



Date: Tuesday, May 26, 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 March 31, 2026**

Jen Callaway, Town Manager

Recommended Action: That Council does the following accepts the financial update for the quarter ended March 31, 2026.

Executive Summary: The Town of Truckee's financial position remains stable through the third quarter of fiscal year 2025/26, with revenues and expenditures generally tracking within expectations and no significant budget deficits currently anticipated. While the rapid revenue growth experienced during and immediately following the COVID-19 period has moderated, the Town continues to see steady performance in key revenue sources such as property tax and sales tax, supported by conservative budgeting practices and prudent financial management. At the same time, some economically sensitive revenues, including Transient Occupancy Tax, have shown signs of slowing consistent with broader economic uncertainty and softer consumer activity. Expenditures continue to trend below budgeted levels, contributing to a stronger projected General Fund balance than originally forecasted. Overall, the Town remains in a solid financial position, though staff will continue to closely monitor economic conditions and revenue trends as part of ongoing long-term financial planning efforts.

Discussion: Attached is the financial report for the Town of Truckee for the quarter ended March 31, 2026. 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’s financial position remains stable through the third quarter of fiscal year 2025/26, with overall revenues generally performing at or above expectations and expenditures continuing to track below budgeted levels.

Economic conditions nationally continue to reflect slower but stable growth, with softer consumer confidence, elevated interest rates, and increased financial market volatility contributing to ongoing uncertainty. National manufacturing and services activity continued to expand during the first quarter of 2026, and California’s economy remained relatively resilient despite higher unemployment and ongoing housing affordability challenges.

Several of the Town’s major General Fund revenue sources continue to perform steadily. Property tax revenues remain strong due to continued growth in assessed property values and are now projected to exceed prior estimates slightly following receipt of the second installment payment in May 2026. Sales tax revenues have also outperformed expectations through February 2026, with quarterly collections and prepayments coming in above projections despite some softening in consumer spending trends in certain sectors. Transient Occupancy Tax (TOT) revenues for the quarter ended December 31, 2025 declined modestly compared to the prior year, reflecting softer lodging activity, fewer snow events during the winter season, and a later start to the ski season, though collections remain within anticipated ranges overall. Franchise fee revenues continue to remain stable and are trending slightly ahead of the prior fiscal year, while charges for services are lower than the previous year but remain generally consistent with current development and operational activity levels.

General Fund expenditures continue to trend favorably relative to budgeted amounts. Salaries and benefits expenditures remain below projected annual levels, reflecting continued conservative budgeting and ongoing vacancy savings in certain areas. Operating expenditures for supplies, materials, and services are also tracking below historical averages through the third quarter, supporting the Town’s efforts to maintain fiscal flexibility while continuing to provide core services.

Overall, the Town’s projected General Fund balance remains stronger than originally anticipated in the adopted fiscal year 2025/26 budget. Conservative financial planning, stable core revenues, and prudent expenditure management continue to support the Town’s long-term financial stability despite broader economic uncertainty. Staff will continue monitoring economic conditions, tourism activity, consumer spending trends, and state and national fiscal developments as part of ongoing financial planning efforts.

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 December 31, 2025 and a report from Chandler Asset Management for the period ending March 31, 2026 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 from the draft budget for fiscal year 2026/27, combined with prior-year actuals, increased the projected undesignated fund balance to approximately \$35.3 million, roughly \$8.8 million above previous estimates for the fiscal year 2025/26.

Attachments:

- 1 - Financial Update for the Quarter Ending March 31, 2026
- 2 – HdL Newsletter QE December 31, 2025
- 3 – Chandler Asset Management Report QE March 31, 2026