



Date: Tuesday, December 9, 2025

Honorable Mayor and Council Members:

Author and title: Nicole Casey, Administrative Services Director

Title: **Acceptance of the Financial Status Update for the Quarter Ended September 30, 2025**

Jen Callaway, Town Manager

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**Recommended Action:** That Council accepts the financial update for the quarter ended September 30, 2025.

**Executive Summary:** The Town of Truckee remains in a stable and positive financial position through the quarter ending September 30, 2025. General Fund revenues are largely tracking or slightly exceeding budget, particularly in property tax, sales tax, and transient occupancy tax, while expenditures for salaries/benefits and supplies/services are pacing in line with historical patterns. Preliminary FY2024/25 results indicate higher-than-estimated revenues and modest expenditure savings, increasing the projected undesignated General Fund balance to approximately \$33.48 million, about \$852,000 above prior projections.

While national and state economic indicators point to slower overall growth and potential softening in key revenue areas (sales tax, TOT, and development-related activity), no imminent recession is currently forecast. The Town's conservative budgeting, strong reserves, and ongoing monitoring position it well to navigate a slower-growth environment while maintaining essential services and flexibility to support Council priorities on a one-time basis.

**Discussion:** Attached is the financial report for the Town of Truckee for the quarter ended September 30, 2025. This report presents an analysis of the General Fund's major revenue sources as well as expenditures. This report provides an update to the General Fund's five-year projections including updated projections for property tax, sales tax, and transient occupancy tax.

The purpose of this quarterly public reporting is twofold. First, it ensures that the Town is consistently monitoring its revenues and expenditures, responding to unanticipated events, and preparing for emerging trends. This allows staff to keep Council informed as to the Town's financial position. Second, and equally important, these reports increase the transparency of the Town's finances. The Town is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the Town to this standard.

Staff continue to evolve this report over time depending on present-day issues and to ensure that the public is given access to relevant revenue and spending data.

#### **Executive Summary from Report –**

The Town of Truckee remains in a stable financial position through the quarter ending September 30, 2025, supported by conservative budgeting, careful monitoring of economic trends, and disciplined expenditure management.

National and state economic indicators point to a slowing but still growing economy, with weakening momentum in manufacturing, softening in services, and early signs of cooling in the labor market. Although the Federal Reserve cut rates in September in response to softer conditions, financial markets remain calm, and economists, including Beacon Economics, do not foresee an imminent recession, but they do caution that slower national and state growth may temper local revenue performance.

General Fund revenues for the Town are largely on track with expectations: property tax projections for FY2025/26 are slightly above budget; sales tax for the last quarter of fiscal year 2024/25 reflected modest gains driven by construction and pooled allocations; and FY2024/25 transient occupancy tax exceeded budget (results for the quarter ending September 30, 2025, are still being reconciled). Franchise fee collections are higher due to timing differences, and charges for services are trending appropriately given budget changes including reduced activity in projected development activity and changes in animal services operations following the HSTT contract.

Expenditures are also on pace, with salaries and benefits at 19% of the annual budget and supplies and services at 24%, aligning with historical spending patterns. Updated revenue and expenditure adjustments, combined with prior-year actuals, increase the projected undesignated fund balance to approximately \$33.48 million, roughly \$852,000 above previous estimates.

Attached to this staff report is a report from HdL Coren and Cone (the Town's property tax auditors) regarding property tax for fiscal year 2025/26 and a newsletter from HdL (the Town's sales tax auditors) regarding the results of allocations for the quarter ending June 30, 2025

**Priority:**

<input checked="" type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

**Fiscal Impact:** Updated revenue and expenditure adjustments, combined with prior-year actuals, increase the projected undesignated fund balance to approximately \$33.48 million, roughly \$852,000 above previous estimates.

**Attachments:**

Attachment 1 - Financial Update for the Quarter Ending September 30, 2025

Attachment 2 – HdL Coren and Cone Property Tax Report Fiscal Year 2025/26

Attachment 3 – HdL Newsletter QE June 30, 2025