

PREPARED BY THE FINANCE DEPARTMENT

# Financial *Status Report*



March 31, 2025

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through March 31, 2025. It compares revenues and expenditures for the first nine 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 (\$58.0 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 nine months of the fiscal year have increased by 3% when compared to the prior fiscal year. The primary reasons for the increase are:

- Current taxes are up by \$2,187,000 or 4.2% mainly due to increased assessed property values. The first installment of taxes was received by the city in December.
- Supplemental taxes are down \$536,000 or 40%, these taxes are driven by change in assessed value due to change in property ownership.
- Aircraft taxes are also up \$17,000 or 1% due to an increase in aircraft assessed values.



**Sales Taxes (\$44.9 million)** – For the nine months of the fiscal year, sales tax revenues are \$109,000, or 0.2%, higher 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 third and fourth calendar quarter of calendar year 2024 as well as the first advance for the first calendar quarter of 2025.

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 from 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 79% of the city's sales tax revenues. For sales occurring in the fourth calendar quarter of 2024 (the most recent data available), Carlsbad's cash basis sales were down 3.2%, when compared to the fourth quarter of 2023. The city's largest sector, auto dealers, showed higher new car sales, which is attributable to the correction of a taxpayer error. With this in mind, and on an economically adjusted basis, the city's sales tax receipts were actually down approximately 5.5% over the previous year and driven mainly by a decline in consumer demand, likely in response to the sustained inflationary period combined with future uncertainty with the new administration.



**Transient Occupancy Tax (\$26.6 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 February 2025. TOT collected for the first nine months of the fiscal year reflects an increase of \$1.3 million or 5%, 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 72.0% which is slightly higher when compared to this time last year of 70.5%. Average daily room rates in January, February and March of 2025 were 2% 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 (\$5.0 million)** – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$6.6 million for the current fiscal year. Business license revenues are up by \$109,000, or 2.2%, from the previous fiscal year. The increase is due to a 5% increase in license renewal activity partially offset by a reduction in penalty revenue from overdue business license renewals.

There are currently 10,043 active business licenses, 592 more than the prior year. The majority of taxed businesses (6,744 businesses) are located in Carlsbad, with 2,578 of these businesses home-based.



**Interdepartmental Charges (\$4.1 million)** – Interdepartmental charges are down by \$564,000 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 (\$6.4 million)** – For the first nine months of the fiscal year, income from investments and property is up \$90,000 compared to the previous fiscal year. This increase is due to several factors including a 22.6% rise in yield from 2.45% as of March 2024 to 3.01% as of March 2025 along with a 0.5% increase in the average cash balance held in the General Fund as well as interest earned of \$568,000 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 followed by a second annual contribution of \$7.5 million in October 2024.

Inflation which had been on a historic rise for much of 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.

The Federal Reserve began cutting interest rates in late 2024, first lowering the range to 4.75%-5.0% in September, followed by further reductions to 4.5%-4.75% in November and 4.25%-4.5% in December. Recent indicators suggest that economic activity has continued to expand at a solid pace, with the unemployment rate moving up but remaining low. Inflation has made further downward progress but remains somewhat elevated. While many experts predict additional rate cuts in the months ahead, the Federal Reserve has indicated it will proceed with caution.



**Recreation Fees (\$2.3 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 down by \$80,000 compared to last year at this time. The decrease in revenue is due to the Alga Norte pool which was closed for renovations from November 2024 through early March 2025.



**Development Related Revenues (\$3.3 million)** – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 5% increase, or \$164,000, for the first nine 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 nine months of fiscal year 2024-25 included permits associated with the new residential construction of 48 second dwelling units across the city, 93 condominiums (Coral Springs at Marja Acres and La Costa Town Square), 97 apartments (FPC Residential at Ponto and Romeria Pointe), 3 single family homes and various homeowner improvements. Commercial building permit activity included Grand Pacific Autograph Hotel (28,170 sq. ft.) Toyota of Carlsbad (26,665 sq. ft.) and additional footage for Palomar Airport Road car wash (3,111 sq. ft.). 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 \$1.45 million for the current fiscal year compared to \$1.40 million from the prior fiscal year, a 4% increase.



**Franchise Tax (\$2.7 million)** – 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 \$58,000 higher, or 2.2%, when compared to the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down \$93,000 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. This was offset by an increase of \$113,000 in trash collection revenue mostly from contracted rate adjustments 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 (\$5.4 million)** – The city bills any individual who is transported in one of the city’s ambulances. Through March 2025, receipts from ambulance fees are up \$344,000, or 7%, compared to last fiscal year. The increase in revenue for the first nine months of the fiscal year is mainly due to changes to the ambulance fee schedule that the City Council approved in June 2024 based on an updated cost of service study (increases effective Sept 1, 2024). Billable transports totaled 5,414 in the first nine months of fiscal year 2024-25 versus 5,826 at the same time in the prior fiscal year.



**Other Revenue Sources (\$466,000)** – Other revenue sources have decreased by \$129,000 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 (\$1.1 million)** – 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 \$222,000 over the prior year is primarily a result of increased right of way (\$60,000), coastal development and grading permits (\$48,000) and fire inspection services (\$47,000) when compared to the same period last year.



**Fines and Forfeitures (\$278,000)** – 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 decrease to date of \$42,000 is mostly due to a slight decrease in code violations when compared to the previous fiscal year.



**Intergovernmental Revenues (\$1.9 million)** – 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. The increase of \$313,000 received this year includes FEMA COVID-19 reimbursement of \$931,000 which was offset by a decrease of \$604,000 in state reimbursements received including two planning related state grant awards in the prior year. These state grants were completed in the prior year and no additional receipts this fiscal year will be received.



**Transfer Taxes (\$866,000)** – 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 by \$161,000 over the same period last year due to an increase in property transfers.



**Other Charges or Fees (\$1.7 million)** – 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 fire mutual aid response, mall police services, emergency response services, reports, etc. These fees are up by \$539,000, or 46% mainly due to an increase in fire 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 03/31/25	ACTUAL FY 2024 AS OF 03/31/24	ACTUAL FY 2025 AS OF 03/31/25	CHANGE FROM YTD 2024 TO YTD 2025	PERCENT CHANGE
<b>TAXES</b>						
PROPERTY TAX	\$94,901,892	\$57,401,225	\$56,365,393	\$58,034,035	\$1,668,642	3%
SALES TAX	59,382,534	45,989,394	44,806,426	44,915,454	109,028	0.2%
TRANSIENT OCCUPANCY TAX	34,776,940	25,831,788	25,284,639	26,576,542	1,291,903	5%
FRANCHISE TAX	8,883,315	2,921,726	2,653,170	2,710,831	57,661	2.2%
BUSINESS LICENSE TAX	6,560,060	4,965,744	4,879,458	4,987,990	108,532	2.2%
TRANSFER TAX	1,676,136	876,977	704,645	865,597	160,952	23%
<b>TOTAL TAXES</b>	<b>206,180,877</b>	<b>137,986,854</b>	<b>134,693,731</b>	<b>138,090,449</b>	<b>3,396,718</b>	<b>3%</b>
<b>INTERGOVERNMENTAL</b>						
VEHICLE LICENSE FEES	140,000	140,000	141,689	181,367	39,678	28%
HOMEOWNERS EXEMPTIONS	245,000	122,500	162,187	159,502	(2,685)	-2%
OTHER REIMBURSEMENT	613,764	532,140	1,311,843	1,588,112	276,269	21%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>998,764</b>	<b>794,640</b>	<b>1,615,719</b>	<b>1,928,981</b>	<b>313,262</b>	<b>19%</b>
<b>LICENSES AND PERMITS</b>						
BUILDING PERMITS	2,400,000	1,818,398	1,395,822	1,445,387	49,565	4%
OTHER LICENSES & PERMITS	973,500	701,720	864,159	1,085,887	221,728	26%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>3,373,500</b>	<b>2,520,118</b>	<b>2,259,981</b>	<b>2,531,274</b>	<b>271,293</b>	<b>12%</b>
<b>CHARGES FOR SERVICES</b>						
PLANNING FEES	813,000	539,176	568,619	614,151	45,532	8%
BUILDING DEPARTMENT FEES	924,000	638,240	515,531	544,781	29,250	6%
ENGINEERING FEES	872,000	655,017	635,716	675,684	39,968	6%
AMBULANCE FEES	7,650,000	5,893,552	5,055,891	5,399,991	344,100	7%
RECREATION FEES	3,459,066	2,516,751	2,401,480	2,321,620	(79,860)	-3%
OTHER CHARGES OR FEES	1,690,500	1,179,213	1,165,272	1,704,091	538,819	46%
<b>TOTAL CHARGES FOR SERVICES</b>	<b>15,408,566</b>	<b>11,421,949</b>	<b>10,342,509</b>	<b>11,260,318</b>	<b>917,809</b>	<b>9%</b>
<b>FINES AND FORFEITURES</b>	<b>351,700</b>	<b>270,458</b>	<b>319,629</b>	<b>277,838</b>	<b>(41,791)</b>	<b>-13%</b>
<b>INCOME FROM INVESTMENTS &amp; PROPERTY</b>	<b>7,041,490</b>	<b>4,840,596</b>	<b>6,317,272</b>	<b>6,406,819</b>	<b>89,547</b>	<b>1%</b>
<b>INTERDEPARTMENTAL CHARGES</b>	<b>5,503,963</b>	<b>4,182,816</b>	<b>4,621,650</b>	<b>4,058,048</b>	<b>(563,602)</b>	<b>-12%</b>
<b>OTHER REVENUE SOURCES</b>	<b>392,804</b>	<b>420,762</b>	<b>595,108</b>	<b>466,344</b>	<b>(128,764)</b>	<b>-22%</b>
<b>TRANSFERS IN</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$239,251,696</b>	<b>\$162,438,191</b>	<b>160,765,599</b>	<b>\$165,020,071</b>	<b>\$4,254,472</b>	<b>3%</b>

(1)

(1) Calculated General Fund revenues are 2% above estimates as of March 31, 2025.

## Expenditures

Total General Fund expenditures and encumbrances – those funds either spent or committed for specific expenses – through the month of March 2025 (the first nine months of the fiscal year) are \$186.5 million, compared to \$177.1 million at the same time last year. The remaining budget available through the fiscal year ending June 30, 2025, is \$69.5 million, or 27%. If funds were spent in the same proportion as the previous year, the General Fund would have 25% or \$52.7 million available. Excluding transfers out, contingencies, and non-departmental charges, the percentage available on March 31, 2025, is 25.1%, 0.3% less than the 25.4% available on March 31, 2024.

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 expected to increase at a faster rate than anticipated ongoing revenue. The city’s five-year financial forecast currently 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 March 31, 2025, the city's Section 115 Trust had a balance of \$18,882,700. Considering the assets held by CalPERS as well as the assets held in the city's trust, the combined pension funded status as of March 2025 is 75.8%.

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 expenditure is provided on the next page.

**GENERAL FUND  
EXPENDITURE STATUS BY DEPARTMENT**

DEPARTMENT DESCRIPTION	ADOPTED	WORKING	AS OF 03/31/25		
	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	\$2,197,392	\$1,682,030	\$515,362	23.5%
CITY CLERK	1,273,604	1,339,731	873,160	466,571	34.8%
CITY COUNCIL	599,047	601,541	423,453	178,087	29.6%
CITY MANAGER	2,105,683	2,254,019	1,762,952	491,067	21.8%
CITY TREASURER	279,522	276,522	176,653	99,869	36.1%
COMMUNICATIONS & ENGAGEMENT	2,010,091	2,130,999	1,611,445	519,554	24.4%
<b>TOTAL POLICY AND LEADERSHIP GROUP</b>	<b>8,447,652</b>	<b>8,800,204</b>	<b>6,529,694</b>	<b>2,270,510</b>	<b>25.8%</b>
<b>ADMINISTRATIVE SERVICES</b>					
ADMINISTRATION	796,196	781,181	502,070	279,111	35.7%
FINANCE	5,631,964	5,943,723	4,529,429	1,414,294	23.8%
HUMAN RESOURCES	5,136,218	5,503,157	4,043,047	1,460,111	26.5%
ECONOMIC DEVELOPMENT	891,866	1,186,669	809,923	376,746	31.7%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>12,456,244</b>	<b>13,414,730</b>	<b>9,884,469</b>	<b>3,530,262</b>	<b>26.3%</b>
<b>PUBLIC SAFETY</b>					
POLICE	60,193,850	62,285,910	45,690,892	16,595,018	26.6%
FIRE	41,793,630	43,955,332	34,208,737	9,746,595	22.2%
<b>TOTAL PUBLIC SAFETY</b>	<b>101,987,480</b>	<b>106,241,242</b>	<b>79,899,629</b>	<b>26,341,613</b>	<b>24.8%</b>
<b>COMMUNITY SERVICES</b>					
COMMUNITY SERVICES ADMINISTRATION	592,261	755,416	597,211	158,205	20.9%
COMMUNITY DEVELOPMENT	10,998,825	13,168,457	10,327,067	2,841,390	21.6%
HOUSING & HOMELESS SERVICES	3,232,287	3,475,473	2,347,095	1,128,378	32.5%
LIBRARY & CULTURAL ARTS	14,522,844	14,968,260	10,781,044	4,187,216	28.0%
PARKS & RECREATION	22,759,082	23,363,473	17,405,513	5,957,960	25.5%
<b>TOTAL COMMUNITY SERVICES</b>	<b>52,105,299</b>	<b>55,731,079</b>	<b>41,457,931</b>	<b>14,273,148</b>	<b>25.6%</b>
<b>PUBLIC WORKS</b>					
PUBLIC WORKS ADMINISTRATION	1,533,038	1,545,155	1,155,247	389,908	25.2%
CONSTRUCTION MANAGEMENT & INSPECTIONS	3,068,292	3,145,583	2,277,223	868,360	27.6%
ENVIRONMENTAL SUSTAINABILITY	1,210,630	1,760,379	1,027,464	732,915	41.6%
FACILITIES	7,191,930	8,179,680	6,306,009	1,873,671	22.9%
TRANSPORTATION	10,741,202	11,143,609	8,729,786	2,413,823	21.7%
<b>TOTAL PUBLIC WORKS</b>	<b>23,745,092</b>	<b>25,774,406</b>	<b>19,495,729</b>	<b>6,278,677</b>	<b>24.4%</b>
<b>NON-DEPARTMENTAL &amp; CONTINGENCY</b>					
(d) OTHER NON-DEPARTMENTAL	1,679,000	2,690,363	1,024,164	1,666,199	61.9%
VILLAGE TRENCHING	0	5,220,000	0	5,220,000	100.0%
OPERATING TRANSFERS OUT	37,547,678	37,547,678	28,160,766	9,386,912	25.0%
CONTINGENCY	500,000	492,334	0	492,334	100.0%
<b>TOTAL NON-DEPT &amp; CONTINGENCY</b>	<b>39,726,678</b>	<b>45,950,375</b>	<b>29,184,930</b>	<b>16,765,445</b>	<b>36.5%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$238,468,445</b>	<b>\$255,912,036</b>	<b>\$186,452,381</b>	<b>\$69,459,655</b>	<b>27.1%</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 25% 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>	
Winning Teams Grant: Carlsbad High School Lancer Dancers (Resolution 2024-246)	(7,666)
<b>TOTAL USES</b>	<u>(7,666)</u>
<b>AVAILABLE BALANCE</b>	<u><b>\$492,334</b></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	Qtr. 1	Qtr. 2	Jan.	Feb	Mar	Qtr. 3	Total
Parks & Recreation	Leo Carrillo Ranch Cash Donations	\$1,761	\$4,213	\$689	\$1,897	\$16,575	\$19,161	\$25,135
Parks & Recreation	Opportunity Grant Donations	1,767	1,216	519	873	1,579	2,971	5,953
Parks & Recreation	Senior Center Cash Donations	59	0	20	802	0	822	881
Parks & Recreation	Senior Meals Cash Donations	6,261	5,728	2,333	1,765	2,054	6,152	18,141
Parks & Recreation	Senior Transportation Cash Donations	664	852	266	269	283	819	2,335
Parks & Recreation	Special Events Cash Donations	1,000	0	0	0	1,000	1,000	2,000
Parks & Recreation	Teen Program Cash Donations	1	452	0	452	2,355	2,807	3,260
Subtotal - Parks & Recreation		\$11,513	\$12,461	\$3,827	\$6,058	\$23,846	\$33,731	\$57,705
Library & Cultural Arts	Gallery, TGIF and Arts Education support	0	0	0	150	0	150	150
Library & Cultural Arts	Genealogy Program	0	0	0	1,015	0	1,015	1,015
Library & Cultural Arts	Support Library Programs and Services	\$142	\$1,205	\$0	\$12	\$1,120	\$1,132	\$2,479
Subtotal - Library & Cultural Arts		\$142	\$1,205	\$0	\$1,177	\$1,120	\$2,297	\$3,644
Fire	Food gifts for crews	\$515	\$300	\$0	\$0	\$1,075	\$1,075	\$1,890
Subtotal - Fire		\$515	\$300	\$0	\$0	\$1,075	\$1,075	\$1,890
<b>Total Donations</b>		<b>\$12,170</b>	<b>\$13,966</b>	<b>\$3,827</b>	<b>\$7,235</b>	<b>\$26,041</b>	<b>\$37,104</b>	<b>\$63,239</b>

# Water Enterprise

## WATER OPERATIONS FUND March 31, 2025

	BUDGET FY 2024-25	YTD* 3/31/2024	YTD* 3/31/2025	CHANGE FROM YTD 2022-23 TO YTD 2023-24	PERCENT CHANGE
<b>REVENUES:</b>					
WATER DELIVERY	\$ 45,000,000	\$ 30,039,349	\$ 32,926,549	\$ 2,887,200	9.6%
INTEREST	660,456	555,324	605,769	50,445	9.1%
MISC. SERVICE CHARGES	413,600	294,889	266,889	(28,000)	-9.5%
PROPERTY TAXES	3,119,800	2,610,328	2,737,593	127,265	4.9%
FINES, FORFEITURES & PENALTIES	378,500	296,737	347,761	51,024	17.2%
OTHER REVENUES	513,000	344,090	366,329	22,239	6.5%
<b>TOTAL OPERATING REVENUE</b>	<b>50,085,356</b>	<b>34,140,717</b>	<b>37,250,890</b>	<b>3,110,173</b>	<b>9.1%</b>
<b>EXPENSES:</b>					
STAFFING	4,905,926	3,464,154	3,655,385	191,231	5.5%
INTERDEPARTMENTAL SERVICES	3,553,726	2,824,607	2,685,367	(139,240)	-4.9%
PURCHASED WATER	34,200,000	20,885,056	23,252,609	2,367,533	11.3%
MWD/CWA FIXED CHARGES	7,710,000	5,206,689	5,858,193	651,504	12.5%
OUTSIDE SERVICES/MAINTENANCE	2,943,455	598,367	661,661	63,294	10.6%
DEPRECIATION/REPLACEMENT	5,100,000	3,739,460	3,825,000	85,540	2.3%
MISCELLANEOUS EXPENSES	1,068,191	525,470	705,252	179,782	34.2%
CAPITAL OUTLAY	143,211	60,936	33,510	(27,426)	-45.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>59,624,509</b>	<b>37,304,739</b>	<b>40,676,977</b>	<b>3,372,238</b>	<b>-9.0%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (9,539,153)</b>	<b>\$ (3,164,022)</b>	<b>\$ (3,426,087)</b>	<b>\$ (262,065)</b>	<b>8.3%</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 2025, combined with a 10% increase in water volume sales.
- Interest earnings increased due to a 22.6% increase in the yield of the Treasurer’s portfolio offset by a 13.6% decrease in the monthly average cash balance.
- The increase in property taxes is primarily due to the annual increase in assessed property values.
- The increase in fines is from rate increase of late and door hanger fees.
- The increase in other revenues is from higher revenue due to a loss recovery and reimbursed work from other departments.
- The decrease in miscellaneous service charges driven by private development requests.

### Expenses



- The increase in staffing expenses due to increase in hazard pay and insurance in addition to annual required contribution to the city’s unfunded pension liability balance with CalPERS.
- 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 11.37% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) combined with a 9.75% increase in the amount of water purchased.
- Outside services increase from pump and asphalt repairs in current year.
- Miscellaneous expense increased from various parts and equipment purchases.
- Capital outlay decrease due to higher costs in prior year for excavator purchase.

# Wastewater Enterprise

## WASTEWATER OPERATIONS FUND March 31, 2025

	BUDGET FY 2024-25	YTD* 3/31/2024	YTD* 3/31/2025	CHANGE FROM YTD 2022-23 TO YTD 2023-24	PERCENT CHANGE
<b>REVENUES:</b>					
CHARGES FOR CURRENT SERVICES	25,206,000	16,682,573	19,802,584	3,120,011	18.7%
INTEREST	288,780	215,230	241,093	25,863	12.0%
OTHER REVENUES	395,700	355,650	294,344	(61,306)	-17.2%
<b>TOTAL OPERATING REVENUE</b>	<b>25,890,480</b>	<b>17,253,453</b>	<b>20,338,021</b>	<b>3,084,568</b>	<b>17.9%</b>
<b>EXPENSES:</b>					
STAFFING	3,355,846	2,400,788	2,528,497	127,709	5.3%
INTERDEPARTMENTAL SERVICES	1,976,943	1,445,754	1,489,419	43,665	3.0%
ENCINA PLANT SERVICES	6,124,537	4,802,145	5,334,192	532,047	11.1%
OUTSIDE SERVICES/MAINTENANCE	1,768,726	314,523	371,686	57,163	18.2%
DEPRECIATION/REPLACEMENT	8,000,000	3,962,481	6,000,000	2,037,519	51.4%
MISCELLANEOUS EXPENSES	848,199	491,067	488,859	(2,208)	-0.4%
CAPITAL OUTLAY	26,087	572	2,287	1,715	299.8%
<b>TOTAL OPERATING EXPENSES</b>	<b>22,100,338</b>	<b>13,417,330</b>	<b>16,214,940</b>	<b>2,797,610</b>	<b>20.9%</b>
<b>OPERATING INCOME/LOSS</b>	<b>3,790,142</b>	<b>3,836,123</b>	<b>4,123,081</b>	<b>286,958</b>	<b>7.5%</b>

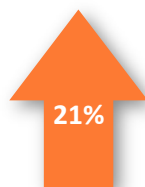
\* Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

### 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 22.6% increase in the yield of the Treasurer's portfolio combined with a 5.6% decrease in the monthly average cash balance.
- The decrease in other revenues is from higher plan check fee activity in prior year.

### Expenses



- The increase in staffing expenses is due to negotiated salary adjustments in addition to annual required contribution to the city's unfunded pension liability balance with CalPERS.
- Encina operating costs increased from higher staffing and costs for chemicals, energy and insurance.
- Depreciation increased from replacement of infrastructure has reached end of useful life.

# Golf Course Enterprise

## GOLF COURSE FUND March 31, 2025

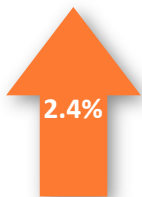
	BUDGET FY 2024-25	YTD 3/31/2024	YTD 3/31/2025	CHANGE FROM YTD 2023-24 TO YTD 2024-25	PERCENT CHANGE
<b>REVENUES:</b>					
GOLF COURSE	5,588,000	4,024,589	4,193,739	169,150	4.2%
FOOD & BEVERAGE	4,633,000	3,506,753	3,441,098	(65,655)	-1.9%
PRO SHOP	451,000	329,568	271,459	(58,109)	-17.6%
PRACTICE CENTER	462,000	382,227	389,873	7,646	2.0%
OTHER REVENUES	209,000	171,130	298,805	127,675	74.6%
<b>TOTAL OPERATING REVENUE</b>	<b>11,343,000</b>	<b>8,414,267</b>	<b>8,594,974</b>	<b>180,707</b>	<b>2.1%</b>
<b>EXPENSES:</b>					
GENERAL & ADMINISTRATIVE	6,507,000	4,426,241	4,445,087	18,846	0.4%
COURSE & GROUNDS	1,264,000	855,021	938,582	83,561	9.8%
FOOD & BEVERAGE	384,000	271,265	283,769	12,504	4.6%
PRO SHOP	101,000	54,486	33,670	(20,816)	-38.2%
COST OF SALES	1,308,000	966,239	848,483	(117,756)	-12.2%
DEPRECIATION/REPLACEMENT	1,000,000	562,500	750,000	187,500	33.3%
MISCELLANEOUS EXPENSES	387,266	137,748	164,064	26,316	19.1%
CAPITAL OUTLAY	1,115,000	714,196	715,140	944	0.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>12,066,266</b>	<b>7,987,696</b>	<b>8,178,795</b>	<b>191,099</b>	<b>2.4%</b>
<b>OPERATING INCOME/LOSS</b>	<b>(723,266)</b>	<b>426,572</b>	<b>416,179</b>	<b>(10,392)</b>	<b>-2.4%</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.
- Pro shop and food and beverage revenues decreased which was offset by increases in practice center and other revenues from interest earnings.

### Expenses



- Course and grounds increase driven mostly by higher water use and rate.
- Cost of sales decrease correlated to sales in pro shop and focus on lower margins in food and beverage.
- Depreciation has increased from new assets placed in service for improvements and equipment.
- Miscellaneous expenses slightly increased in utilities costs.
- Capital outlay remains steady, reflecting ongoing equipment replacements and repair expenditures.