



Date: Tuesday, March 10, 2026

Honorable Mayor and Council Members:

Author and title: Nicole Casey, Administrative Services Director

Title: **Acceptance of the Financial Status Update for the Quarter Ended December 31, 2025**

Jen Callaway, Town Manager

Recommended Action: That Council does the following accepts the financial update for the quarter ended December 31, 2025.

Executive Summary: The Town of Truckee remains in a stable and positive financial position through the quarter ending December 31, 2025. General Fund revenues are largely tracking or slightly exceeding budget, particularly in property tax and transient occupancy tax, while expenditures for salaries/benefits and supplies/services are pacing in line with historical patterns. The fiscal year 2024/25 General Fund balance ended at \$61,351,963 and the Undesignated Cash Available Balance was \$35,098,244, \$2,475,023 higher than projected in fiscal year 2025/26 annual operating budget. Based on updated projections, the cash available balance is projected to be \$8,471,834 in fiscal year 2029/30, \$3,400,876 higher than projected.

While national and state economic indicators continue to point at slower overall growth, no imminent recession is currently forecast, and most indicators are outside of recession territory. The Town's conservative budgeting, strong reserves, and ongoing monitoring, position the Town 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 December 31, 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 –

National and state economic indicators reflect moderating but continued growth, with several measures signaling softer momentum heading into 2026. The U.S. Leading Economic Index has declined for several consecutive months, and the Chicago Fed National Activity Index has remained slightly below historical trend levels, though not at recessionary thresholds. Manufacturing activity showed continued signs of contraction through December with a recent rebound in January, while the services sector continues to expand at a slower pace than historical averages. The Federal Reserve recently reduced interest rates by 25 basis points, and financial markets have experienced periods of elevated volatility tied to tariff discussions and policy uncertainty. Beacon Economics characterizes both the national and California economies as stable but increasingly exposed to downside risks, including structural imbalances, housing constraints, and reliance on capital gains–related revenues. Overall, these indicators point to an economy that is growing, albeit at a much slower pace than historically. There is no strong indication of a recession, although there are signs that scrutiny and vigilance is needed.

Key General Fund revenues are generally performing at or slightly above budget expectations through the first half of fiscal year 2025/26. Property tax, the Town's largest revenue source, is projected to exceed budgeted levels based on updated assessed values and first installment receipts, reinforcing the stability of this revenue stream. Sales tax collections showed modest year-over-year growth for the quarter ended September 30, 2025, with strength in construction-related categories and restaurants partially offset by declines in fuel and certain retail segments. While analysis of the most recent quarter, December 31, 2025, is still underway, early receipts were close to projections, and staff continue to monitor trends as additional data becomes available.

Transient Occupancy Tax (TOT) collections increased slightly in the first quarter compared to the prior year, with hotel properties driving much of the growth and independently operated rentals showing improved utilization. Professionally managed properties experienced some softening in occupancy and rates. Preliminary winter lodging data indicates slower booking activity during portions of the holiday season, likely influenced by a delayed start to winter conditions. At this time, annual TOT revenues remain on track with budget, though this revenue source continues to be sensitive to weather and economic shifts.

Other General Fund revenues, including franchise fees and charges for services, are generally trending within expected ranges, with major franchise payments anticipated later in the fiscal year. On the expenditure side, spending remains consistent with historical patterns, and divisions are operating within their overall appropriations while maintaining flexibility to address operational needs. Updated five-year projections reflect higher property tax estimates and revised sales tax assumptions, resulting in an improved projected fund balance and strengthening the Town's financial position moving forward.

Updated five-year projections also reflect a strengthened General Fund Undesignated cash balance. Based on revised property tax estimates, updated sales tax assumptions, approved budget amendments, and technical corrections identified during year-end review, the projected cash available position has improved over prior estimates. The updated undesignated balance for fiscal year 2024/25 is approximately \$2.48 million higher than previously projected, and by fiscal year 2029/30 the balance is projected to be approximately \$3.4 million higher than earlier forecasts. This improved trajectory enhances the Town's financial resilience, preserves flexibility for future Council priorities, and provides a stronger buffer against potential economic volatility.

Attached to this staff report is a newsletter from HdL (the Town's sales tax auditors) regarding the results of allocations for the quarter ending September 30, 2025 and a report from Chandler Asset Management for the period ending December 31, 2025 on economic activity and the Town's investment portfolio.

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:

- 1 - Financial Update for the Quarter Ending December 31, 2025
- 2 – HdL Newsletter QE September 30, 2025
- 3 – Chandler Asset Management Report QE December 31, 2025