954	4,340
14.8	18.1	20.0	23.8	25.8	8.3
15.9	14.6	12.1	13.1	14.3	13.0
17,801	16,368	13,578	14,616 (7)	16,032	14,563
29,045	29,190	29,190	29,782	30,054	30,131
6.53	5.90	6.17	5.82	6.32	6.03
2,384	2,152	2,252	2,125	2,306	2,200
23,282	23,431	23,431	23,747	23,863	23,959

Capital Asset Statistics
Last Ten Fiscal Years

	2010	2011	2012	2013
Community Services				
Number of parks and community fields	31	31	31	31
Acres of developed parks and community fields	183	183	183	183
Acres of open space and community fields	790	790	790	755
Miles of open space trails	47	47	47	47
Number of pools	1	1	1	1
Number of community centers	4	4	4	4
Number of libraries	3	3	3	3
Number of Materials in Library Collections	642,118	645,414	645,414	625,893
Public Safety				
Fire Protection				
Number of stations	6	6	6	6
Number of fire trucks	11	11	12	12
Number of ambulances	5	5	5	6
Number of other fire vehicles	14	14	15	15
Police Protection				
Number of patrol and other vehicles	91	90	90	88
Number of motorcycles	15	11	11	13
Public Works				
Carlsbad Municipal Water District				
Miles of lines and mains	447	518 (1)	527	534
Wastewater				
Miles of sewers	282	284	288	288
Streets				
Miles of streets	340	340	340	343
Number of street lights	7,113	7,126	7,142	7,179
Number of traffic signals	172	172	172	174

Source: City of Carlsbad

(1) During FY 2010-11, the figure for miles of lines and mains was adjusted to include recycled lines and mains.
(2) During FY 2018-19, the number of vehicles was updated to include both active and reserve vehicles.

2014	2015	2016	2017	2018	2019	
33	33	33	33	33	33	
281	319	319	319	319	319	
728	728	728	728	728	787	
47	47	47	47	47	52	
3	3	3	3	3	3	
4	4	4	4	5	5	
3	3	3	3	3	3	
581,865	574,775	563,581	491,956	477,149	473,154	
6	6	6	6	6	6	(2)
13	12	12	12	13	14	(2)
8	7	6	5	5	5	(2)
16	15	18	20	20	25	(2)
114	114	106	106	96	119	(2)
13	14	15	12	13	13	(2)
534	534	559	559	559	559	
288	288	288	288	288	288	
346	347	348	350	350	350	
7,236	7,262	7,265	7,334	7,337	7,388	
174	177	177	177	178	179	

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