

PREPARED BY THE FINANCE DEPARTMENT

# Financial *Status Report*



September 30, 2025

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through September 30, 2025. It compares revenues and expenditures for the first three months of fiscal year 2025-26 and fiscal year 2024-25. 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



0.1%



**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 4.3% for fiscal year 2025-26. This is the 13th 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, 5.3%, industrial, 3.4%, properties in the city and commercial, 4.5%. This is the 11th 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 2025-26 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 slightly increased by 0.1% when compared to the prior fiscal year. The primary reasons for the increase are:

- Current taxes are up by \$242,000 or 16% mainly due to increased assessed property values. The first installment of taxes for the fiscal year will be received by the city in December.
- Supplemental taxes are up \$54,000 or 49%, these taxes are driven by the change in assessed value due to changes in property ownership.
- Aircraft taxes are down \$203,000 or 7% due to a decrease in aircraft assessed values.



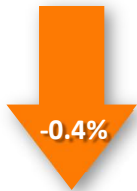
-18%



**Sales Taxes (\$12.9 million)** – For the three months of the fiscal year, sales tax revenues are \$2.8 million, or 18%, 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 2025 as well as the first advance for the third 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 and 2024-25 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 70% of the city's sales tax revenues. For sales occurring in the second calendar quarter of 2025 (the most recent data available), Carlsbad's cash basis sales were down 16.7%, when compared to the second quarter of 2024. The city's largest sector, auto dealers, showed a 13.2% decline, which is attributable to a taxpayer error that was correct in the previous period. With this in mind, and on an economically adjusted basis, the city's sales tax receipts were actually down approximately 7.6% 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 (\$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 \$35.8 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 2025. TOT collected for the first three months of the fiscal year reflects a slight decrease of \$46,000 or 0.4%, when compared to the previous year.

Currently, there are 5,059 hotel rooms in the city and 44 registered short-term vacation rentals. The average occupancy of hotel rooms over the most recent 12 months has been 75.0%, which is slightly lower when compared to this time last year of 79.3%. Average daily room rates in July, August and September of 2025 were 2.1% lower than the previous year on average.



**Business License Tax (\$1.7 million)** – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$6.8 million for the current fiscal year. Business license revenues are up by \$142,000, or 9.4%, from the previous fiscal year. The increase is due to an increase in new license activity combined with an increase in penalty revenue from overdue business license renewals.

There are currently 9,920 active business licenses, 57 less than the prior year. The majority of taxed businesses (6,656 businesses) are located in Carlsbad, with 2,541 of these businesses being home-based.



**Interdepartmental Charges (\$1.5 million)** – Interdepartmental charges are up by \$104,000 or 8% 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 increase this year is the result of the budgeted increase in reimbursed work and 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 (\$3.2 million)** – For the first three months of the fiscal year, income from investments and property is up \$625,000 compared to the previous fiscal year. This increase is due to several factors including a 17.5% rise in yield from 2.92% as of September 2024 to 3.43% as of September 2025 along with a 0.1% increase in the average cash balance held in the General Fund as well as interest earned of \$1,057,000 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 and a third contribution of \$7.5 million authorized in September 2025.

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. This range remained in place until September 2025 when rates were reduced to 4%-4.25%. Recent indicators suggest that growth of economic activity moderated in the first half of calendar year 2025. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated.



**Recreation Fees (\$1.4 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 \$136,000 compared to last year at this time. The decrease in revenue is due to a decrease in instructional class revenue when compared to the same quarter last year. There is also a decrease in revenue from

the Monroe Street Pool which has been closed for a reconstruction project since April 2025. The pool is currently under construction with plans to reopen later in calendar year 2026.



**Development Related Revenues (\$1.1 million)** – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 0.2% decrease, or \$3,000, 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 three months of fiscal year 2025-26 included permits associated with the new residential construction of 9 second dwelling units across the city, 12 condominiums (Tyler Street Homes), 160 apartments (Hope Apartments), 3 single family homes and various homeowner improvements. Commercial building permit activity included 3052 Madison Street (1,000 sq. ft.). There was no industrial permit activity during this period.

One source of development related revenue is building permits, which are \$407,000 for the current fiscal year compared to \$426,000 from the prior fiscal year, a 5% decrease.



**Franchise Tax (\$895,000)** – 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 \$7.2 million for the current fiscal year. Year-to-date franchise taxes are \$27,000 lower, or 2.9%, when compared to the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down \$40,000 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. The decrease in cable television franchise revenues is offset by a small increase of \$14,000 in trash collection franchise revenue, 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 2026.



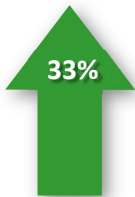
**Ambulance Fees (\$1.6 million)** – The city bills any individual who is transported in one of the city’s ambulances. Through September 2025, receipts from ambulance fees are down \$246,000, or 13%, compared to last fiscal year. The decrease in revenue for the first three months of the fiscal year is mainly due to decreases in transports. Billable transports totaled 1,672 in the first three months of fiscal year 2025-26 versus 1,975 at the same time in the prior fiscal year.



**Other Revenue Sources (\$195,000)** – Other revenue sources have increased by \$83,000 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 increase to date when compared to the prior fiscal year is related to \$28,000 received in sponsorships for the TGIF Concert Series and the remainder can be attributable to an increase in general reimbursed expenses.



**Other Licenses and Permits (\$371,000)** – 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 decrease of \$76,000 over the prior year is primarily a result of decreased coastal development and right-of-way permit revenue collected when compared to the same period last year.



**Fines and Forfeitures (\$145,000)** – 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 \$36,000 is mainly due to an increase in parking citations when compared to the previous fiscal year.



**Intergovernmental Revenues (\$462,000)** – 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 \$72,000 received this year includes state vehicle license fees of \$176,000 (these were received earlier in the fiscal year than usual) which was offset by a decrease of \$152,000 in state reimbursements for mandated costs.



**Transfer Taxes (\$124,000)** – 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 decreased by \$80,000 over the same period last year due to decrease in property transfers.



**Other Charges or Fees (\$46,000)** – 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 down by \$104,000 or 69% mainly due to a decrease 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 2025-26	REVENUE EXPECTED THROUGH 09/30/25	ACTUAL FY 2025 AS OF 09/30/24	ACTUAL FY 2026 AS OF 09/30/25	CHANGE FROM YTD 2025 TO YTD 2026	PERCENT CHANGE
<b>TAXES</b>						
PROPERTY TAX	\$100,105,610	\$5,004,614	\$4,844,253	\$4,848,893	\$4,640	0.1%
SALES TAX	57,847,173	16,218,005	15,663,108	12,852,835	(2,810,273)	-17.9%
TRANSIENT OCCUPANCY TAX	35,822,721	12,207,643	12,100,984	12,054,724	(46,260)	-0.4%
FRANCHISE TAX	7,188,534	969,263	921,847	895,186	(26,661)	-2.9%
BUSINESS LICENSE TAX	6,750,302	1,640,323	1,514,031	1,655,682	141,651	9.4%
TRANSFER TAX	1,724,744	222,265	203,854	123,819	(80,035)	-39.3%
<b>TOTAL TAXES</b>	<b>209,439,084</b>	<b>36,262,113</b>	<b>35,248,077</b>	<b>32,431,139</b>	<b>(2,816,938)</b>	<b>-8%</b>
<b>INTERGOVERNMENTAL</b>						
VEHICLE LICENSE FEES	145,000	0	0	175,864	175,864	100%
HOMEOWNERS EXEMPTIONS	300,000	0	0	0	0	0%
OTHER REIMBURSEMENT	712,000	155,560	390,546	286,368	(104,178)	-27%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>1,157,000</b>	<b>155,560</b>	<b>390,546</b>	<b>462,232</b>	<b>71,686</b>	<b>18%</b>
<b>LICENSES AND PERMITS</b>						
BUILDING PERMITS	2,218,000	454,354	425,869	406,626	(19,243)	-5%
OTHER LICENSES & PERMITS	1,215,697	397,989	447,309	370,923	(76,386)	-17%
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>3,433,697</b>	<b>852,343</b>	<b>873,178</b>	<b>777,549</b>	<b>(95,629)</b>	<b>-11%</b>
<b>CHARGES FOR SERVICES</b>						
PLANNING FEES	912,000	335,885	292,383	203,308	(89,075)	-30%
BUILDING DEPARTMENT FEES	855,000	179,103	157,740	243,528	85,788	54%
ENGINEERING FEES	818,000	208,766	263,169	282,917	19,748	8%
AMBULANCE FEES	6,800,000	1,824,884	1,883,790	1,638,280	(245,510)	-13%
RECREATION FEES	3,330,000	1,505,357	1,490,736	1,354,367	(136,369)	-9%
OTHER CHARGES OR FEES	1,889,400	131,268	149,575	45,969	(103,606)	-69%
<b>TOTAL CHARGES FOR SERVICES</b>	<b>14,604,400</b>	<b>4,185,264</b>	<b>4,237,393</b>	<b>3,768,369</b>	<b>(469,024)</b>	<b>-11%</b>
<b>FINES AND FORFEITURES</b>	<b>388,200</b>	<b>106,978</b>	<b>108,845</b>	<b>144,629</b>	<b>35,784</b>	<b>33%</b>
<b>INCOME FROM INVESTMENTS &amp; PROPERTY</b>	<b>8,677,570</b>	<b>2,155,500</b>	<b>2,543,019</b>	<b>3,168,387</b>	<b>625,368</b>	<b>25%</b>
<b>INTERDEPARTMENTAL CHARGES</b>	<b>5,316,999</b>	<b>1,312,286</b>	<b>1,348,175</b>	<b>1,451,929</b>	<b>103,754</b>	<b>8%</b>
<b>OTHER REVENUE SOURCES</b>	<b>301,700</b>	<b>60,739</b>	<b>111,930</b>	<b>194,960</b>	<b>83,030</b>	<b>74%</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>\$243,318,650</b>	<b>\$45,090,783</b>	<b>44,861,163</b>	<b>\$42,399,194</b>	<b>(\$2,461,969)</b>	<b>-5%</b>

(1)

(1) Calculated General Fund revenues are 6% below estimates as of September 30, 2025.

## Expenditures

Total General Fund expenditures and encumbrances – those funds either spent or committed for specific expenses – through the month of September 2025 (the first three months of the fiscal year) are \$87.5 million, compared to \$81.0 million at the same time last year. The remaining budget available through the fiscal year ending June 30, 2026, is \$176.0 million, or 67%. If funds were spent in the same proportion as the previous year, the General Fund would have 68% or \$172.3 million available. Excluding transfers out, contingencies, and non-departmental charges, the percentage available on September 30, 2025, is 67%, 1% more than the 66% available on September 30, 2024.

The fiscal year 2025-26 budget was developed with a focus that invests in the community's highest priorities, sets aside money for future infrastructure needs and grows the city's cash reserves – all while supporting the continued delivery of top-quality services the Carlsbad community expects. As in recent prior year budgets, 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.

While the broader economy continues to present challenges, Carlsbad is well-positioned to adapt. The adopted budget for fiscal year 2025-26 is a focused, responsible and responsive budget – one that addresses both internal and community priorities and sustains high-quality services without accelerating any projected financial deficit over the next five years.

The adopted General Fund budget for fiscal year 2025-26 increased by 1.7% or \$3.9 million when compared to last fiscal year due to:

- Increased personnel costs (increase of \$10.9 million or 8%):
  - \$6.1 million in salaries and wages due to negotiated salary increases as well as the addition of 4.6 full-time equivalent positions. The new positions included one accountant in the Finance Department, one analyst in the Human Resources Department with the remaining increases in part-time positions across various departments.
  - \$3.3 million in retirement benefits costs.
  - \$1.1 million in health insurance costs.
  - \$0.4 million increase in other personnel costs (Medicare, unemployment and disability benefits).
- Increased maintenance and operations costs (increase of \$4.7 million or 7%):
  - 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 is still ranging between 2.5% and 3.8% thus far in fiscal year 2024-25. While it is expected that inflation will continue to slowly decrease, much uncertainty remains around the Federal Reserve's actions to adjust target interest rates. Moreover, the uncertainty around tariff implementation continues to severely impact consumer confidence. Much of the fiscal year 2025-26 maintenance and operating budget increase is attributable to inflationary increases, Climate Action Plan initiatives, and fire mitigation efforts.
- Decrease in transfers to other city funds (decrease of \$13.8 million or 37%):
  - 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 \$14.6 million, split between these three capital project funds (42% to the Infrastructure Replacement Fund, 42% General Capital Construction Fund and 16% to the Technology Investment Capital Fund).
- Increase in capital outlay (\$2.7 million budgeted compared with \$500,000 in the prior year):
  - The increase is primarily due to the Fire Department's request to purchase a second front-line aerial ladder truck.

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, 2024) indicated the city had a combined pension funded status of 75.7%, increased from the prior year's status of 73.7%. This increase was predominantly driven by CalPERS' fiscal year 2023-24 investment return of 9.3%, above 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 in September 2023 and a subsequent \$7.5 million contribution in October 2024. The City Council approved an additional \$7.5 million contribution in September 2025 to be made into the trust in October 2025.

As of September 30, 2025, the city's Section 115 Trust had a balance of \$21,234,000. 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 2025 is 77.9%.

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 09/30/25		
	BUDGET FY 2025-26	BUDGET FY 2025-26 (a)	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
<b>POLICY AND LEADERSHIP GROUP</b>					
CITY ATTORNEY	\$2,366,301	\$2,382,301	\$741,546	\$1,640,755	68.9%
CITY CLERK	1,493,122	1,540,744	392,860	1,147,884	74.5%
CITY COUNCIL	641,472	642,752	147,119	495,633	77.1%
CITY MANAGER	2,070,890	2,158,326	641,998	1,516,328	70.3%
CITY TREASURER	320,948	320,948	79,427	241,521	75.3%
COMMUNICATIONS & ENGAGEMENT	2,119,816	2,188,881	631,767	1,557,114	71.1%
<b>TOTAL POLICY AND LEADERSHIP GROUP</b>	<b>9,012,549</b>	<b>9,233,952</b>	<b>2,634,716</b>	<b>6,599,236</b>	<b>71.5%</b>
<b>ADMINISTRATIVE SERVICES</b>					
ADMINISTRATION	889,826	908,086	284,570	623,516	68.7%
FINANCE	6,181,006	6,370,282	1,929,647	4,440,635	69.7%
HUMAN RESOURCES	5,600,534	6,017,881	1,779,964	4,237,917	70.4%
ECONOMIC DEVELOPMENT	963,571	1,129,716	394,623	735,093	65.1%
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>13,634,937</b>	<b>14,425,965</b>	<b>4,388,804</b>	<b>10,037,161</b>	<b>69.6%</b>
<b>PUBLIC SAFETY</b>					
POLICE	64,138,292	65,383,585	21,260,701	44,122,884	67.5%
FIRE	47,290,269	49,160,526	16,626,985	32,533,541	66.2%
<b>TOTAL PUBLIC SAFETY</b>	<b>111,428,561</b>	<b>114,544,111</b>	<b>37,887,686</b>	<b>76,656,425</b>	<b>66.9%</b>
<b>COMMUNITY SERVICES</b>					
COMMUNITY SERVICES ADMINISTRATION	647,219	697,119	240,528	456,591	65.5%
COMMUNITY DEVELOPMENT	11,975,702	13,559,083	4,759,092	8,799,991	64.9%
HOUSING & HOMELESS SERVICES	3,317,186	3,568,367	1,619,577	1,948,790	54.6%
LIBRARY & CULTURAL ARTS	15,662,271	16,094,238	4,742,393	11,351,845	70.5%
PARKS & RECREATION	24,241,322	25,009,125	9,685,429	15,323,696	61.3%
<b>TOTAL COMMUNITY SERVICES</b>	<b>55,843,700</b>	<b>58,927,932</b>	<b>21,047,019</b>	<b>37,880,913</b>	<b>64.3%</b>
<b>PUBLIC WORKS</b>					
PUBLIC WORKS ADMINISTRATION	1,488,222	1,489,688	422,551	1,067,137	71.6%
CONSTRUCTION MANAGEMENT & INSPECTIONS	3,250,987	3,295,908	940,001	2,355,907	71.5%
ENVIRONMENTAL SUSTAINABILITY	1,704,367	2,139,568	1,074,032	1,065,536	49.8%
FACILITIES	7,584,723	8,496,680	3,244,597	5,252,083	61.8%
TRANSPORTATION	12,173,662	12,687,366	3,682,289	9,005,077	71.0%
<b>TOTAL PUBLIC WORKS</b>	<b>26,201,961</b>	<b>28,109,210</b>	<b>9,363,470</b>	<b>18,745,740</b>	<b>66.7%</b>
<b>NON-DEPARTMENTAL &amp; CONTINGENCY</b>					
(d) OTHER NON-DEPARTMENTAL	2,079,000	2,883,649	303,525	2,580,124	89.5%
VILLAGE TRENCHING	0	5,220,000	0	5,220,000	100.0%
OPERATING TRANSFERS OUT	23,699,119	29,699,119	11,924,781	17,774,338	59.8%
CONTINGENCY	500,000	495,613	0	495,613	100.0%
<b>TOTAL NON-DEPT &amp; CONTINGENCY</b>	<b>26,278,119</b>	<b>38,298,381</b>	<b>12,228,306</b>	<b>26,070,075</b>	<b>68.1%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$242,399,827</b>	<b>\$263,539,551</b>	<b>\$87,550,001</b>	<b>\$175,989,550</b>	<b>66.8%</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 68% 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 in the General Fund budget for unanticipated emergencies or unforeseen program needs. Below is a summary of the activity in the City Council's contingency account to date for fiscal year 2025-26:

### CONTINGENCY ACCOUNT USE OF FUNDS

EXPLANATION	AMOUNT
<b>ADOPTED BUDGET</b>	\$500,000
<b>USES:</b>	
Community Sprit Grant: Carlsbad High School Lancer Day Parade (Council Policy 51)	(4,387)
<b>TOTAL USES</b>	<u>(4,387)</u>
<b>AVAILABLE BALANCE</b>	<u><u>\$495,613</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 summary listing of all donations, that have been accepted by the city manager to date during fiscal year 2025-26:

### Donations Fiscal Year 2025-26

Department	Intention	Jul.	Aug.	Sep.	Total
Parks & Recreation	Leo Carrillo Ranch Cash Donations	\$400	\$442	\$788	\$1,630
Parks & Recreation	Opportunity Grant Donations	639	990	548	2,177
Parks & Recreation	Senior Center Cash Donations	2	0	0	2
Parks & Recreation	Senior Meals Cash Donations	1,663	1,170	1,579	4,412
Parks & Recreation	Senior Transportation Cash Donations	298	219	295	812
Parks & Recreation	Teen Program Cash Donations	0	100	599	699
Subtotal - Parks & Recreation		<u>\$3,002</u>	<u>\$2,921</u>	<u>\$3,809</u>	<u>\$9,732</u>
Library & Cultural Arts	Books	\$0	\$0	\$500	\$500
Library & Cultural Arts	Support Library Programs and Services	0	5	32	37
Subtotal - Library & Cultural Arts		<u>\$0</u>	<u>\$5</u>	<u>\$532</u>	<u>\$537</u>
Fire	Pickleball paddles and pickleballs	\$0	\$250	\$0	\$250
Subtotal - Fire		<u>\$0</u>	<u>\$250</u>	<u>\$0</u>	<u>\$250</u>
<b>Total Donations</b>		<u><u>\$3,002</u></u>	<u><u>\$3,176</u></u>	<u><u>\$4,341</u></u>	<u><u>\$10,519</u></u>

# Water Enterprise

## WATER OPERATIONS FUND September 30, 2025

	BUDGET FY 2025-26	YTD* 9/30/2024	YTD* 9/30/2025	CHANGE FROM YTD 2024-25 TO YTD 2025-26	PERCENT CHANGE
<b>REVENUES:</b>					
WATER DELIVERY	\$ 52,200,000	\$ 12,200,972	\$ 13,142,877	\$ 941,905	7.7%
INTEREST	639,500	185,315	180,506	(4,809)	-2.6%
MISC. SERVICE CHARGES	335,000	94,429	135,552	41,123	43.5%
PROPERTY TAXES	3,599,336	111,506	123,183	11,677	10.5%
FINES, FORFEITURES & PENALTIES	456,000	108,708	117,448	8,740	8.0%
OTHER REVENUES	494,000	120,933	95,416	(25,517)	-21.1%
<b>TOTAL OPERATING REVENUE</b>	<b>57,723,836</b>	<b>12,821,863</b>	<b>13,794,982</b>	<b>973,119</b>	<b>7.6%</b>
<b>EXPENSES:</b>					
STAFFING	5,281,930	1,531,814	1,671,572	139,758	9.1%
INTERDEPARTMENTAL SERVICES	3,902,097	868,953	976,093	107,140	12.3%
PURCHASED WATER	37,820,000	8,667,218	9,580,016	912,798	10.5%
MWD/CWA FIXED CHARGES	9,639,000	1,813,047	2,222,085	409,038	22.6%
OUTSIDE SERVICES/MAINTENANCE	2,428,230	146,669	96,332	(50,337)	-34.3%
DEPRECIATION/REPLACEMENT	5,300,000	1,275,000	1,325,001	50,001	3.9%
MISCELLANEOUS EXPENSES	1,214,096	105,983	242,154	136,171	128.5%
CAPITAL OUTLAY	43,181	25,111	0	(25,111)	-100.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>65,628,534</b>	<b>14,433,795</b>	<b>16,113,253</b>	<b>1,679,458</b>	<b>11.6%</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (7,904,698)</b>	<b>\$ (1,611,932)</b>	<b>\$ (2,318,271)</b>	<b>\$ (706,339)</b>	<b>43.8%</b>

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

### Revenues



- Increase in water operating revenues due to increase in user rates effective July 2025, combined with a 0.4% increase in water volume sales.
- Interest earnings increased due to a 17.5% increase in the yield of the Treasurer’s portfolio offset by a 23% 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 mostly from door hanger fees.
- The decrease in other revenues is from lower reimbursed work from other departments.
- The increase in miscellaneous service charges driven by private development requests.

### Expenses



- The increase in staffing expenses due to negotiated salary adjustments and annual required contribution to the city’s unfunded pension liability balance with CalPERS.
- Higher interdepartmental expenses resulted from the annual update of the citywide cost allocation.
- Purchased water expenses have increased from the prior year due to a 11.57% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) offset by a 3.43% decrease in the amount of water purchased.
- Outside services decrease from higher asphalt repairs in prior year.
- Miscellaneous expense increased from various parts and equipment purchases and higher gas and electric charges.
- Capital outlay decrease due to higher costs in prior year for generator and compactor purchase.

# Wastewater Enterprise

## WASTEWATER OPERATIONS FUND September 30, 2025

	BUDGET FY 2025-26	YTD* 9/30/2024	YTD* 9/30/2025	CHANGE FROM YTD 2024-25 TO YTD 2025-26	PERCENT CHANGE
<b>REVENUES:</b>					
CHARGES FOR CURRENT SERVICES	32,934,600	6,912,530	7,416,038	503,508	7.3%
INTEREST	275,090	81,137	81,641	504	0.6%
OTHER REVENUES	323,000	92,316	74,766	(17,550)	-19.0%
<b>TOTAL OPERATING REVENUE</b>	<b>33,532,690</b>	<b>7,085,983</b>	<b>7,572,445</b>	<b>486,462</b>	<b>6.9%</b>
<b>EXPENSES:</b>					
STAFFING	3,538,054	1,041,138	1,052,462	11,324	1.1%
INTERDEPARTMENTAL SERVICES	2,281,172	487,479	570,523	83,044	17.0%
ENCINA PLANT SERVICES	6,423,397	2,712,873	2,655,822	(57,051)	-2.1%
OUTSIDE SERVICES/MAINTENANCE	1,499,221	67,623	136,594	68,971	102.0%
DEPRECIATION/REPLACEMENT	8,000,000	2,000,000	2,000,000	0	0.0%
MISCELLANEOUS EXPENSES	1,100,304	107,478	111,814	4,336	4.0%
CAPITAL OUTLAY	110,936	2,287	0	(2,287)	-100.0%
<b>TOTAL OPERATING EXPENSES</b>	<b>22,953,084</b>	<b>6,418,878</b>	<b>6,527,215</b>	<b>108,337</b>	<b>1.7%</b>
<b>OPERATING INCOME/LOSS</b>	<b>10,579,606</b>	<b>667,105</b>	<b>1,045,230</b>	<b>378,125</b>	<b>56.7%</b>

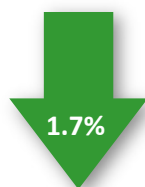
\* Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

### Revenues



- Charges for current services are higher than in the prior year due primarily to a 14% rate increase that went into effect in July 2025.
- Interest earnings increased due to a 17.5% increase in the yield of the Treasurer's portfolio offset by a 43.8% decrease in the monthly average cash balance.
- The decrease in other revenues is from lower reimbursed work from other departments.

### 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, offset by vacancies.
- Encina operating costs increased from higher staffing and costs for energy and insurance with costs for chemicals decreasing overall.

# Golf Course Enterprise

## GOLF COURSE FUND September 30, 2025

	BUDGET FY 2025-26	YTD 9/30/2024	YTD 9/30/2025	CHANGE FROM YTD 2023-24 TO YTD 2025-26	PERCENT CHANGE
<b>REVENUES:</b>					
GOLF COURSE	5,531,000	1,651,595	1,707,500	55,905	3.4%
FOOD & BEVERAGE	4,423,000	1,310,145	1,434,680	124,535	9.5%
PRO SHOP	386,000	104,557	110,912	6,355	6.1%
PRACTICE CENTER	494,000	145,467	175,177	29,710	20.4%
OTHER REVENUES	442,700	95,439	117,061	21,622	22.7%
<b>TOTAL OPERATING REVENUE</b>	<b>11,276,700</b>	<b>3,307,203</b>	<b>3,545,330</b>	<b>238,127</b>	<b>7.2%</b>
<b>EXPENSES:</b>					
GENERAL & ADMINISTRATIVE	6,399,000	1,511,805	1,661,723	149,918	9.9%
COURSE & GROUNDS	1,378,000	418,879	443,229	24,350	5.8%
FOOD & BEVERAGE	378,000	105,393	123,362	17,969	17.0%
PRO SHOP	73,000	9,863	21,856	11,993	121.6%
COST OF SALES	1,173,000	315,838	345,539	29,701	9.4%
DEPRECIATION/REPLACEMENT	1,397,000	250,000	349,251	99,251	39.7%
MISCELLANEOUS EXPENSES	400,000	43,002	53,774	10,772	25.0%
CAPITAL OUTLAY	1,205,000	76,213	182,246	106,033	139.1%
<b>TOTAL OPERATING EXPENSES</b>	<b>12,403,000</b>	<b>2,730,993</b>	<b>3,180,980</b>	<b>449,987</b>	<b>16.5%</b>
<b>OPERATING INCOME/LOSS</b>	<b>(1,126,300)</b>	<b>576,210</b>	<b>364,351</b>	<b>(211,860)</b>	<b>-36.8%</b>

### Revenues



- Primary operating revenues at the golf course have remained relatively consistent year over year, and the increase in rates is offset by a slight decrease in weekday rounds.
- Food and beverage increased from banquets and player's lounge.
- Pro shop and practice center revenues have all increased in addition to an increase in interest revenues.

### Expenses



- Course and grounds slightly increased driven mostly by landscaping and equipment costs.
- Cost of sales increase 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 from hardware and maintenance costs.
- Capital outlay remains steady, reflecting ongoing equipment replacements and repair expenditures.