



FY 2023/24 End-of-Year Financial Report
As of June 30, 2024
Preliminary, Unaudited

Introduction

This End-of-Year Financial Report provides an analysis of the City's General Fund and Proprietary Fund revenues and expenditures for the 2023/24 fiscal year. The numbers in this report are preliminary and subject to change, as the year is not yet officially closed.

The City's audited Annual Comprehensive Financial Statement (ACFR) will be presented to the City Council in early 2025 together with the available fund balance for fiscal year ending June 30, 2024.

Management's Overview

The FY 2023/24 budget as originally adopted in June 2023 estimated operating revenues of \$123.1 million to fund expenditures of \$123.8 million. Returns in property tax, licenses and permits, charges for services, investment earnings and a decline in transient occupancy tax led to a net budget increase at mid-year of \$1.6 million. The final amended budget estimated total revenues of \$124.8 million to fund expenditures of \$131.2 million (includes \$6.8 million of budget carried forward from FY 2022/23), resulting in a \$0.3 million surplus.

Actual revenues for the year were higher than anticipated, particularly for sales tax, licenses and permits, charges for services, and investment earnings. On the other hand, property tax and transient occupancy tax ended the year slightly lower than anticipated. Charges for services includes safety dispatch revenues from two previous years that was received in the current fiscal year. As a result, total General Fund revenues for FY 2023/24 were \$2.9 million higher than budgeted.

Operating expenditures were tightly controlled and ended the year \$5.1 million lower than budgeted. These numbers do include the unexpended budget carry-forward from the previous fiscal year and does not include current fiscal year's budget carry forward into the next fiscal year (FY2024/25).

The preliminary, unaudited numbers indicate that the City could have approximately \$4.6 million in available undesignated fund balance for the fiscal year. City staff does not have a recommendation on the use of the funds yet as the

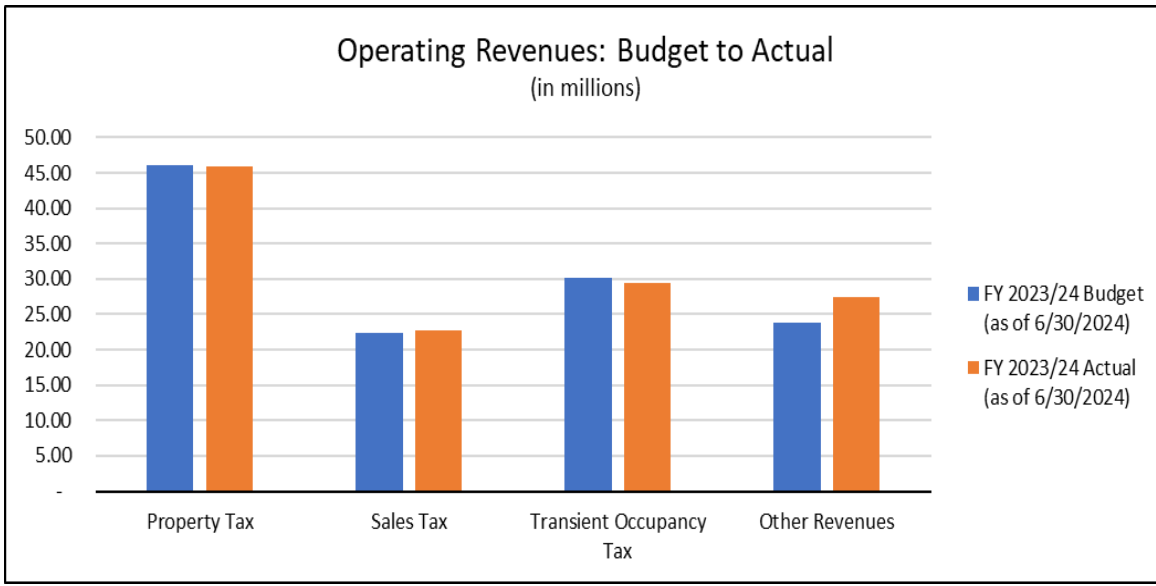
audit is still in progress and the actual available undesignated fund balance could change.

FY 2023/24 General Fund Budget

General Fund Summary (in millions)

	FY 2023/24 Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Total
Operating Revenues					
Property Tax	46.14	45.86	(0.28)	99%	42.93
Sales Tax	22.41	22.66	0.25	101%	22.58
Transient Occupancy Tax	30.11	29.48	(0.63)	98%	30.88
Business License Tax	4.40	4.64	0.24	106%	4.62
Other Taxes	2.60	2.73	0.13	105%	2.85
Licenses and Permits	2.98	3.75	0.77	126%	3.00
Charges for Services	6.67	7.74	1.08	116%	5.76
Intergovernmental	1.09	0.90	(0.18)	83%	0.75
Investment Earnings	0.80	2.27	1.47	283%	7.98
Miscellaneous / Other Revenues	0.41	0.43	0.02	105%	0.66
Transfers In	4.90	4.90	-	100%	3.12
Total Operating Revenues	122.50	125.37	2.87	102%	125.12
Non-Operating Revenues					
Excess ERAF Above Baseline	2.25	2.25	-	100%	2.00
Total Non-Operating Revenues	2.25	2.25	-	100%	2.00
Total Revenues	124.75	127.62	2.87	102%	127.12
Operating Expenditures					
City Council / City Clerk	1.69	1.59	(0.10)	94%	1.39
City Manager	5.79	5.52	(0.27)	95%	1.72
Finance	5.51	4.77	(0.73)	87%	8.34
City Attorney	1.73	1.50	(0.23)	87%	1.45
Human Resources	2.64	2.47	(0.17)	94%	2.05
Community Development	5.59	5.16	(0.43)	92%	4.66
General Government	20.19	18.95	(1.24)	94%	9.94
<i>Included in General Government:</i>			-		
<i>Transfer to CIP Facilities Reserve</i>	<i>4.08</i>	<i>4.08</i>	<i>-</i>	<i>100%</i>	<i>2.16</i>
<i>Transfer to CIP General Reserve</i>	<i>1.94</i>	<i>1.94</i>	<i>-</i>	<i>100%</i>	<i>1.08</i>
<i>Transfer to General Fund Reserves</i>	<i>1.61</i>	<i>1.59</i>	<i>(0.02)</i>	<i>99%</i>	<i>0.61</i>
Police Department	37.44	37.23	(0.21)	99%	34.04
Fire Department	25.81	24.87	(0.95)	96%	23.28
Public Works	15.10	14.36	(0.74)	95%	13.48
Parks & Recreation	10.06	10.07	0.00	100%	9.10
Total Operating Expenditures	131.55	126.49	(5.06)	96%	109.46
Fund Balance for Appropriations	6.83	6.83	-		
Fund Balance for Carryforwards		1.74	1.74		
Fund Balance for General Fund Reserves		1.59	1.59		
Projected Net Position	0.03	4.62	4.59		

Major Revenues



Property Tax

FY 2023/24 Property Tax revenues were budgeted at \$46.1 million, with another \$2.25 million of Excess ERAF budgeted in the General Fund. The City’s major source of property tax revenue to the General Fund is residential property (74.6%), followed by commercial property (18.3%) and industrial property (2.9%). FY 2023/24 property tax revenue fell short of the budget by 1%. The real estate market had thrived during the pandemic, with the increase in remote work leading to workers leaving urban centers to purchase homes in other locations’ however, due to increased interest rates, sale of homes was lower than the previous fiscal years. Looking ahead, home price growth is expected to slow due to increased mortgage rates.

Sales Tax

Sales Tax revenues for FY 2023/24 were budgeted at \$22.4 million. Sales tax is received in monthly advances from the California Department of Tax and Fee Administration (CDTFA) based on prior year actual revenues received, and lag two (2) months behind. Actual revenues were 1% higher than the adjusted budget.

FY 2023/24 sales tax revenue for the City of Napa was 0.4% higher than the prior year, with the City receiving a 46.8% share of the County Pool. Restaurants and Hotels grew by 7.9%, with revenues increasing by \$0.35 million. Autos and Transportation grew by 3.50%, with revenues increasing by \$0.84 million. Overall, every category decreased year-over-year except for Business & Industry.

Our sales tax consultants, HdL Companies, does not expect this level of growth to continue into FY 2024/25 except for the new Costco that opened in October 2024. The new Costco is projected to generate \$1.0M in net sales tax revenue.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) revenue was the hardest hit by the COVID-19 pandemic. Coming out of the pandemic the City saw TOT numbers higher than those of the pre-pandemic years. The adopted budget for FY 2023/24 was \$32.8 million, and the budget was decreased with the Mid-Year Report to \$30.1 million based on actual revenues under coming lower for the first six month of the fiscal year when compared to the same months of the prior fiscal year. Revenues continued to come lower the second half of the fiscal year except for the month of May. The actual revenue was \$29.4 million for FY 2023/24 which is \$0.63 million under the adjusted budget.

There were 27 hotels, 23 bed and breakfast establishments, 49 non-hosted and 45 hosted vacation rentals generating transient occupancy tax revenue within the City as of June 30.

Other Revenues

Business License Tax ended the year 6% over budget, illustrating the growth in the local economy. This also includes the recovery of lost revenue from HdL.

Other Taxes are in line with the City's 5-year trends.

Licenses and Permits revenue, which were trending high at mid-year, came in at 126% of budget as development increased.

Charges for Services ended the year 6% or \$1.08 million over budget mainly due to receipt of two prior year payments received for dispatch services in the current fiscal year.

Intergovernmental revenues ended the year 17% under budget.

Investment Earnings ended the year at \$1.47 million higher than budgeted due high interest rates and market performance of City's current investments.

Miscellaneous Revenues include Rents and Royalties, as well as Contributions/Donations from Private Sources. This category ended the year at 105% of the annual budget.

Non-Operating Revenues for FY 2023/24 were the \$2.25 million of additional Excess ERAF budgeted to the General Fund in FY 2023/24 to balance the adopted budget.

Expenditures

The FY 2023/24 expenditure budget was \$131.6 million which included \$6.8 million in appropriation of FY 2022/23’s available fund balance.

Current projections for FY 2023/24 total expenditures are \$126.5 million, \$5.1 million under budget. Budget savings was primarily by vacancies, supply chain, and reduced spending on external services, and \$1.74 million of unexpended obligations that will be carried forward to the next fiscal year.

Savings in salaries, benefits, and services as compared to the amended budget were found across all City departments, with the greatest savings found in Fire (\$1.0 million) Public Works (\$0.7 million), Community Development (\$0.4 million), and Finance (\$0.7 million).

The following table provides the operating expenditure budget and preliminary, unaudited actual spent to date for each department through June 30, 2024:

Expenditures by Department	Budget	Actual	%
	<i>6/30/2024</i> \$ in millions	<i>6/30/2024</i> \$ in millions	
City Council / City Clerk	1.69	1.59	94%
City Manager	5.79	5.52	95%
Finance	5.51	4.77	87%
City Attorney	1.73	1.50	87%
Human Resources	2.64	2.47	94%
Community Development	5.59	5.16	92%
General Government	20.19	18.95	94%
Police Department	37.44	37.23	99%
Fire Department	25.81	24.87	96%
Public Works	15.10	14.36	95%
Parks & Recreation	10.06	10.07	100%
Total Expenditures	131.55	126.49	96%

Non-Recurring General Fund

Non-Recurring General Fund Summary (in millions)					
	FY 2023/24 Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date (Budget to Actual)	FY 22/23 Annual Total
Beginning Fund Balance	6.55	6.55			
Non-Recurring Revenues					
Property Tax (Excess ERAF)	1.13	1.61	0.48	142%	3.09
Sales Tax	-	-	-	n/a	0.02
Licenses and Permits	0.40	0.11	(0.29)	27%	0.09
Charges for Services	0.81	1.17	0.36	144%	0.93
Intergovernmental	4.92	3.58	(1.34)	73%	1.73
Investment Earnings	-	0.17	0.17	n/a	(0.23)
Miscellaneous / Other Revenues	0.27	0.27	-	100%	0.42
Transfers In	0.34	0.34	-	100%	0.09
Total Non-Recurring Revenues	7.87	7.24	(0.63)	92%	6.14
Non-Recurring Expenditures					
Salaries, Wages & Benefits	0.69	0.75	0.06	108%	0.55
Services	11.67	3.66	(8.01)	31%	2.72
Materials and Supplies	0.65	0.20	(0.46)	30%	0.16
Capital Outlay	0.78	0.09	(0.68)	12%	1.79
Internal Services	0.00	0.00	-	n/a	-
Debt Service	-	-	-	n/a	0.15
Transfers Out	0.54	0.54	-	100%	0.70
Total Non-Recurring Expenditures	14.34	5.25	(9.09)	37%	6.07
Net Impact of Non Recurring	(6.47)	1.99	8.46		
Projected Ending Fund Balance	0.08	8.54	8.46		

This fund is used for multi-year non-CIP projects, grants, and developer-funded consultants. As such, revenues rarely match expenditures in a fiscal year.

General Fund Reserves

In accordance with the City’s Fiscal Policy, the City maintains an Operating Reserve of 5%, an Emergency Reserve of 14% and a Contingency Reserve of 1% of the annual General Fund Operating Budget. The CIP Facilities Reserve receives a transfer in the range of 0.5% to 3.0 percent and currently at 2% of the General Fund Operating Budget, and the CIP General Fund Reserve receives a transfer in the range of 0.5% to 3.0% and is currently at 1% of the General Fund Operating Budget.

Reserves <i>(in millions)</i>	FY 2023/24 Beginning Balance	Usage	Transfers In	FY 2023/24 Ending Balance
Emergency Reserve	15.52	-	1.11	16.63
Operating Reserve	5.54	-	0.40	5.94
Contingency Reserve	1.11	-	0.08	1.19
CIP Facilities Reserve	10.27	(4.42)	2.32	8.17
CIP General Fund Projects Reserve	4.84	(2.86)	2.37	4.34
Total Reserves	37.28	(7.28)	6.28	36.28

Proprietary Funds

In addition to the General Fund, the End of Year Financial Report also provides a snapshot of the City’s Proprietary Funds. Proprietary funds are those funds in which the City charges a fee to customers to recover the cost of providing the service. These funds are made up of Enterprise Funds and Internal Service Funds. Both types of funds are presented separately below, along with summary information for each of the individual funds within each category.

Enterprise Funds

Enterprise Funds are those funds that provide goods or services to the public for a fee that makes the entity self-supporting. Napa’s Enterprise Funds include Solid Waste & Recycling and Water. A listing of these funds and summary of the activity for FY 2023/24 follows below:

Solid Waste & Recycling Fund

The Solid Waste & Recycling (SWR) Fund is responsible for the collection, processing, public education and long-term planning related to solid waste materials generated in the City of Napa. Beyond the safe and cost-effective handling of solid waste materials, the fund’s primary mission is to maximize the diversion of solid waste materials from landfill disposal to meet or exceed State mandates. A summary of the preliminary, unaudited SWR Fund activity through June 30, 2024, is provided below:

Solid Waste & Recycling Operating Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Totals
Revenues					
Refuse Collection Charges	30.28	30.69	0.42	101%	30.13
MDF Gate Fees	3.82	4.58	0.76	120%	4.78
Material Sales	8.62	7.83	(0.79)	91%	9.49
Other Revenues	0.24	0.44	0.20	184%	(0.43)
Total Revenues	42.95	43.54	0.59	101%	43.96
Expenditures					
Salaries and Benefits	1.69	1.55	(0.14)	92%	1.48
Contractor Service	31.06	30.27	(0.79)	97%	30.61
Transfer Station Disposal Fees	3.40	3.30	(0.10)	97%	3.51
MDF Facility Materials	2.54	2.20	(0.33)	87%	2.46
Debt Service	0.87	0.87	(0.01)	99%	0.29
Other Materials, Supplies & Services	3.95	3.41	(0.54)	86%	4.31
Administrative Support	0.89	0.89	-	100%	0.66
Transfer Out to Street Resurfacing	1.20	1.20	-	100%	1.15
Transfer Out to SWR CIP Fund	0.73	0.73	-	100%	0.73
Transfer Out to SWR Non-Recurring Fund	0.45	0.45	-	100%	2.37
Total Expenditures	46.78	44.88	(1.90)	96%	47.57
Fund Balance for Carryforwards		0.20	0.20		
Surplus / (Deficit)	(3.83)	(1.54)	2.29		

Solid Waste & Recycling CIP Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Totals
Revenues					
Transfer In from SWR Operating Fund	0.73	0.73	-	100%	0.73
Total Revenues	0.73	0.73	-	100%	0.73
Expenditures					
Capital Projects	1.16	0.87	(0.29)	75%	-
Total Expenditures	1.16	0.87	(0.29)	75%	-
Fund Balance for Carryforwards		0.23	0.23		
Surplus / (Deficit)	(0.42)	(0.13)	0.29		

Solid Waste & Recycling Non-Recurring Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Totals
Revenues					
SB1383 Local Assistance Grant	0.21	0.26	0.05	124%	1.53
Transfer In from SWR Operating Fund	0.45	0.45	-	100%	2.37
Total Revenues	0.66	0.71	0.05	108%	3.90
Expenditures					
SB1383 Local Assistance Grant	0.21	0.04	(0.16)	22%	-
Other Expenditures	2.89	2.14	(0.75)	74%	1.71
Total Expenditures	3.10	2.19	(0.91)	71%	1.71
Surplus / (Deficit)	(2.44)	(1.48)	0.96		

Overall operating revenues are as expected. Refuse collection charges are slightly higher than budgeted. Revenue from Gate Fees is over budget, at 120%. Materials sales revenue is 9% lower than adopted budget. Operating expenditures continue to come in lower than budgeted.

Water Fund

The Water Fund is responsible for the operation, maintenance and improvement of the municipal water system serving the City and the adjacent areas. The Fund's mission is to provide an uninterrupted supply of high quality and low-cost water to the community for consumption, sanitary needs, irrigation, and fire protection. The Water Fund's Administration, Engineering, Treatment, and Distribution sections accomplish this mission by delivering over 13,200 acre-feet (4.3 billion gallons) of water meeting State and Federal drinking water regulations, investing in capital improvements, planning for long-term water supply needs, responding to emergency repairs, and maintaining a proactive water conservation program. A summary of the preliminary, unaudited Water Fund activity through June 30, 2024, is provided below:

Water Operating Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Totals
Revenues					
Charges for Services	35.94	38.56	2.63	107%	34.94
Other Revenues	0.94	0.96	0.02	102%	0.82
Total Revenues	36.88	39.53	2.65	107%	38.94
Expenditures					
Salaries and Benefits	12.82	10.34	(2.49)	81%	10.19
Services, Materials and Supplies	10.30	8.56	(1.73)	83%	11.91
NBA Water Supply	9.10	8.82	(0.28)	97%	8.69
Administrative Support	3.11	3.11	-	100%	1.91
Water Bond Debt Service	3.33	3.51	0.18	105%	3.31
Transfer Out to Water CIP Fund	5.80	5.80	-	100%	5.09
Transfer Out to Water Non-Recurring Fund	-	-	-	0%	-
Transfer Out to Fleet	-	-	-	0%	0.06
Total Expenditures	44.46	40.14	(4.32)	90%	41.15
Surplus / (Deficit)	(7.59)	(0.61)	6.97		(2.21)

Water CIP Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2022/23 Annual Totals
Revenues					
Capital Projects Distribution	0.51	-	(0.51)	0%	-
Capital Projects Supply	4.99	-	(4.99)	0%	0.18
Capital Projects Transmission	1.98	-	(1.98)	0%	0.25
Capital Projects Treatment	-	-	-	0%	-
Capacity Fees	0.80	6.03	5.23	753%	1.18
Transfer In from Water Operating Fund	5.80	5.80	-	100%	5.09
Other Revenues	9.50	10.26	0.77	108%	-
Total Revenues	23.58	22.09	(1.49)	94%	6.70
Expenditures					
Capital Projects Administration	0.07	0.09	0.02	133%	0.04
Capital Projects Distribution	6.42	1.01	(5.41)	16%	0.87
Capital Projects Supply	13.44	1.64	(11.80)	12%	0.27
Capital Projects Transmission	4.39	0.96	(3.42)	22%	2.84
Capital Projects Treatment	1.36	0.22	(1.13)	16%	0.02
Total Expenditures	25.67	3.92	(21.75)	15%	4.04
Fund Balance for Carryforwards	16.88	16.88	-		
Surplus / (Deficit)	14.80	35.06	20.26		2.66

Water Non-Recurring Fund

	FY 2023/24 Amended Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	Over/Under Budget	% to date <i>(Budget to Actual)</i>	FY 2023/24 Annual Totals
Revenues					
Other Revenues	-	0.23	0.23		0.25
2014 Earthquake Revenues (FEMA/CalOES)	-	-	-		
2017 Fire Revenues (FEMA/CalOES)	-	(0.38)	(0.38)		
Total Revenues	-	(0.15)	(0.15)	0%	0.25
Expenditures					
2014 Earthquake Projects	-	-	-		
2017 Fire Projects	-	0.05	0.05		0.06
Administrative Support	0.03	0.03	-	100%	0.01
Other Expenditures	10.82	10.24	(0.58)	95%	0.81
Total Expenditures	10.85	10.32	(0.53)	95%	0.88
Fund Balance for Carryforwards	10.85	10.85	-		
Surplus / (Deficit)	-	0.38	0.38		(0.63)

Operating revenues are slightly higher than budgeted and mainly due to the new water rates effective the beginning of the 2024 calendar year. Operating expenditures are lower than budget and mainly due vacancy savings, numerous staff vacancies have suppressed salaries and benefits below budget.

Most capital improvement projects (CIP) are in the planning and design phase therefore actual expenditures are just 15% of budgeted costs for design and construction.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the City. Napa's Internal Service Funds include Fleet Management, Information Technology Replacement, Risk Management, Post-Employment Benefits, and Equipment Replacement.

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Internal Service Funds	FY 2023/24 Budget <i>(as of 6/30/2024)</i>	FY 2023/24 Actual <i>(as of 6/30/2024)</i>	% to date <i>(as of 6/30/2024)</i>	FY 2022/23 Actual <i>(as of 6/30/2023)</i>
Fleet Management Fund				
Available Capital [1]	5.02	5.02		
Revenues	5.10	5.90	116%	5.00
Expenditures	11.64	6.66	57%	4.77
Fund Balance Addition/(Reduction)	(6.54)	(0.76)		0.23
Projected Ending Available Balance	(1.52)	4.26		
Fleet - Fire Apparatus Replacement Fund				
Available Capital [1]	3.80	3.80		
Revenues	0.96	3.50	366%	0.42
Expenditures	1.67	0.72	43%	0.58
Fund Balance Addition/(Reduction)	(0.71)	2.78		(0.16)
Projected Ending Available Balance	3.09	6.59		
IT Replacement				
Available Capital [1]	2.64	2.64		
Revenues	0.46	0.48	103%	0.23
Expenditures	1.06	0.61	58%	0.09
Fund Balance Addition/(Reduction)	(0.59)	(0.13)		0.14
Projected Ending Available Balance	2.05	2.51		
Risk Management - General Liability				
Available Capital [1]	3.02	3.02		
Revenues	8.62	8.78	102%	
Expenditures	8.60	8.21	95%	
Fund Balance Addition/(Reduction)	0.03	0.58		
Projected Ending Available Balance	3.04	3.59		
Workers Compensation				
Available Capital [1]	5.72	5.72		
Revenues	5.33	5.76	108%	
Expenditures	5.89	6.03	102%	
Fund Balance Addition/(Reduction)	(0.57)	(0.27)		
Projected Ending Available Balance	5.15	5.45		
Unemployment Insurance				
Available Capital [1]	0.38	0.38		
Revenues	0.10	0.06	64%	
Expenditures	0.10	0.02	22%	
Fund Balance Addition/(Reduction)	(0.00)	0.04		
Projected Ending Available Balance	0.37	0.42		
Post Employment Benefits (PEB)				
Available Capital [1]	6.70	6.70		
Revenues	4.29	4.59	107%	0.46
Expenditures	4.02	1.18	29%	1.12
Fund Balance Addition/(Reduction)	0.27	3.41		(0.66)
Projected Ending Available Balance	6.97	10.11		
Equipment Replacement				
Available Capital [1]	1.06	1.06		
Revenues	0.16	0.20	126%	0.16
Expenditures	0.37	0.29	79%	0.00
Fund Balance Addition/(Reduction)	(0.21)	(0.10)		0.16
Projected Ending Available Balance	0.84	0.96		

[1] Available Capital = Fund Balance available for Appropriation

What We Are Watching

Nationally:

The Federal Reserve Board is continuing their readjustment away from high borrowing costs. Federal Reserve officials cut interest rates on Thursday, November 7, 2024, their second reduction of 2024 and the latest sign that policymakers believe that inflation is finally coming under control. The Federal Reserve Board is expecting to cut rates further, but it is not clear just how quickly those reductions will come. The current federal funds rate is now 4.50%-4.75%, as compared to 5.25%-5.50% in December 2023.

Nationwide, unemployment was at 4.1% for October 2024. Unemployment rates continue to be higher for Black (5.7%) and Hispanic or Latino (5.1%) people, as well as teenagers (13.8%) and people without a high school diploma (6.6%) per the U.S. Bureau of Labor Statistics.

The third quarter estimate of 2024 shows an increase of 2.8% in US GDP, while the second quarter increase was 3.0%.

In September, the 12-month CPI change was 2.4%, with consumer food prices increasing by 1.3% from September 2023 to September 2024. Shelter prices rose 4.9% year over year.

State:

The inflation rate in California has grown by 20% overall since December 2020, with inflation shifting to food and other services, which includes shelter. The unemployment rate as of September was 5.3% and has increased by 0.3% in the last twelve months.

The Legislative Analyst's Office's currently anticipates that the big three tax revenues for California (personal income, corporation, and sales) will end the fiscal year about \$2.6 billion under budget. Inflation-adjusted retail sales grew 1.7 percent from June to September. Cumulative twelve-month growth in sales from September 2023 to September 2024 was also 1.7 percent.

The market for the Bay Area home prices is leveling out. California homes sales increased by 5.1% from September 2023 to August 2024. Bay Area sales increased by also 5.1% within the same period. In September 2024, Bay Area median prices were \$1.266 million at the median, down by 2.6% from September 2023.

Gas prices (all grades) fluctuated over the last 12 months, but the average price in October 2024 was 18.6% lower than October 2023. Average gas price (all grades) in October 2024 was \$4.513/gallon, and prices have been over \$4.00/gallon since April 2021.

Local Economic Condition:

The City relies on the TOT and sales tax revenue generated by visitors to the area. TOT revenue was lower than anticipated and is unknown if this is sustainable and will continue to be closely monitored. Eleven out of twelve months TOT receipts in the fiscal year were lower when compared to the same months in the preceding fiscal year. Napa County hotels have lower level of prices for hotel rooms, and occupancy rates in 2024 when comparing to the two subsequent post-pandemic years. 2024 is likely to be a year of slower growth of hotel revenues.

In Napa County, the median single-family home sold price in September 2024 was \$882,500 – slightly higher than September 2023's median home price of \$890,000 but substantially higher than the pre-pandemic price of \$659,500 in February 2020.

Napa County's unemployment rate continues to be lower than California's overall rate and was 3.9% for September 2024 after seasonal adjustments. This is higher from the 3.5% unemployment rate experienced in October 2023.

Mid-Year Appropriation Adjustments

In accordance with Fiscal Policy 5.b.iii, adopted by City Council on June 20, 2023, the City Manager is authorized to increase appropriations for specific purposes, as long as the expenditure appropriations do not exceed the amount of the revenue, and the adjustment is reported to the City Council as part of the next regular financial report. The adjustments shown below were posted between 1/1/24 and 6/30/24.

Budget Adjustment Summary (Department / Purpose)	Revenues	Expenditures
Parks & Recreation / Sponsorship	1,000.00	1,000.00
Parks & Recreation / Donation	30,000.00	30,000.00
Total Operating General Fund	31,000.00	31,000.00

Budget Adjustment Summary (Department / Purpose)	Revenues	Expenditures
Fire / Grant	27,398.00	27,398.00
City Manager (Housing) / Grant	1,500,000.00	1,500,000.00
Parks & Recreation / Donations	10,000.00	10,000.00
Total Non-Recurring General Fund	1,537,398.00	1,537,398.00

Budget Adjustment Summary (Fund / Department / Purpose)	Revenues	Expenditures
Utilities (Solid Waste) / Grant	207,005.00	207,005.00
Total Other Funds	207,005.00	207,005.00