

PREPARED BY THE FINANCE DEPARTMENT

# Financial Status Report



September 30, 2024

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through September 30, 2024. It compares revenues and expenditures for the first three months of fiscal year 2024-25 and fiscal year 2023-24. In addition, the financial status of the Water, Wastewater and Golf Course Enterprise Funds are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles.

## General Fund Revenues



**Property Taxes (\$4.8 million)** – The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 4.99% for fiscal year 2024-25. This is the 12th year in a row that Carlsbad's assessed values have increased from year to year, and in line with assessed value increases with other cities in San Diego County for the year. The increase in this year's assessed values

is due to increases in the assessed values of residential, 4.8%, and industrial, 7.4%, properties in the city; the city saw a smaller increase, 1.5%, in commercial property values for the year. This is the 10th year in a row since the Great Recession ended that the city saw increases in assessed values in all three property components (residential, commercial and industrial). Although increases in residential assessed values were recorded for fiscal year 2024-25 and for-sale home prices are remaining steady, the county is experiencing historically low for-sale housing inventory as higher interest rates are decreasing home affordability.

The property taxes for the first three months of the fiscal year have increased by 14% as compared to the prior fiscal year. The primary reasons for the increase are:

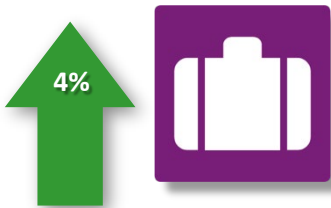
- Current taxes are up by \$156,600 or 11.4% mainly due to increased assessed property values. The first installment of taxes will be received by the city in December.
- A higher dollar amount of prior year's property taxes was collected in the first three months of the current fiscal year (\$365,800) when compared to this time last year (\$262,700).
- Aircraft taxes are also up \$370,000 or 15% due to an increase in aircraft assessed values.



**Sales Taxes (\$15.6 million)** – For the three months of the fiscal year, sales tax revenues are \$22,700, or 0.1%, lower than the same period in the previous fiscal year. Sales tax revenues to date for the current fiscal year represent the city's sales tax revenues for the second calendar quarter of calendar year 2024 as well as the first advance for the third calendar quarter of 2024.

In fiscal year 2021-22, the city experienced accelerated recovery after the impacts of the COVID-19 pandemic. Fiscal year 2022-23 saw historically high levels of sales tax revenues driven by inflation and sustained by consumer demand. Fiscal year 2023-24 revealed a leveling off of sales growth and slowdown in consumer activity. This leveling off continues into the current fiscal year as revenue trends remain slightly lower than a year ago overall. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

The largest economic segments in the city are automobile dealers, general consumer goods, and restaurants. Together, they generate approximately 78% of the city’s sales tax revenues. For sales occurring in the second calendar quarter of 2024 (the most recent data available), Carlsbad’s sales were down 6.1%, when compared to the second quarter of 2023. The city’s largest sector, auto dealers, showed weakened new car sales, which are largely attributed to the continued high-interest rate environment resulting in consumers hesitating on high dollar purchases, like vehicles. Solid activity from local restaurants, including quick-service and fast-causal establishments, partially offset the declines. General consumer goods saw mixed results with growth from specialty stores and others outpacing diminished receipts from other consumer good categories.



**Transient Occupancy Tax (\$12.1 million)** – The city’s third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$34.8 million for the current fiscal year. A tax of 10% of the rent amount is collected on all occupancies less than 30 days (transient) in duration. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of August 2024. TOT collected for the first three months of the fiscal year reflects an increase of \$450,000 or 4%, when compared to the previous year.

Currently, there are 5,059 hotel rooms in the city and 449 registered short-term vacation rentals. The average occupancy of hotel rooms over the most recent 12 months has been 71.6% which is slightly higher when compared to this time last year (70.1% last year). Average daily room rates in July, August and September of 2024 were 1% higher than the previous year on average. While occupancy rates remain stable, it will be important to monitor the impact of average daily room rate fluctuations on occupancy rates moving forward.



**Business License Tax (\$1.5 million)** – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$6.5 million for the current fiscal year. Business license revenues are down slightly by \$3,000, or 0.2%, from the previous fiscal year. The decrease is due to a 3% increase in license renewal revenue offset by a reduction in penalty revenue from overdue business license renewals when compared to the prior year.

There are currently 9,899 active business licenses, 504 more than the prior year. The majority of taxed businesses (6,721 businesses) are located in Carlsbad, with 2,550 of these businesses home-based.



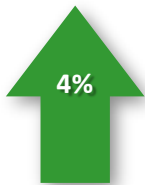
**Interdepartmental Charges (\$1.3 million)** – Interdepartmental charges are down by \$180,000 or 12% when compared with the same period last year. These charges are generated through engineering services charged to capital projects; reimbursed work from other funds; and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund. The decrease this year is the result of the budgeted decrease in the miscellaneous interdepartmental expense charged from the General Fund to other funds, which is based on the city’s most recent cost allocation plan.



**Income from Investments and Property (\$2.5 million)** – For the first three months of the fiscal year, income from investments and property is up \$837,000 compared to the previous fiscal year. This increase is due to several factors including a 26% rise in yield from 2.33% as of September 2023 to 2.93% as of September 2024 along with a 2.3% increase in the average cash balance held in the General Fund as well as interest earned of \$716,000 fiscal year to date on the city’s Section 115 Pension Trust. The City Council approved the establishment of a Section 115 Pension Trust in 2023 for purposes of mitigating CalPERS’ volatility, maintaining local control over city assets and

preparing for potential future decreases in CalPERS' discount rate. An initial contribution of \$10 million was authorized by the City Council and deposited to the trust.

Throughout the pandemic, the Federal Reserve had maintained an effective benchmark interest rate between 0 and 0.25%. However, inflation which had been on a historic rise for much 2022 and into 2023 which resulted in the Federal Reserve increasing benchmark rates all the way to a target range of 5.25%-5.5% as of July 2023, the highest it has been in more than 20 years. This target remained until September 2024 when the reserve reduced the target range to 4.75%-5.0%. Recent indicators suggest that economic activity has continued to expand at a solid pace, the unemployment rate has moved up but remains low. Inflation has made further downward progress, but still remains elevated. While many experts predict even more rate cuts in the months ahead, the Federal Reserve has indicated it will proceed with caution.



**Recreation Fees (\$1.5 million)** – Recreation fees are generated through instructional classes, camps, youth and adult sports, special events, parent participation preschool, senior programs, and various aquatic programs. Recreation revenues are up by \$53,400 compared to last year at this time. This increase is attributable to an increase in instructional class revenue.



**Development Related Revenues (\$1.1 million)** – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 16% increase, or \$156,900, for the first three months of the fiscal year when compared to the same time last year.

Development related fees are paid by developers to cover a portion of the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Activity during the first quarter fiscal year 2024-25 included permits associated with the new residential construction of 14 second dwelling units across the city, 29 condominiums (Coral Springs at Marja Acres), 11 apartments at Romeria Pointe and various homeowner improvements. Commercial building permit activity included Toyota of Carlsbad (26,665 sq. ft.) and industrial permit activity included three shell buildings (61,753 sq. ft.) in the Carlsbad Oaks North Industrial Park.

One source of development related revenue is building permits, which are \$425,900 for the current fiscal year compared to \$497,500 from the prior fiscal year, an 14% decrease. The year-to-date valuation of new construction in the current fiscal year is \$60.3 million. This represents a \$45.3 million, or 42%, decrease in valuation over the previous fiscal year.



**Franchise Tax (\$922,000)** – Franchise taxes are generated from public utility sources, such as San Diego Gas & Electric (SDG&E), trash collection franchises, and cable franchises conducting business within city limits. Franchise tax revenue is estimated to be at \$8.9 million for the current fiscal year. Year-to-date franchise taxes are \$4,600 higher, or 1%, when compared to the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down \$36,000 representing a decrease in the number of subscription service subscribers (premium video, equipment rental, on-demand, and programming services) as more customers continue to move to streaming services. An increase in trash collection revenue accounts for the increase in the \$155,700 franchise fee, which resulted from the city's most recent contract with Republic Services, the city's waste services provider.

SDG&E pays franchise taxes for the use of public land over which they transport gas and electric services. In addition, SDG&E pays an "in-lieu" franchise tax based on the value of gas and electricity transported through SDG&E lines but purchased from another source. The "in-lieu" tax was put in place to capture the franchise taxes

on gas and electricity that is transported using public lands, but which would not otherwise be included in the calculations for franchise taxes. Approximately 48% of the city's franchise taxes are anticipated to be received from SDG&E in April 2025.



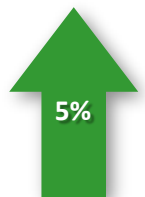
**Ambulance Fees (\$1.9 million)** – The city bills any individual who is transported in one of the city's ambulances. Through September 2024, receipts from ambulance fees are up \$286,000 million, or 18%, compared to last fiscal year. The increase in revenue for the three months of the fiscal year is mainly due to changes to the ambulance fee schedule that the City Council approved in June 2023 based on an updated cost of service study (increases effective Sept 1, 2023). Billable transports totaled 1,893 in the first three months of fiscal year 2024-25 versus 2,002 at the same time in the prior fiscal year.



**Other Revenue Sources (\$112,000)** – Other revenue sources have decreased by \$126,000 when compared to the prior year and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, rights-of-way, and other city-owned property; donations; and miscellaneous reimbursed expenses. The decrease to date is related to a decrease in general reimbursed expenses when compared to the prior year.



**Other Licenses and Permits (\$447,000)** – Other licenses and permits consist of fire protection services, right-of-way, lagoon, grading, hazardous uses, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity. Other licenses and permit revenues can vary throughout the year. To date, the increase of \$218,000 over the prior year is primarily a result of increased right of way (\$103,000), coastal development and grading permits (\$87,700) and fire inspection services (\$18,900) when compared to the same period last year.



**Fines and Forfeitures (\$109,000)** – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. The increase to date of \$5,000 is due to increases in code violation assessments when compared to the previous fiscal year.



**Intergovernmental Revenues (\$390,500)** – Intergovernmental revenues include homeowners property tax exemption revenue and miscellaneous receipts and grants received from the state or federal governments, as well as local school districts. Various miscellaneous receipts comprise the \$390,500 received this year which represents a decrease of 38% over the same period last year. This decrease is due to state reimbursements received for two planning related state grant awards in the prior year. These grants were completed in the prior year and no additional receipts this fiscal year will be received.



**Transfer Taxes (\$204,000)** – When real property is sold, the County Assessor’s Office charges a transfer tax. The transfer tax rate in San Diego County is \$0.0011 multiplied by the selling price of the property. The city receives 50% of the transfer tax charged for sales within the City of Carlsbad. Revenues have increased over the same period last year due to an increase in property transfers.



**Other Charges or Fees (\$149,600)** – Other charges or fees are generated through the sale of city documents, such as staff reports, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc. These fees are up by \$26,800, or 22% mainly due to an increase in mutual aid response reimbursements when compared to the prior fiscal year.

A detailed schedule of General Fund revenues is provided below:

**GENERAL FUND  
REVENUE COMPARISON**

	REVENUE BUDGETED FOR FY 2024-25	REVENUE EXPECTED THROUGH 09/30/24	ACTUAL FY 2024 AS OF 09/30/23	ACTUAL FY 2025 AS OF 09/30/24	CHANGE FROM YTD 2024 TO YTD 2025	PERCENT CHANGE
<b>TAXES</b>						
PROPERTY TAX	\$94,901,892	\$4,332,673	\$4,254,488	\$4,844,253	\$589,765	14%
SALES TAX	59,382,534	16,099,928	15,685,796	15,663,108	(22,688)	0%
TRANSIENT OCCUPANCY TAX	34,776,940	11,900,339	11,648,275	12,100,984	452,709	4%
FRANCHISE TAX	8,883,315	1,010,046	917,206	921,847	4,641	1%
BUSINESS LICENSE TAX	6,560,060	1,543,846	1,517,020	1,514,031	(2,989)	0%
TRANSFER TAX	1,676,136	196,494	157,882	203,854	45,972	29%
<b>TOTAL TAXES</b>	<b>206,180,877</b>	<b>35,083,327</b>	<b>34,180,667</b>	<b>35,248,077</b>	<b>1,067,410</b>	<b>3%</b>
<b>INTERGOVERNMENTAL</b>						
VEHICLE LICENSE FEES	140,000	0	0	0	0	0%
HOMEOWNERS EXEMPTIONS	245,000	0	0	0	0	0%
OTHER REIMBURSEMENT	544,000	227,787	633,560	390,546	(243,014)	-38%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>929,000</b>	<b>227,787</b>	<b>633,560</b>	<b>390,546</b>	<b>(243,014)</b>	<b>-38%</b>
<b>LICENSES AND PERMITS</b>						
BUILDING PERMITS	2,400,000	648,108	497,495	425,869	(71,626)	-14%
OTHER LICENSES & PERMITS	973,500	186,116	229,200	447,309	218,109	95%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>3,373,500</b>	<b>834,225</b>	<b>726,695</b>	<b>873,178</b>	<b>146,483</b>	<b>20%</b>
<b>CHARGES FOR SERVICES</b>						
PLANNING FEES	813,000	148,630	156,746	292,383	135,637	87%
BUILDING DEPARTMENT FEES	924,000	230,531	186,209	157,740	(28,469)	-15%
ENGINEERING FEES	872,000	146,155	141,848	263,169	121,321	86%
AMBULANCE FEES	7,650,000	1,862,235	1,597,552	1,883,790	286,238	18%
RECREATION FEES	3,459,066	1,506,299	1,437,308	1,490,736	53,428	4%
OTHER CHARGES OR FEES	1,690,500	124,196	122,728	149,575	26,847	22%
<b>TOTAL CHARGES FOR SERVICES</b>	<b>15,408,566</b>	<b>4,018,045</b>	<b>3,642,391</b>	<b>4,237,393</b>	<b>595,002</b>	<b>16%</b>
<b>FINES AND FORFEITURES</b>	<b>351,700</b>	<b>87,915</b>	<b>103,898</b>	<b>108,845</b>	<b>4,947</b>	<b>5%</b>
<b>INCOME FROM INVESTMENTS &amp; PROPERTY</b>	<b>7,041,490</b>	<b>1,307,078</b>	<b>1,705,816</b>	<b>2,543,019</b>	<b>837,203</b>	<b>49%</b>
<b>INTERDEPARTMENTAL CHARGES</b>	<b>5,427,750</b>	<b>1,339,136</b>	<b>1,500,405</b>	<b>1,320,166</b>	<b>(180,239)</b>	<b>-12%</b>
<b>OTHER REVENUE SOURCES</b>	<b>348,500</b>	<b>149,101</b>	<b>237,692</b>	<b>111,930</b>	<b>(125,762)</b>	<b>-53%</b>
<b>TRANSFERS IN</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$239,061,383</b>	<b>\$43,046,614</b>	<b>42,731,124</b>	<b>\$44,833,154</b>	<b>\$2,102,030</b>	<b>5%</b>

(1)

(1) Calculated General Fund revenues are 4% above estimates as of September 30, 2024.

## Expenditures

Total General Fund expenditures and encumbrances – those funds either spent or committed for specific expenses – through the month of September 2024 (the first three months of the fiscal year) are \$81.0 million, compared to \$72.4 million at the same time last year. The remaining budget available through the fiscal year ending June 30, 2025, is \$172.3 million, or 68%. If funds were spent in the same proportion as the previous year, the General Fund would have 70% or \$168.7 million available. Excluding transfers out, contingencies, and non-departmental charges, the percentage available on September 30, 2024, is 65.7%, 1.8% less than the 67.5% available on September 30, 2023.

The fiscal year 2024-25 budget was developed with a focus on resiliency over the long-term during a time of continued economic uncertainty. The adopted budget prioritizes the goals in the City Council's 5-Year Strategic Plan, which was based on input from thousands of community members and approved in 2022.

The adopted budget eliminates the projected General Fund deficit from the five-year financial forecast that had been previously forecasted since 2019. A structural deficit describes a situation when projected ongoing spending is greater than anticipated ongoing revenue. The city's five-year financial forecast now shows a balanced budget through 2031.

Healthy revenues, increased efficiencies, cost reductions and new budget policies and practices over the past several years have worked together to close the gap. However, economic uncertainty remains as the city transitions from focusing on building and development to maintaining what has been created. As such, the adopted budget for fiscal year 2024-25 continues to focus on finding new cost savings and reducing ongoing spending while continuing to grow city reserves, prioritizing capital project funding and maintaining high quality service levels.

The adopted General Fund budget for fiscal year 2024-25 increased by 10.0% or \$21.5 million when compared to last fiscal year due to:

- Increased personnel costs (increase of \$4.6 million or 3.6%):
  - \$1.3 million in salaries and wages due to negotiated salary increases offset by a reduction in total full-time equivalent positions of 9.7.
  - \$2.1 million in retirement benefits costs.
  - \$0.2 million in health insurance costs.
  - \$0.9 million increase in other personnel costs (Medicare, unemployment and disability benefits).
- Increased maintenance and operations costs (increase of \$0.7 million or 1.3%):
  - Overall, total maintenance and operations costs were projected with small increase, Fiscal year 2021-22 and 2022-23 experienced inflationary increases ranging between 4.1% and 8.3% which drove the city's need to contain costs and identify areas for reduction with minimal service level impacts. Although inflation has declined compared to previous periods, it was still ranging between 3.6% and 5.2% when the FY 2024-25 budget was being developed. As a result, the fiscal year 2024-25 budget adopted a minimal increase to maintenance and operations given the lingering inflation in the economy.
- Increase in transfers to other city funds (increase of \$15.6 million or 71.4%):
  - Per Council Policy 91, Long Term General Fund Capital Funding Policy, the city annually budgets 6% of General Fund revenues as a transfer to the Infrastructure Replacement Fund, General Capital Construction Fund and the Technology Investment Capital Fund to help fund major new construction, maintenance and replacement of city infrastructure and facilities and the city's future technology needs. For FY 2024-25 this amounted to \$14.4 million, split evenly between these three capital project funds.
  - \$13.8 million in additional transfers, compared with \$7.4 million last year, was budgeted for the General Capital Construction Fund resulting from the estimated General Fund surplus. The General Capital Construction Fund is funded by the General Fund and includes many capital projects programmed in the

future. The level of funding necessary to fully fund these projects is an increasing concern. This one-time transfer amount will assist with funding the city's general capital construction into the future.

CalPERS and pension funding has been and will continue to be a challenge for participating agencies. CalPERS administers the city's defined benefit pension plan and costs have been increasing in past years as CalPERS addresses a structural shortfall in plan assets to cover unfunded liabilities. In support of CalPERS strategies for plan sustainability and as part of the city's strategic, long-term approach to financial management, the city actively manages its unfunded pension liability. Since fiscal year 2016-17, the City Council has approved additional discretionary payments of \$56.4 million to decrease future costs of the city's unfunded actuarial liability and strive to achieve a minimum pension-funded ratio of 80% funded, with a target funded ratio range of 80% to 85%, in accordance with City Council Policy Statement No. 86.

CalPERS latest actuarial valuation report (as of June 30, 2023), the city had a combined pension funded status of 73.7%, reduced from the prior year's status of 74.6%. This reduction was predominantly driven by CalPERS' fiscal year 2022-23 investment return of 5.8%, below their target of 6.8% and will be reflected in the city's required contributions in fiscal year 2025-26.

The City Council approved the establishment of a Public Agencies Post-Employment Benefits Trust (Section 115 Trust) in September 2023. This trust allows the city to stabilize pension cost volatility, maintain local control over the city's assets and earn a potentially higher rate of return than if the assets were kept within the General Fund. The City Council approved an initial trust contribution of \$10 million on September 26, 2023. As of September 30, 2024, the city's Section 115 Trust had a balance of \$11,556,700. Considering the assets held by CalPERS as well as the assets held in the city's trust, the combined pension funded status as of September 2024 is 75%.

Identifying a potential structural deficit early has allowed the city to take a thoughtful approach to solutions, exploring new ways to reduce spending and increase revenue. While the projected future deficit has been pushed out beyond the 5-year forecasted period, city staff will continue to monitor financial and economic trends and provide regular updates to the City Council throughout fiscal year 2024-25.

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

**GENERAL FUND  
EXPENDITURE STATUS BY DEPARTMENT**

DEPARTMENT DESCRIPTION	ADOPTED	WORKING	AS OF 09/30/24		
	BUDGET FY 2024-25	BUDGET FY 2024-25 (a)	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
<b>POLICY AND LEADERSHIP GROUP</b>					
CITY ATTORNEY	\$2,179,705	\$2,179,705	\$674,206	\$1,505,499	69.1%
CITY CLERK	1,273,604	1,339,731	369,548	970,183	72.4%
CITY COUNCIL	599,047	601,542	140,179	461,363	76.7%
CITY MANAGER	2,105,683	2,169,188	643,882	1,525,306	70.3%
CITY TREASURER	279,522	279,522	62,332	217,190	77.7%
COMMUNICATIONS & ENGAGEMENT	2,010,091	2,103,122	686,170	1,416,952	67.4%
<b>TOTAL POLICY AND LEADERSHIP GROUP</b>	<b>8,447,652</b>	<b>8,672,810</b>	<b>2,576,317</b>	<b>6,096,493</b>	<b>70.3%</b>
<b>ADMINISTRATIVE SERVICES</b>					
ADMINISTRATION	796,196	819,540	196,467	623,073	76.0%
FINANCE	5,631,964	5,940,913	1,827,365	4,113,548	69.2%
HUMAN RESOURCES	5,136,218	5,475,539	1,485,180	3,990,359	72.9%
ECONOMIC DEVELOPMENT	891,866	1,149,065	482,549	666,516	58.0%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>12,456,244</b>	<b>13,385,057</b>	<b>3,991,561</b>	<b>9,393,496</b>	<b>70.2%</b>
<b>PUBLIC SAFETY</b>					
POLICE	60,193,850	61,288,044	19,831,041	41,457,003	67.6%
FIRE	41,793,630	43,479,500	15,593,093	27,886,407	64.1%
<b>TOTAL PUBLIC SAFETY</b>	<b>101,987,480</b>	<b>104,767,544</b>	<b>35,424,134</b>	<b>69,343,410</b>	<b>66.2%</b>
<b>COMMUNITY SERVICES</b>					
COMMUNITY SERVICES ADMINISTRATION	592,261	740,652	314,412	426,240	57.5%
COMMUNITY DEVELOPMENT	10,998,825	13,168,772	5,129,266	8,039,506	61.0%
HOUSING & HOMELESS SERVICES	3,232,287	3,565,212	1,606,517	1,958,695	54.9%
LIBRARY & CULTURAL ARTS	14,522,844	14,880,569	4,116,469	10,764,100	72.3%
PARKS & RECREATION	22,759,082	23,082,519	9,007,496	14,075,023	61.0%
<b>TOTAL COMMUNITY SERVICES</b>	<b>52,105,299</b>	<b>55,437,724</b>	<b>20,174,160</b>	<b>35,263,564</b>	<b>63.6%</b>
<b>PUBLIC WORKS</b>					
PUBLIC WORKS ADMINISTRATION	1,533,038	1,543,404	445,997	1,097,407	71.1%
CONSTRUCTION MANAGEMENT & INSPECTIONS	3,068,292	3,152,583	928,612	2,223,971	70.5%
ENVIRONMENTAL SUSTAINABILITY	1,210,630	1,510,379	594,484	915,895	60.6%
FACILITIES	7,191,930	8,232,952	3,231,591	5,001,361	60.7%
TRANSPORTATION	10,741,202	11,198,697	3,930,123	7,268,574	64.9%
<b>TOTAL PUBLIC WORKS</b>	<b>23,745,092</b>	<b>25,638,015</b>	<b>9,130,807</b>	<b>16,507,208</b>	<b>64.4%</b>
<b>NON-DEPARTMENTAL &amp; CONTINGENCY</b>					
(d) OTHER NON-DEPARTMENTAL	1,679,000	2,192,740	357,738	1,835,002	83.7%
VILLAGE TRENCHING	0	5,220,000	0	5,220,000	100.0%
OPERATING TRANSFERS OUT	37,547,678	37,547,678	9,386,922	28,160,756	75.0%
CONTINGENCY	500,000	500,000	0	500,000	100.0%
<b>TOTAL NON-DEPT &amp; CONTINGENCY</b>	<b>39,726,678</b>	<b>45,460,418</b>	<b>9,744,660</b>	<b>35,715,758</b>	<b>78.6%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$238,468,445</b>	<b>\$253,361,568</b>	<b>\$81,041,639</b>	<b>\$172,319,929</b>	<b>68.0%</b>

(a) Working budget includes the adopted budget, open encumbrances from the end of the prior fiscal year, approved carry forwards of the prior fiscal year and all other mid-year council approvals.

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

(c) Amount available would be 70% if funds were spent in the same proportion as the previous year.

(d) Other non-departmental includes property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

## Council Contingency

The City Council has allocated \$500,000 out of the General Fund budget for unanticipated emergencies or unforeseen program needs. Below is a listing of the City Council’s contingency:

### CONTINGENCY ACCOUNT

#### USE OF FUNDS

EXPLANATION	AMOUNT
<b>ADOPTED BUDGET</b>	\$500,000
<b>USES:</b> No uses during first quarter of fiscal year 2024-25	
<b>TOTAL USES</b>	<u>0</u>
<b>AVAILABLE BALANCE</b>	<u><u>\$500,000</u></u>

Note 1 - City Council Policy 51 gives authorization to the City Manager, or designee, to approve Winning Teams and Community Spirit Grants up to \$5,000 per grant.

## Donations

Carlsbad Municipal Code 2.08.100 authorizes the city manager to accept donations on behalf of the city in an amount or of value of up to \$5,000 per donation. These donations shall be used in accordance with the donor’s intent or added to the city’s contingency account. Below is a listing of all donations, that have been accepted by the city manager to date during fiscal year 2024-25:

### Donations Fiscal Year 2024-25

Department	Intention	July	Aug.	Sept.	Total
Parks & Recreation	Leo Carrillo Ranch Cash Donations	\$574	\$558	\$629	\$1,761
Parks & Recreation	Opportunity Grant Donations	689	730	348	1,767
Parks & Recreation	Senior Center Cash Donations	0	56	3	59
Parks & Recreation	Senior Meals Cash Donations	2,359	2,437	1,465	6,261
Parks & Recreation	Senior Transportation Cash Donations	268	211	185	664
Parks & Recreation	Special Events Cash Donations	0	0	1,000	1,000
Parks & Recreation	Teen Program Cash Donations	0	1	0	1
Parks & Recreation	Parks Maintenance Cash Donations	0	0	0	0
Subtotal - Parks & Recreation		\$3,890	\$3,993	\$3,630	\$11,513
Library & Cultural Arts	Support Library Programs and Services	\$42	\$100	\$0	\$142
Subtotal - Library & Cultural Arts		\$42	\$100	\$0	\$142
Fire	Food gifts for crews	\$0	\$215	\$300	\$515
Subtotal - Fire		\$0	\$215	\$300	\$515
<b>Total Donations</b>		<b>\$3,932</b>	<b>\$4,308</b>	<b>\$3,930</b>	<b>\$12,170</b>

# Water Enterprise

WATER OPERATIONS FUND						
September 30, 2024						
	BUDGET	YTD*	YTD*	CHANGE FROM	PERCENT	
	FY 2024-25	9/30/2023	9/30/2024	YTD 2023-24 TO	CHANGE	
				YTD 2024-25		
<b>REVENUES:</b>						
WATER DELIVERY	\$ 45,000,000	\$ 11,385,376	\$ 12,200,972	\$ 815,596	7.2%	
INTEREST	660,456	163,692	185,315	21,623	13.2%	
MISC. SERVICE CHARGES	413,600	105,302	94,429	(10,873)	-10.3%	
PROPERTY TAXES	3,119,800	98,806	111,506	12,700	12.9%	
FINES, FORFEITURES & PENALTIES	378,500	93,049	108,708	15,659	16.8%	
OTHER REVENUES	513,000	110,740	120,933	10,193	9.2%	
<b>TOTAL OPERATING REVENUE</b>	<b>50,085,356</b>	<b>11,956,965</b>	<b>12,821,863</b>	<b>864,898</b>	<b>7.2%</b>	
<b>EXPENSES:</b>						
STAFFING	4,904,778	1,223,068	1,531,814	308,746	25.2%	
INTERDEPARTMENTAL SERVICES	3,475,547	941,222	868,953	(72,269)	-7.7%	
PURCHASED WATER	33,850,000	8,114,418	8,667,218	552,800	6.8%	
MWD/CWA FIXED CHARGES	7,710,000	1,699,401	1,813,047	113,646	6.7%	
OUTSIDE SERVICES/MAINTENANCE	2,943,455	86,970	118,495	31,525	36.2%	
DEPRECIATION/REPLACEMENT	5,100,000	1,239,458	1,275,000	35,542	2.9%	
MISCELLANEOUS EXPENSES	1,068,191	117,516	105,983	(11,533)	-9.8%	
CAPITAL OUTLAY	29,211	60,936	25,111	(35,825)	-58.8%	
<b>TOTAL OPERATING EXPENSES</b>	<b>59,081,182</b>	<b>13,482,989</b>	<b>14,405,621</b>	<b>922,632</b>	<b>6.8%</b>	
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (8,995,826)</b>	<b>\$ (1,526,024)</b>	<b>\$ (1,583,758)</b>	<b>\$ (57,734)</b>	<b>3.8%</b>	

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

## Revenues



- Increase in water operating revenues due to increase in user rates effective January 2024, combined with a 5.8% increase in water volume sales.
- Interest earnings increased due to a 26% increase in the yield of the Treasurer's portfolio offset by an 14.7% decrease in the monthly average cash balance.
- The increase in property taxes is primarily due to an increase in assessed property values.
- The increase in fines, foreitures and penalties is from rate increase of late and door hanger fees.
- The increase in other revenues is from higher revenue due to a loss recovery.
- The decrease in miscellaneous service charges driven by private development requests.

## Expenses



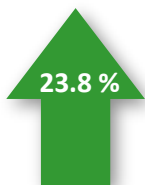
- The increase in staffing expenses due to negotiated salary adjustments, along with the timing of pay periods, which includes an additional pay period in the current year.
- Lower interdepartmental expenses resulted from the annual update of the citywide cost allocation.
- Purchased water expenses have increased from the prior year due to a 11.26% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) combined with a 7.1% increase in the amount of water purchased.
- Outside services increase from asphalt repairs in current year.
- Miscellaneous expense decreased due to decrease in chemicals and supplies purchased.
- Captial outlay decrease due to higher costs in piror year for excavator purchase.

# Wastewater Enterprise

WASTEWATER OPERATIONS FUND					
September 30, 2024					
	BUDGET	YTD*	YTD*	CHANGE FROM	PERCENT
	FY 2024-25	9/30/2023	9/30/2024	YTD 2023-24 TO	CHANGE
				YTD 2024-25	
<b>REVENUES:</b>					
CHARGES FOR CURRENT SERVICES	25,206,000	5,558,309	6,912,530	1,354,221	24.4%
INTEREST	288,780	59,065	81,137	22,072	37.4%
OTHER REVENUES	395,700	105,731	92,316	(13,415)	-12.7%
<b>TOTAL OPERATING REVENUE</b>	<b>25,890,480</b>	<b>5,723,105</b>	<b>7,085,983</b>	<b>1,362,878</b>	<b>23.8%</b>
<b>EXPENSES:</b>					
STAFFING	3,355,547	839,807	1,041,138	201,331	24.0%
INTERDEPARTMENTAL SERVICES	1,952,905	481,667	487,479	5,812	1.2%
ENCINA PLANT SERVICES	6,124,537	1,972,764	2,712,873	740,109	37.5%
OUTSIDE SERVICES/MAINTENANCE	1,768,726	117,705	67,486	(50,219)	-42.7%
DEPRECIATION/REPLACEMENT	8,000,000	1,312,479	2,000,000	687,521	52.4%
MISCELLANEOUS EXPENSES	848,199	143,149	107,478	(35,671)	-24.9%
CAPITAL OUTLAY	4,087	245	2,287	2,042	833.5%
<b>TOTAL OPERATING EXPENSES</b>	<b>22,054,001</b>	<b>4,867,816</b>	<b>6,418,741</b>	<b>1,550,925</b>	<b>31.9%</b>
<b>OPERATING INCOME/LOSS</b>	<b>3,836,479</b>	<b>855,289</b>	<b>667,242</b>	<b>(188,047)</b>	<b>-22.0%</b>

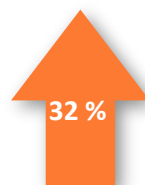
\* Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

## Revenues



- Charges for current services are higher than in the prior year due primarily to a 20% rate increase that went into effect in January 2024.
- Interest earnings increased due to a 26% increase in the yield of the Treasurer's portfolio combined with a 6.6% increase in the monthly average cash balance.
- The decrease in other revenues reimbursement of charges received from Vista in prior year.

## Expenses



- The increase in staffing expenses is due to negotiated salary adjustments, along with the timing of pay periods, which includes an additional pay period in the current year.
- Lower interdepartmental expenses resulted from the annual update of the citywide cost allocation.
- Depreciation increased from replacement of infrastructure that has reached end of useful life.
- Lower miscellaneous expenses from purchase of parts.

# Golf Course Enterprise

<b>GOLF COURSE FUND</b>					
<b>September 30, 2024</b>					
	<b>BUDGET</b>	<b>YTD</b>	<b>YTD</b>	<b>CHANGE FROM</b>	<b>PERCENT</b>
	<b>FY 2024-25</b>	<b>9/30/2023</b>	<b>9/30/2024</b>	<b>YTD 2023-24 TO</b>	<b>CHANGE</b>
				<b>YTD 2024-25</b>	
<b>REVENUES:</b>					
GOLF COURSE	5,588,000	1,630,506	1,651,595	21,089	1.3%
FOOD & BEVERAGE	4,633,000	1,222,047	1,310,145	88,098	7.2%
PRO SHOP	451,000	122,361	104,557	(17,804)	-14.6%
PRACTICE CENTER	462,000	135,511	145,467	9,956	7.3%
OTHER REVENUES	209,000	330,136	300,996	(29,140)	-8.8%
<b>TOTAL OPERATING REVENUE</b>	<b>11,343,000</b>	<b>3,440,561</b>	<b>3,512,760</b>	<b>72,199</b>	<b>2.1%</b>
<b>EXPENSES:</b>					
GENERAL & ADMINISTRATIVE	6,507,000	1,502,830	1,511,805	8,975	0.6%
COURSE & GROUNDS	1,264,000	375,883	418,879	42,996	11.4%
FOOD & BEVERAGE	384,000	92,942	105,393	12,451	13.4%
PRO SHOP	101,000	16,340	9,863	(6,477)	-39.6%
COST OF SALES	1,308,000	357,103	315,838	(41,265)	-11.6%
DEPRECIATION/REPLACEMENT	1,000,000	187,500	83,333	(104,167)	-55.6%
MISCELLANEOUS EXPENSES	348,000	48,502	43,002	(5,500)	-11.3%
CAPITAL OUTLAY	889,266	303,270	76,213	(227,057)	-74.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>11,801,266</b>	<b>2,884,370</b>	<b>2,564,326</b>	<b>(320,044)</b>	<b>-11.1%</b>
<b>OPERATING INCOME/LOSS</b>	<b>(458,266)</b>	<b>556,191</b>	<b>948,433</b>	<b>392,243</b>	<b>70.5%</b>

## Revenues



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

## Expenses



- Course and grounds increase driven by higher water use.
- Cost of sales decrease correlated to sales in pro shop and focus on lower margins in food and beverage.
- Depreciation has decreased by 56% when compared to the prior year. This is due to the fact that the original course land improvements are now fully depreciated.
- Miscellaneous expenses slightly decreased from prior year invoices for utility cost savings.
- Capital outlay higher in prior year from replacement of mower in addition to patio furniture.