

2005-06 OPERATING BUDGET OVERVIEW

square foot facility will have a capacity to serve up to 300 children per day and will include a gymnasium, computer center and art room.

Budget by Fund Type

This table below shows the changes in the operating budget for fiscal year 2005-06 compared to the adopted budget for fiscal year 2004-05.

The General fund contains most of the discretionary revenues that finance the basic core of City services. However, this should not diminish the importance of the other operating funds, as they also contribute to the array of services available within Carlsbad. The remainder of this section will provide more information about the budgeted expenditures by fund and program.

BUDGET EXPENDITURE SUMMARY BY FUND TYPE (In Millions)				
FUND	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
GENERAL FUND	\$ 90.5	\$ 97.2	\$ 6.7	7.4%
SPECIAL REVENUE	10.0	10.1	0.1	1.0%
ENTERPRISE	31.6	35.0	3.4	10.8%
INTERNAL SERVICE	13.4	13.9	.5	3.7%
REDEVELOPMENT	2.1	2.2	.1	4.8%
TOTAL	\$ 147.6	\$ 158.4	\$ 10.8	7.3%

General Fund

Total budget for the General fund is \$97.2 million, which is 6.7% more than the previous budget of \$90.5 million. As can be seen in the table above, the increase is mainly due to the increase in personnel costs. Personnel costs make up approximately 66% of the General fund budget therefore any changes in these costs can have a significant effect on the total budget. Personnel costs are projected to increase by 9.1% in 2005-06. Due to labor contracts with our employee groups, much of the cost was previously determined.

This table shows the breakdown of personnel costs for the General fund. Salaries include full and part-time staff costs and account for \$2.1 million of the increase in the General fund.

GENERAL FUND PERSONNEL COSTS				
	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
SALARIES	\$42,408	\$44,523	\$2,114	5.0%
HEALTH INSURANCE	4,593	4,590	(3)	(0.1%)
RETIREMENT	8,646	11,842	3,196	37.0%
WORKERS COMP	1,709	1,894	186	10.9%
OTHER PERSONNEL	1,369	1,196	(174)	(12.7%)
TOTAL	\$58,725	\$64,045	\$5,320	9.1%

Approximately \$640,000 of the additional salary costs are for the new positions in 2005/06. Benefits make up the

remainder of the personnel costs with the largest increase in retirement costs. The City is part of the Public Employees Retirement System (PERS). PERS rates have increased due to the implementation of enhanced benefits as well as the effect of investment losses on the plan. These rates are expected to level off next year provided PERS investments generate a reasonable return. The City has made all required payments under the terms of its retirement plan.

2005-06 OPERATING BUDGET OVERVIEW

M & O stands for Maintenance and Operations. This category contains the budget for all program expenses other than personnel or capital outlay. The City was able to hold down increases in these accounts this year by finding more efficient ways of doing business.

Capital Outlay includes budgeted equipment purchases over \$1,000. Capital outlay over \$10,000 is further detailed in the Appendix. These amounts vary from year to year depending on the program needs.

Transfers are amounts anticipated to be transferred from the General fund to another fund at the City. The transfers included in this year's budget are to the following funds:

- \$4.2 million to the Infrastructure Replacement fund - for major maintenance and replacement of City infrastructure. It is based on total revenues and increased by \$420,000 for fiscal year 2005-06.
- \$800,000 to the Hosp Grove debt service fund – for debt service on bonds issued to purchase Hosp Grove. Hosp Grove was originally a grove of Eucalyptus trees. It has since been developed into a nature park containing trails and a tot lot.
- \$600,000 transfer to the General Capital Construction fund (in the CIP) to partially fund the Library Learning Center. The Center will be the location of the Adult Learning Center and Centro de Información. It is anticipated that the \$600,000 will be repaid from a donation from the Library Foundation. Last year's budget contained a transfer of \$800,000 to the CIP to fund synthetic turf fields.

Another way of looking at the General fund budget is by program. The chart below compares the recommended 2005-06 budget to the amounts adopted in the previous year. The significant changes are noted below.

FUND	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
POLICY/LEADERSHIP	\$ 3.7	\$ 4.1	\$ 0.4	10.7%
ADMINISTRATIVE SERVICES	6.0	6.4	0.4	7.7%
PUBLIC SAFETY	33.1	35.5	2.4	7.2%
COMMUNITY DEVELOPMENT	6.3	6.6	0.3	3.7%
COMMUNITY SERVICES	14.8	15.8	1.0	6.9%
PUBLIC WORKS	16.9	18.9	2.0	11.8%
NON-DEPARTMENTAL	7.4	7.6	0.2	-4.6%
CONTINGENCY	2.3	2.3	--	0.0%
TOTAL	\$ 90.5	\$ 97.2	\$ 6.7	6.7%

2006-2007 OPERATING BUDGET OVERVIEW

General Fund

Total budget for the General Fund is \$106.4 million, which is 9% more than the previous budget of \$97.2 million. As can be seen in the table below, the increase is mainly due to the increase in the number of positions and other personnel costs. Personnel costs make up approximately 65% of the General Fund budget so any changes in these costs can have a significant effect on the total budget. Personnel costs are projected to increase by 7% in FY 2006-07, partially due to the addition of new positions.

The table to the left shows the breakdown of personnel costs for the General Fund. Salaries include full and part-time staff costs and account for \$3.6 million of the increase in the General Fund. Approximately \$1.3 million of the additional personnel costs are for the new positions in FY 2006-07. Benefits make up the remainder of the non salary personnel costs.

GENERAL FUND PERSONNEL COSTS (In Millions)				
	BUDGET 2005-06	BUDGET 2006-07	\$ CHANGE	% CHANGE
SALARIES	\$ 44.5	\$ 48.1	\$ 3.6	8%
HEALTH INSURANCE	4.6	5.1	.5	11%
RETIREMENT	11.8	12.0	.2	2%
WORKERS COMP	1.9	2.1	.2	11%
OTHER PERSONNEL	1.2	1.4	.2	17%
TOTAL	\$ 64.0	\$ 68.8	\$ 4.8	7%

M & O stands for Maintenance and Operations. This budget contains the funds for all program expenses other than personnel or capital outlay. The City was able to hold down increases in these accounts this year by finding more efficient ways of doing business.

GENERAL FUND SUMMARY BY EXPENDITURE TYPE (In Millions)				
	BUDGET 2005-06	BUDGET 2006-07	\$ CHANGE	% CHANGE
PERSONNEL	\$64.0	\$68.8	\$4.8	7%
M & O	26.7	28.3	1.6	6%
CAPITAL OUTLAY	.8	1.6	.8	100%
TRANSFERS	5.7	7.7	2.0	35%
TOTAL	\$97.2	\$106.4	\$9.2	9%

Capital Outlay includes budgeted equipment purchases over \$1,000. Capital outlay over \$10,000 is further detailed in the Appendix. These amounts vary from year to year depending on the program needs.

Transfers and advances are amounts anticipated to be transferred or loaned from the General Fund to another fund at the City. The transfers/advances included in this year's budget are to the following funds:

- \$7.2 million to the Infrastructure Replacement Fund - for major maintenance and replacement of City infrastructure. After a review of the City's infrastructure in FY 2005-06 it is the recommendation to increase the transfer to the Infrastructure Replacement Fund by \$2.7 million from the 2005-06 transfer to better meet our future needs.
- \$275,000 to the Hosp Grove Debt Service Fund – for debt service for bonds issued to purchase Hosp Grove. Hosp Grove was originally a grove of eucalyptus trees. It has since been developed into a nature park containing trails and a tot lot.
- A \$178,000 loan to the Median Maintenance Fund.
- A \$38,000 loan to the Street Tree Zone to fund the planting of 400 trees in the City.

2007-2008 OPERATING BUDGET OVERVIEW

General Fund

Total budget for the General Fund is \$116.5 million, which is 9.5% more than the previous budget of \$106.4 million. As can be seen in the table to the right, the increase is mainly due to the increase in personnel costs.

GENERAL FUND SUMMARY BY EXPENDITURE TYPE (In Millions)				
	BUDGET 2006-07	BUDGET 2007-08	\$ CHANGE	% CHANGE
PERSONNEL	\$ 68.8	\$ 74.2	\$ 5.4	7.8%
M & O	28.3	32.8	4.5	15.9%
CAPITAL OUTLAY	1.6	1.0	(.6)	(37.5%)
TRANSFERS	7.7	8.5	.8	10.4%
TOTAL	\$ 106.4	\$ 116.5	\$ 10.1	9.5%

Personnel costs make up approximately 64% of the General Fund budget so any changes in these costs can have a significant effect on the total budget. Approximately \$1.3 million of the additional personnel costs are for the new positions in FY 2007-08. Due to labor contracts with our employee groups, much of the remaining cost has been previously determined.

GENERAL FUND PERSONNEL COSTS (In Millions)				
	BUDGET 2006-07	BUDGET 2007-08	\$ CHANGE	% CHANGE
SALARIES	\$ 48.1	\$ 51.2	\$ 3.1	6.4%
HEALTH INSURANCE	5.2	6.0	.8	15.4%
RETIREMENT	12.0	13.8	1.8	15.0%
WORKERS COMP	2.1	1.7	(0.4)	(19.0%)
OTHER PERSONNEL	1.4	1.5	0.1	7.1%
TOTAL	\$ 68.8	\$ 74.2	\$ 5.4	7.8%

The table to the left shows the breakdown of personnel costs for the General Fund. Salaries include full and part-time staff costs and account for \$3.1 million of the increase in the General Fund. Approximately \$1.3 million of the additional salary

costs are for the new positions in FY 2007-08. Benefits make up the remainder of the personnel costs. This year there is also a decrease in the projected Workers Compensation costs due to decreased projected claims.

M & O stands for Maintenance and Operations. This category contains the funds for all program expenses other than personnel or capital outlay.

Capital Outlay includes budgeted equipment purchases over \$1,000. Capital outlay over \$10,000 is further detailed in the Appendix. These amounts vary from year to year depending on the program needs.

Transfers are amounts anticipated to be transferred from the General Fund to another fund at the City. The transfers included in this year's budget are to the following funds:

- \$7.9 million to the Infrastructure Replacement Fund - for major maintenance and replacement of City infrastructure. After a review of the City's infrastructure in FY 2006-07 it is recommended to increase the transfer to the Infrastructure Replacement Fund this year from \$7.2 million in FY 2006-07 to \$7.9 million in FY 2007-08 to better