



Fiscal Year 2024/25  
Financial Report

## OVERVIEW

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This report summarizes the City's financial position through the fiscal year ending June 30, 2025 for the General Fund. The purpose of the report is to provide City Council, City Management, and the Escondido community an update on the City's fiscal status based on the most recent financial information available. The revenue projections and budget information include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of June 30, 2025.

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 (GAAP).

## GENERAL FUND

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Operating revenue has not kept pace with the growing costs of providing City services since the Great Recession, and as a result, the General Fund long-term financial plan has projected annual deficits creating a structural budget deficit. To address the predicted structural budget gap for the FY2024/25 fiscal year, Departments were directed to submit their General Fund operating budget at the same level as the prior year, FY2023/24, while prioritizing the City Council's Essential Services and Council Priorities. As a result of Departments minimizing their budgeted expenses and the additional actions described below, the proposed FY2024/25 General Fund Operating Budget is closed without the use of Reserve Funds:

- Library Management Agreement – (\$3,033,490). On January 31, 2024 City Council approved the use of American Rescue Plan Act Funds for the FY2024/25 and FY2025/26 Management Agreement with LS&S.
- California Center for the Arts, Escondido (CCA) Management Agreement – (\$1,837,330). On January 31, 2024 City Council approved the use of American Rescue Plan Act Funds for the FY2024/25 Management Agreement with the Foundation and Utilities.
- Humane Society Contract – (\$857,570). The City has a contract with the San Diego Human Society for animal control services, the FY2024/25 operating budget included resources needed to fund the contract through its expiration date of December 31, 2024.
- Elimination of 10 Full-Time Vacation Positions – (\$915,000). The FY2024/25 operating budget also includes the elimination of 10 full-time vacant positions from various departments which reduced employee service expenses by \$915,000

The initial projected FY2024/25 General Fund revenue estimate is \$132.9 million, estimated to increase \$5.0 million or 3.9% over the FY2023/24 amended revenue projection. On July 10, 2024 City Council adopted an updated User Fee schedule which moved most fees to full cost recovery, increasing projected General Fund revenue by \$2,601,020.

The total adopted FY2024/25 General Fund Operating Budget is \$134.6 million, an increase of approximately \$6.4 million or 5.0% compared to the FY2023/24 Operating Budget.

At the end of the fiscal year, General Fund revenues have exceeded the budget amount by \$4.8 million and expenditures are over the budget by \$3.0 million, shown in the table below.

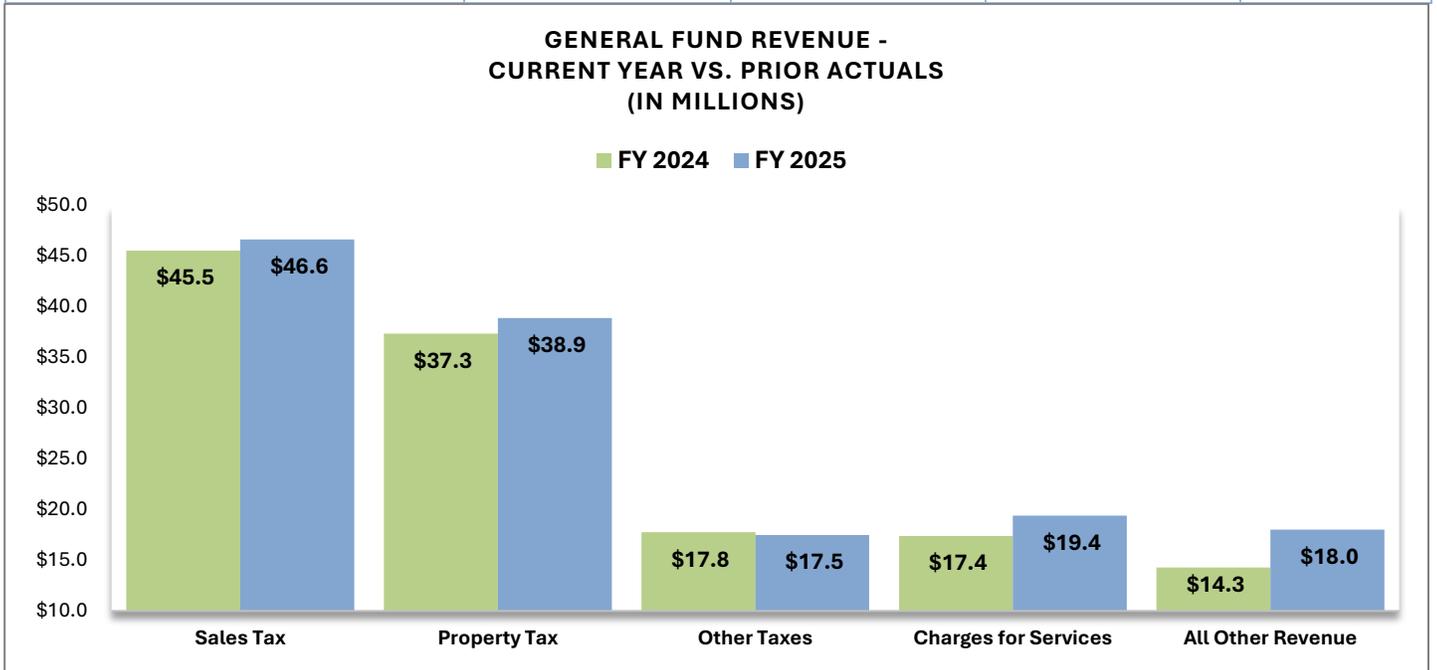
**General Fund  
Comparison of Projected FY2024/25 Operating Budget to Actuals**

	<b>FY2024/25 ADOPTED BUDGET</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>OVER / (UNDER) AMENDED BUDGET</b>
Total Operating Revenue	\$133,065,360	\$135,525,410	\$140,339,960	\$4,814,550
Total Operating Expenditures	(133,524,830)	(137,136,960)	(140,120,460)	2,983,500
Operating Transfers	600,440	600,440	600,440	-
	<b>\$140,970</b>	<b>(\$1,011,110)</b>	<b>\$819,940</b>	

**GENERAL FUND REVENUE**

The table below compares actual results for General Fund operating revenue as of June 2025 to June 2024.

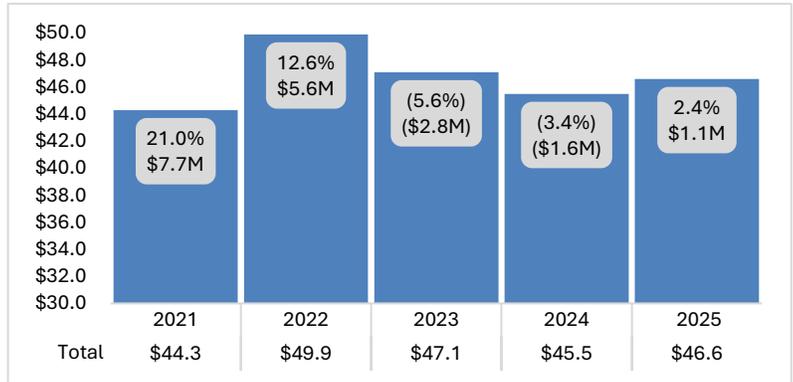
	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>ACTUAL RESULTS JUNE 2024</b>	<b>Prior Year vs. Current Year</b>
Sales Tax	\$47,463,500	46,592,860	\$45,485,940	\$1,106,920
Property Tax	38,249,300	38,851,010	37,314,520	1,536,490
Other Taxes	19,579,850	17,472,750	17,758,110	(285,360)
Charges for Services	17,800,080	19,399,690	17,391,030	2,008,660
Intergovernmental	4,164,000	6,209,340	4,857,230	1,352,110
Fines and Forfeitures	878,700	772,870	693,270	79,600
Permits and Licenses	2,255,630	5,089,180	2,176,300	2,912,880
Rental Income	4,030,980	4,289,210	4,224,150	65,060
Investment Income	814,000	1,389,080	2,025,140	(636,060)
Other Revenue	289,370	273,970	319,180	(45,210)
<b>TOTAL OPERATING REVENUE</b>	<b>\$135,525,410</b>	<b>\$140,339,960</b>	<b>\$132,244,870</b>	<b>\$8,095,090</b>



**Sales Tax (33% of Total General Fund Revenue): \$46.6 million**

The City works closely with its sales tax consultants in projecting sales tax revenue. The forecast for FY2024/25 was provided by AvenuInsights and projected a decline of about 4% compared to FY2023/24. There were indicators that a mild recession in FY2024/25 was possible but continued unemployment and tight labor markets indicated that a severe downturn is unlikely.

Actual sales tax receipts increased by \$1,106,92 compared to the prior fiscal year; however, are under the amount budgeted by (\$870,642).



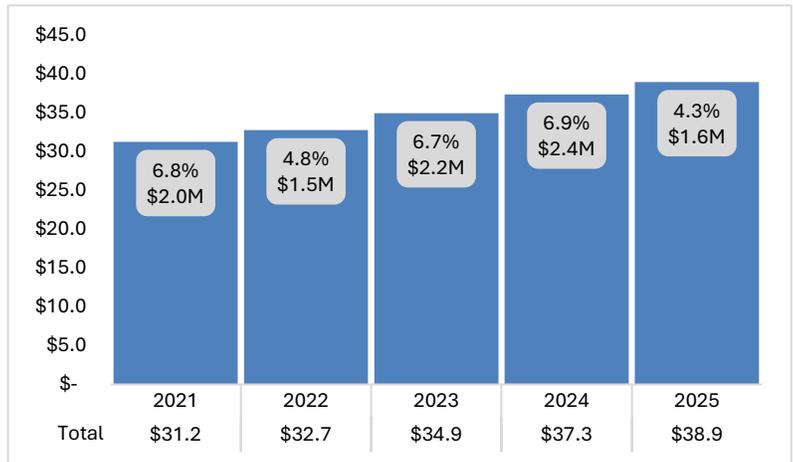
Additional analysis is provided by HdL Companies:

General consumer goods experienced meager proceeds at family apparel and specialty stores as consumers limited their purchases. Building-construction profits were weak, as building materials and contractors saw less demand for their services from commercial investors. Fuel-service stations felt shrinking returns at the pumps as increase fuel supply stabilizes, while advantages to consumers, is challenging for sales tax revenue due to the declining demand. The auto-transportation category enjoyed modest revenues from new car dealers as businesses provided consumers incentives to move vehicles off their lots to make room for newer models. The restaurants-hotels group had positive gross receipts at casual dining and quick-service establishments primarily due to higher menu prices businesses implemented. Furthermore, the business-industry group saw promising profits from garden/ agricultural supplies during this period.

**Property Tax (28% of Total General Fund Revenue): \$38.8 million**

Property Tax revenue increased by \$1,536,490 or about 4.3% compared to this time in prior year. The property tax that the County collects is based on 1% of the total assessed value of a property and Escondido receives a percentage of the 1%. Under Proposition 13, annual changes in the assessed value are capped at 2%, but property value reassessments occur with changes in ownership

Overall property tax revenue increased by 4.3% or \$1.6 million. Elevated prices and borrowing costs continue to suppress market activity. Statewide single-family home sales declined 7.4% year-over-year in May 2025, while the median sale price increased 0.1%



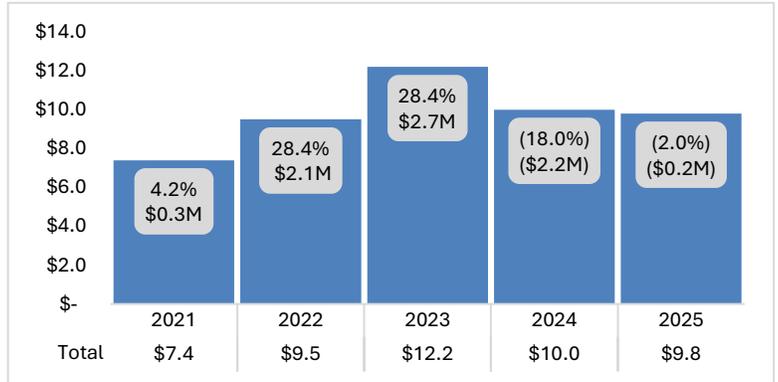
**Other Taxes (12% of Total General Fund Revenue): \$17.5million**

Other Taxes include franchise fee revenues, transient occupancy tax, and business license revenue and combined have decreased by (\$285,360) compared to the prior year.

**Franchise Fees**

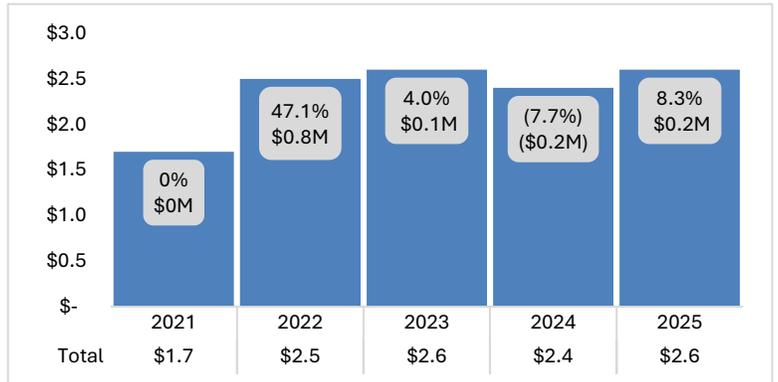
The City collects franchise fee revenues from San Diego Gas and Electric (SDG&E), cable companies conducting business within City limits, and Escondido Disposal Incorporated (EDI).

Franchise Fees from Cox declined by \$164,246, from AT&T/DirecTV declined by \$41,755, and fees from SDG&E declined by \$425,266. These declines were offset by a 10% increase, \$360,000, in franchise fees from EDI. Overall revenues received from franchise agreements decreased by \$285,360 from the prior fiscal year.



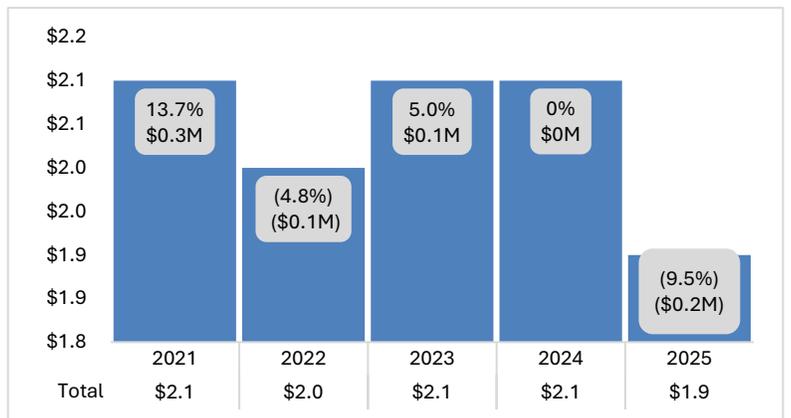
**Transient Occupancy Tax**

Transient occupancy tax, also known as hotel tax, increased by \$208,959 compared to the prior year. The tourism industry was impacted significantly as a result of the closures, and many forecasted its recovery would take much longer than it has. Between FY2021/22 and FY2022/23, transient occupancy tax receipts increased by 49% from the pre-pandemic levels in March 2020. It is expected that those receipts will remain flat going forward as the activity stabilizes in the industry.



**Business License Revenue**

All entities doing business in the City are required to have a valid business license. The business license tax is calculated based on annual gross receipts. Business license revenue from the 2025 calendar year is based on 2024 gross receipts. Business license revenues decreased by \$182,857 compared to the prior fiscal year. Revenue collected in the third quarter decreased \$88,678 from the same period in 2024. The higher revenue in 2024 was due to the collection of late fees and penalties from delinquent accounts, as well as an increase in new business applications.



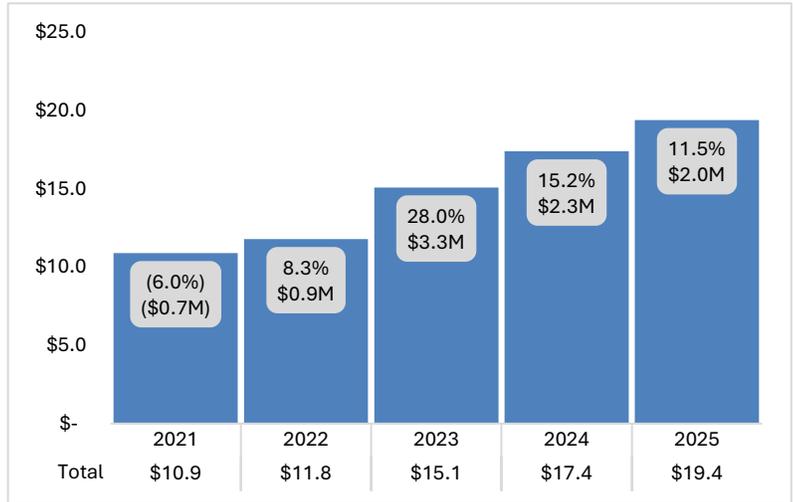
In July 2024, the City Council approved a contract with HdL to provide business license management, compliance, and collection services. The new online system successfully went live in June 2025, and renewal letters from May and June were processed at that time. Program start-up costs of \$57,473 negatively impacted June revenue. In addition to processing the renewals, HdL will also be performing compliance services to ensure all businesses in the city have a valid business license

**Charges for Services (14% of Total General Fund Revenue): \$19.4 million**

Charges for Services include paramedic fees, Community Services fees for recreational and community activities, and charges for development related services, which include Engineering and Planning fees.

In July 2024 the City Council approved a User Fee schedule that set all direct benefit user fees to 100% full cost recovery effective September 2024. Direct Benefit Fees include Building, Planning, Engineering, Development Technology, Long-Range Planning, Fire Prevention, and Facility Rentals. Recreation program fees were moved to full cost recovery or the top of the market. If there is no comparator for a specific fee, the fee was increased by 10% to step closer to full cost recovery.

The adoption to this fee schedule increased Development Services revenue by \$505,000 or 10.0% from the prior fiscal year and Community Services program revenue increased \$47,280 or 3% from the prior fiscal year.



The city is receiving new revenue due to the Ground Emergency Medical Transportation Program implemented at the end of FY2023 that utilizes Federal funding to supplement the ambulance billing revenue received for medical transports. As a result of this new program, revenue increased by \$1.6 million this fiscal year.

**Intergovernmental (4% of Total General Fund Revenue): \$6.2 million**

Intergovernmental revenue includes the Rincon fire services agreement, state mandated cost claims, various grants, and revenue received from the fire mutual aid reimbursements.

Overall revenue has increased \$1.4 million compared to the prior year.

The City’s Fire Department staff can be deployed to assist other State agencies with responses to fires and other incidents. The California Office of Emergency Services reimburses the City for the time and resources of the staff deployed. As of June 2025, reimbursements of \$1,411,532 have been recorded compared to just over \$245,000 in the prior fiscal year.



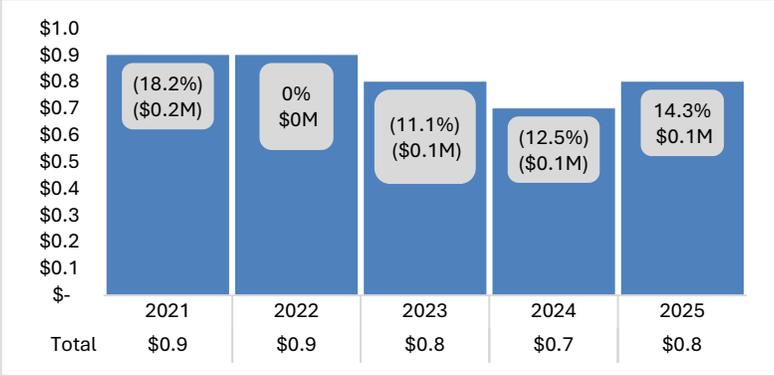
**Permits and Licenses (4% of Total General Fund Revenue): \$5.1 million**

Revenue generated from permits and licenses increased by \$2,912,880 compared to fiscal year 2023/24. In July 2024 the City Council approved a User Fee schedule that set all direct benefit user fees to 100% full cost recovery, including Building Permit Fees. Construction and development activity also continues driving building permit revenue compared to previous fiscal years.



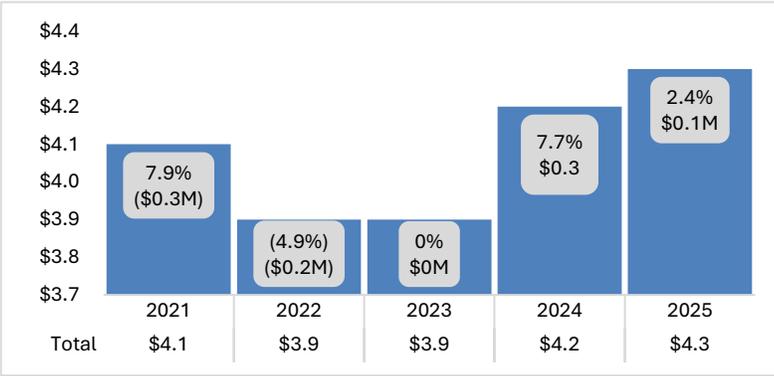
**Fines & Forfeitures (1% of Total General Fund Revenue): \$772,870**

Fines & Forfeitures represent fees collected for vehicle code fines, parking ticket fines, other court fines, code enforcement citations, and impound fees. Overall revenue has increased by \$79,600 compared to the prior fiscal year.



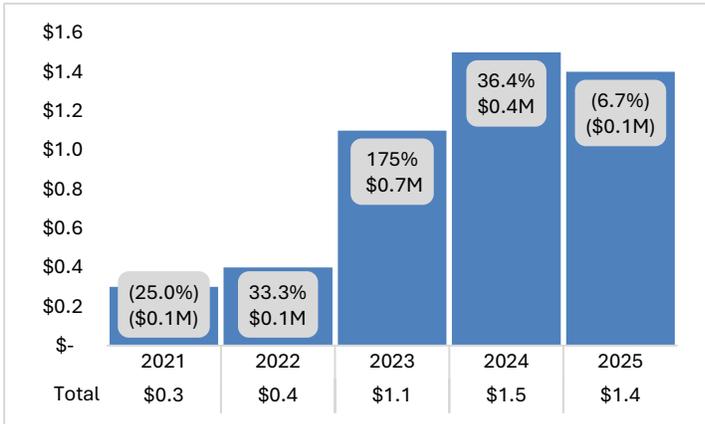
**Rental Income (3% of Total General Fund Revenue): \$4.3 million**

The City receives lease and rental income from City owned properties, shared revenue with the City of San Diego for activity at the Vineyard Golf Course, and small cell tower lease revenue. Overall revenue has increased by \$65,060 compared to the prior fiscal year primarily due to increased receipts from the Vineyard Golf Course.



**Investment and Other Revenues (1% of Total General Fund Revenue): \$1,663,050**

Investments and Other Revenue includes interest earned from investing activities, and other miscellaneous receipts and combined decreased by \$681,270 compared to the prior year.



**GENERAL FUND OPERATING EXPENDITURES**

The total adopted FY2024/25 General Fund Operating Budget is \$134.6 million, an increase of approximately \$6.4 million or 5.0% compared to the FY2023/24 Operating Budget. In order to address an \$11 million budget deficit, Library Management Services and California Center for the Arts Management Services are funded by American Rescue Plan Act, the contract with the Humane Society was funded through December, and the City eliminated 10 full-time positions.

The following table includes cumulative expenditure comparisons for General Fund departments as of June 2025.

	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
General Government Services	\$8,056,630	\$7,796,990	(\$259,639)	97%
Community Services	6,811,600	6,517,620	(293,982)	96%
Development Services	9,413,880	8,545,620	(868,260)	98%
Public Works	13,938,230	15,289,620	1,351,392	110%
Police	60,180,500	60,959,050	778,547	101%
Fire	36,017,840	37,807,540	1,789,703	105%
California Center for the Arts	1,282,180	1,287,480	5,300	100%
Other Expenditures	2,036,100	1,916,540	(119,559)	94%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$137,136,960</b>	<b>\$140,120,460</b>	<b>\$2,983,503</b>	<b>102%</b>

The city continues to be impacted by a competitive labor market, as a result of recurring vacant positions and long recruitment efforts there are expenditure savings in regular salary and benefits through June 2025. Overtime expenses exceed the budgeted amount by \$4.2 million. However, the increase in overtime expenses was offset by savings in employee services due to vacant positions during the fiscal year.

	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
Regular Salaries	\$65,522,280	60,285,360	(\$5,236,920)	92%
Overtime	6,156,800	10,373,880	4,217,080	168
Benefits & Employee Overhead	44,623,900	43,836,230	(787,670)	98
<b>SUBTOTAL EMPLOYEE SERVICES</b>	<b>\$116,302,980</b>	<b>\$114,495,470</b>	<b>(\$1,807,510)</b>	<b>98%</b>
Maintenance and Operations	21,778,560	24,183,710	2,405,150	111
Internal Service Charges	17,124,220	17,124,220	-	100
Allocations	(17,468,800)	(15,082,940)	2,385,860	86%
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>\$22,688,270</b>	<b>\$26,224,990</b>	<b>\$4,791,010</b>	<b>122%</b>
Historical Cost Savings Reduction	(600,000)	(600,000)	-	-
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$138,391,250</b>	<b>\$139,559,510</b>	<b>\$2,983,500</b>	<b>102%</b>

The following tables show each department’s operating expenses through June 2025 compared to the amended budget for FY2024/25 as well as the list of Budget Adjustments approved this fiscal year:

GENERAL GOVERNMENT SERVICES	FY2024/25 ADOPTED BUDGET	BUDGET ADJUSTMENTS	FY2024/25 AMENDED BUDGET	ACTUAL RESULTS JUNE 2025	Over / (Under) Budget	% Of Budget
City Council	\$414,950	\$25,000	\$439,950	\$375,015	(\$64,935)	85%
City Manager	1,799,630	156,760	1,958,390	1,776,518	(181,872)	90%
City Attorney	170,550	51,360	221,910	172,673	(49,237)	78%
City Clerk	642,520	-	642,520	607,634	(34,886)	95%
City Treasurer	180,110	-	180,110	185,202	5,092	113%
Finance	1,658,170	-	1,658,170	1,880,340	222,170	113%
Human Resources	717,430	-	717,430	626,415	(91,015)	94%
Information Systems	1,471,640	-	1,471,640	1,458,034	(13,606)	99%
Communications & Digital Media	729,810	36,700	766,510	715,160	(51,350)	93%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$7,784,810</b>	<b>\$271,820</b>	<b>\$8,056,630</b>	<b>\$7,796,991</b>	<b>(\$259,639)</b>	<b>98%</b>

*City Treasurer:* Investment software costs exceeded the budget amount by \$4,238

*Finance:* Wittman Paramedic Services provides ambulance billing services for the city. The fee for services is a percentage of revenue (4.5%) billed so as the ambulance revenue fees increase so do the fees for service. The amount exceeded the budgeted amount by \$147,372 this fiscal year.

COMMUNITY SERVICES	FY2024/25 ADOPTED BUDGET	BUDGET ADJUSTMENTS	FY2024/25 AMENDED BUDGET	ACTUAL RESULTS JUNE 2025	Over / (Under) Budget	% Of Budget
Recreation	\$4,744,940	\$ -	\$4,744,940	\$4,502,737	(\$242,203)	95%
Main Library*	543,970	95,000	638,970	825,250	186,280	129%
Older Adult Services	729,830	-	729,830	688,851	(40,979)	94%
Senior Nutrition	697,860	-	697,860	500,780	(197,080)	72%
<b>TOTAL COMMUNITY SERVICES</b>	<b>\$6,716,600</b>	<b>\$95,000</b>	<b>\$6,811,600</b>	<b>\$6,517,618</b>	<b>(\$293,982)</b>	<b>96%</b>

\*Library Management Services with LS&S are funded by American Rescue Plan Act Funds in FY2024/25 & FY2025/26. Expenses are for maintenance and internal service charges which are offset by reimbursements from LS&S.

DEVELOPMENT SERVICES	FY2024/25 ADOPTED BUDGET	BUDGET ADJUSTMENTS	FY2024/25 AMENDED BUDGET	ACTUAL RESULTS JUNE 2025	Over / (Under) Budget	% Of Budget
Planning	\$2,633,330	\$472,500	\$4,744,940	\$2,733,156	(\$372,674)	88%
Building	2,005,690	73,640	2,079,330	1,697,211	(382,119)	82%
Engineering	2,973,100	55,010	3,028,110	2,902,872	(125,239)	96%
Code Compliance	1,140,820	59,790	1,200,610	1,212,382	11,772	101%
<b>TOTAL DEVELOPMENT SERVICES</b>	<b>\$8,752,940</b>	<b>\$660,940</b>	<b>\$9,413,880</b>	<b>\$8,545,621</b>	<b>(\$868,260)</b>	<b>98%</b>

*Code Compliance:* Expenses exceed the amount budgeted due to the contract with 4Leaf for professional services, partially offset by savings in employee services

<b>PUBLIC WORKS</b>	<b>FY2024/25 ADOPTED BUDGET</b>	<b>BUDGET ADJUSTMENTS</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
Street Maintenance	\$9,280,510	\$171,790	\$9,452,300	\$10,545,289	\$1,092,989	112%
Park Maintenance	4,485,930	-	4,485,930	4,752,355	266,425	106%
Radio Communications	-	-	-	(8,022)	(8,022)	0%
<b>TOTAL PUBLIC WORKS</b>	<b>\$13,736,440</b>	<b>\$171,790</b>	<b>\$13,938,230</b>	<b>\$15,289,622</b>	<b>\$1,351,392</b>	<b>110%</b>

Street and Parks Maintenance: Overtime costs exceeded the amount budgeted by \$188,570. Utility costs for SDG&E exceeded the amount budgeted by \$285,235. In addition, the amount budgeted to programs and projects was updated during the fiscal year. Employee service costs of \$89,100 was budgeted towards the CDBG Graffiti program which was not funded in FY2025. The amount of staff time budgeted to Storm Drain Maintenance and Permitted Channel Cleaning was decreased by Environmental Programs from \$956,000 to \$800,000. Streets Maintenance also covered several unanticipated expenses, including: Operation Harmony Grove: \$80,000, Reidy Creek Golf Course Pond Clearing: \$75,000, Daley Ranch Bio Monitoring: \$52,000

<b>POLICE DEPARTMENT</b>	<b>FY2024/25 ADOPTED BUDGET</b>	<b>BUDGET ADJUSTMENTS</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
Police Department	\$58,229,080	\$1,951,420	\$60,180,500	\$60,959,047	\$778,547	101%

Historically as a cost savings measure in previous budget cycles, the Police Department has used savings in personnel costs to cover actual expenses of the police department maintenance and operations budget. As the Police Department vacant positions are filled and staffing levels increase, the cost savings in employee services will no longer cover the critical operation expenses. This was addressed in the FY2025/26 operating budget, Measure I funds are now contributing to the overall Police Department Budget.

<b>FIRE DEPARTMENT</b>	<b>FY2024/25 ADOPTED BUDGET</b>	<b>BUDGET ADJUSTMENTS</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
Fire Department	\$35,636,680	\$381,160	\$36,017,840	\$37,752,746	\$1,734,906	105%

The Fire Department exceed the amount budgeted as a result of overtime expenses. CalOES reimburses the city for overtime expenses when firefighters are deployed to assist with fire events. In FY2025, \$1,411,532 was received from CalOES for time and other equipment expenses.

<b>CENTER FOR THE ARTS</b>	<b>FY2024/25 ADOPTED BUDGET</b>	<b>BUDGET ADJUSTMENTS</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
California Center for the Arts*	\$1,282,180	\$-	\$1,282,180	\$1,287,480	\$5,300	100%

\*Center for the Arts Management Services with the CCAE Foundation are funded by American Rescue Plan Act Funds in FY2024/25. Expenses are for maintenance and internal service charges, and \$5,300 for a Steinway piano rebuild.

<b>OTHER EXPENSES</b>	<b>FY2024/25 ADOPTED BUDGET</b>	<b>BUDGET ADJUSTMENTS</b>	<b>FY2024/25 AMENDED BUDGET</b>	<b>ACTUAL RESULTS JUNE 2025</b>	<b>Over / (Under) Budget</b>	<b>% Of Budget</b>
Non-Departmental Community Relations	\$1,956,100	\$80,000	\$2,036,100	\$1,916,541	(\$119,559)	94%

The following table is a list of General Fund budget amendments approved by City Council this fiscal year:

DEPARTMENT	DESCRIPTION	CITY COUNCIL DATE	AMOUNT
Multiple Departments	<b>Revenue:</b> Adjusted User Fees to Full Cost Recovery, increasing the projected revenue	July 10, 2024	(\$2,601,020)
Police Department	COPPS Unit Expansion: 4 Police Officers, Supplies, and Vehicles	June 19, 2024	1,013,000
Street Maintenance	COPPS Unit Expansion: 2 Maintenance Technicians and 1 Truck	June 19, 2024	246,790
City Manager’s Office	Position Reclassification for the Short-Term Rental Program	July 10, 2024	65,340
Fire Department	Additional funding for Medix Ambulances	December 4, 2024	157,752
Police Department	Renewal of the San Diego Humane Society Contract	December 4, 2024	768,708
Multiple Departments	Harmony Grove Emergency Declaration	December 16, 2024	4,000,000
Multiple Departments	Carryovers from Fiscal Year 2023/24	February 19, 2025	258,310
Multiple Departments	Additional funding for the ERP Project	February 19, 2025	407,700
Library	Library utilities and relocation consulting	February 19, 2025	95,000
City Manager’s Office	Addition of a Management Analyst II position	February 19, 2025	31,470
City Attorney’s Office	Addition of a Deputy City Attorney and Legal Assistant – STR Program	February 19, 2025	51,360
Police Department	Addition of a Program Coordinator – STR Program	February 19, 2025	23,930
Code Compliance	Addition of 2 Code Enforcement Officers & 2 Vehicles – STR Program	February 19, 2025	138,530
Development Services	Addition of 1 Principal Planner, 1 Senior Planner, 1 Associate Planner, and 1 Senior Administrative Assistant	February 19, 2025	161,640
City Council	Sister City Program	February 26, 2025	25,000
Fire Department	Firefighters Association MOU	March 26, 2025	310,500
Police Department	Police Officers Association MOU	March 26, 2025	445,780
Economic Development	Indigenous Culture & Art Festival	April 2, 2025	61,950
Community Services – Library	Library Relocation Services	April 9, 2025	828,000
Development Services	Second Amendment to the Matrix Contract	April 16, 2025	300,000

**GENERAL FUND AVAILABLE FUND BALANCES**

**General Fund Reserve**

In December 2015, City Council adopted a Fund Balance Policy and established a General Fund target Reserve balance of 25% of General Fund operating revenues in order to maintain adequate levels of fund balance. This goal is based on a risk-based analysis to mitigate current and future risks, adequately provide for cash flow requirements, and to fund one-time unanticipated expenditure requirements.

Total General Fund budgeted operating revenue in FY2024/25 is \$132,924,390 and 25% of this amount is \$33,231,098. The current General Fund Reserve balance is \$17,392,319, or 13% of budgeted operating revenue, which is below the identified acceptable risk-based analysis adopted by City Council and general government practices.

**Section 115 Irrevocable Pension Trust Fund**

In February 2018, City Council authorized the establishment of a Section 115 Irrevocable Pension Trust Fund. The Trust Fund is used to set aside and hold money to meet future pension liabilities and can be used to provide economic relief during recessionary cycles and/or rate increases that are significantly above anticipated projected employee rate increases. Funds placed in this Trust can also be used to offset the City’s “normal” CalPERS costs, such that if funds are necessary for other purposes, a certain amount of flexibility is present. Another benefit is that funds held in the Trust can be invested in the same manner as funds in a typical pension fund rather than as part of the City’s General Fund, which means a potentially higher rate of return.

When the Pension Trust Fund was established, a funding policy for contributions to the Fund was recommended and included the four years of annual Successor Agency Redevelopment Loan Repayments of \$14 million that began in FY2018/19, future proceeds from the sale of City Property belonging to the General Fund, and a portion of General Fund surplus at the end of each fiscal year, if one exists.

On June 30, 2025, the Section 115 Pension Trust Fund had a balance of \$37,259,260.95 which included City contributions of \$31,257,650 plus investment earnings net of expenses of \$7,985,610. The Trust Fund has a 3-year rate of return of 7.28%, a 1-year rate of return of 8.62%, and a 3-month rate of return of 3.93%.

The following table provides a summary of the activity since the establishment of the Trust Fund.

<b>Section 115 Pension Trust Fund</b>	
<i>Initial Deposit – General Fund</i>	\$1,984,000
<i>General Fund Operating Results (5 years)</i>	20,705,235
<i>Successor Agency Advance Repayments</i>	8,568,415
<i>Investment Earnings, net of expenses</i>	7,985,610
<b>Balance as of June 30, 2025</b>	<b>\$37,259,260</b>

**General Fund Other Available Resources**

The General Fund has accumulated unrestricted resources in the fund that are available for City Council direction. The General Fund reported an Operating Surplus in FY2022/23 and FY2023/24. American Rescue Plan Act Lost Revenue funds were also fully recognized and used to support General Fund Public Safety services during this same timeframe. In January 2024 City Council approved the use of a portion of those funds totaling \$5,221,000 listed below. In FY2024/25 two properties were sold by the city resulting in net revenue of \$4,816,695. Additional funds have been allocated during the fiscal year with City Council approval.

DESCRIPTION	CITY COUNCIL DATE	AMOUNT
General Fund FY2022/23 Operating Surplus		\$3,167,030
General Fund FY2023/24 Operating Surplus (net of carryovers)		678,299
ARPA Lost Revenue		10,000,000
Utility Allocation	January 31, 2024	(1,500,000)
Grand Avenue – Kalmia Roundabout	January 31, 2024	(1,221,000)
Splash Pad in Grove Park	January 31, 2024	(2,500,000)
	<b>Net Resources FY2023/24</b>	<b>\$8,624,329</b>
Sale of Animal Shelter Facility	November 25, 2024	4,386,192
Sale of 707 S. Hale Avenue	December 23, 2024	430,503
Operation Harmony Grove	December 16, 2024	(4,000,000)
Library Utilities and Preliminary Relocation Costs	February 19, 2025	(95,000)
Additional Funding for the ERP Project	February 19, 2025	(327,700)
Temporary Library Relocation	April 9, 2025	(828,000)
	<b>Net Available General Fund Resources</b>	<b>\$8,190,324</b>

**FOR MORE INFORMATION**

This summary report is based on detailed information generated by the City’s Finance department. If you have any questions or would like additional information on this report, please contact the Finance department at (760) 839-4676 or visit [www.escondido.gov](http://www.escondido.gov).