

FY 2024/25 End-of-Year Financial Report
As of June 30, 2025
Final - Audited

Introduction

This End-of-Year Financial Report provides an analysis of the City's General Fund and Proprietary Fund revenues and expenditures for the 2024/25 fiscal year. The numbers in this report are considered final and based on audited financials issued December 10, 2025.

Along with this report, the City's audited Annual Comprehensive Financial Statement (ACFR) will be presented to the City Council on January 20, 2026 together with the available fund balance for fiscal year ending June 30, 2025.

Management's Overview – General Fund

The FY 2024/25 budget as originally adopted in June 2024 estimated operating revenues of \$129.6 million to fund expenditures of \$129.4 million. Increased returns in business license tax, licenses and permits, charges for service, and investment earnings and a decline in transient occupancy tax led to a net budget increase at mid-year of \$4.0 million. This was offset by the reversing of the 115 Trust contribution of \$2.0 million that was originally budgeted to balance the budget. Additionally, net increases in intergovernmental and self-paying program revenues further adjusted the revenue budget by \$1.7 million dollars. These amendments brought estimated total revenues to \$133.3 million to fund expenditures of \$139.6 million

On November 5, 2024, the electorate of the City of Napa passed Measure G approving a new one cent local transaction and use tax (TUT) until such time as it is ended by voters. The approval of Measure G increases the total of the state and local sales tax on purchases in the City from 7.75 to 8.75% and is anticipated to increase City General Fund revenues by \$22.0 million annually. For transparency purposes, Measure G revenue will be held in a sub-fund of the General Fund but will be shown in the aggregate with all other General Fund revenue within financial reporting. With collection of Measure G revenue beginning April 1, 2025, the FY 2024/25 revenue budget was further adjusted by \$5.1 million at mid-year and accompanied with a \$5.0 million expenditure adjustment that committed Measure G funding to three capital improvement projects. The final adjusted General Fund revenue budget total \$138.5 million to fund \$144.6 (includes the approved usage

of \$7.0 million of unassigned fund balance from FY 2023/24), resulting in a \$0.9 million projected surplus.

Actual revenues for the year were higher than anticipated, particularly for Measure G sales tax, transient occupancy tax, licenses and permits, charges for services, and investment earnings. On the contrary, non-Measure G sales tax and business license tax ended the year slightly lower than anticipated. Measure G sales tax ended at \$0.6 million higher than budgeted and transient occupancy tax, which was projected to remain flat with FY 2023/24 actuals, ended at \$1.5 million higher than budgeted. As a result, total FY 2024/25 General Fund revenues, which include Measure G sales tax, were \$4.3 million higher than budgeted.

Planned operating expenditures were delayed due to supply chain issues, staffing shortages, and workforce capacity. Additionally, \$5.0 million was budgeted as a transfer out of Measure G to the Capital Improvement fund for three capital projects. As of June 30, 2025, these three multi-year projects (which was intentional to allow time for Measure G actuals to be analyzed) had yet to begin and funds from Measure G are only transfer when actual expenditures are incurred. This resulted in FY 2024/25 expenditures ending the year \$ 8.7 million lower than budgeted of which the forementioned \$5.0 million is considered committed and unavailable for a total expenditure savings of \$3.7 million.

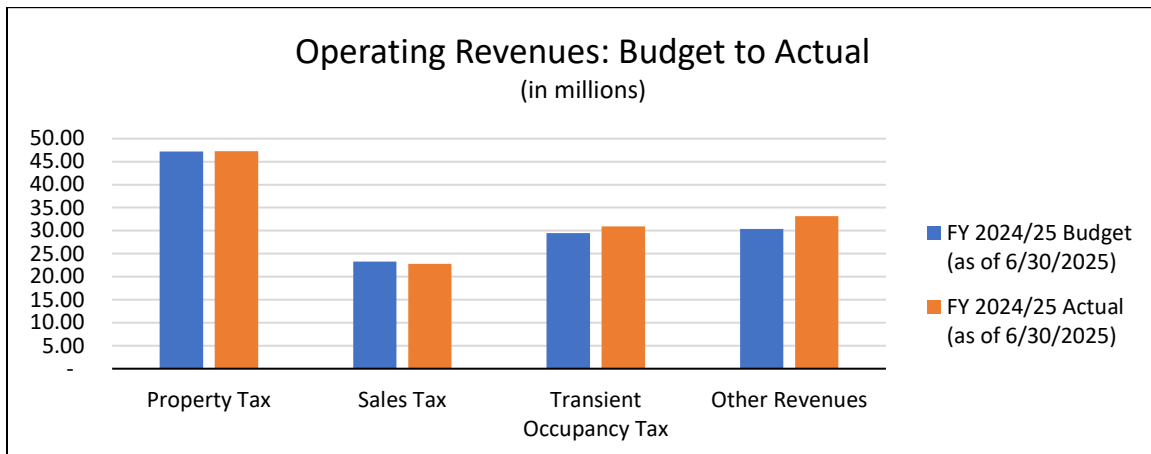
The audited numbers leave the General Fund with \$9.6 million in available undesignated fund balance for the fiscal year which includes \$0.7 million in undesignated fund balance from Measure G sales tax revenue that is not recommended for appropriation due to the lower than budgeted future year revenue projections. City staff does have recommendations on the use of the remaining \$8.94 million in undesignated General Fund funds now that the audit is complete and the actual available undesignated fund balance is known.

FY 2024/25 General Fund Budget

General Fund Summary w/ Measure G (in millions)

	FY 2024/25 Budget <small>(as of 6/30/2025)</small>	FY 2024/25 Actual <small>(as of 6/30/2025)</small>	Over/Under Budget	% to date (Budget to Actual)	FY 2023/24 Annual Total
Operating Revenues					
Property Tax	47.23	47.24	0.01	100%	45.86
Sales Tax	23.28	22.79	(0.50)	98%	22.66
Sales Tax - Measure G	5.14	5.70	0.56	111%	-
Transient Occupancy Tax	29.45	30.91	1.46	105%	29.48
Business License Tax	5.98	5.37	(0.61)	90%	4.64
Other Taxes	2.69	2.64	(0.05)	98%	2.73
Licenses and Permits	3.84	3.96	0.12	103%	3.75
Charges for Services	7.72	7.97	0.25	103%	8.08
Intergovernmental	1.91	1.56	(0.36)	81%	0.90
Investment Earnings	2.80	4.76	1.96	170%	4.95
Miscellaneous / Other Revenues	0.31	1.79	1.48	585%	3.31
Transfers In	5.09	5.09	-	100%	4.90
Total Operating Revenues	135.45	139.79	4.33	103%	131.27
Non-Operating Revenues					
Excess ERAF Above Baseline	3.00	3.00	-	100%	2.25
Total Non-Operating Revenues	3.00	3.00	-	100%	2.25
Total Revenues	138.45	142.79	4.33	103%	133.52
Operating Expenditures					
City Council / City Clerk	1.77	1.79	0.02	101%	1.70
City Manager	6.02	6.34	0.32	105%	5.74
Finance	5.72	5.75	0.03	100%	5.82
City Attorney	2.05	1.68	(0.38)	82%	1.50
Human Resources	2.64	2.35	(0.29)	89%	2.47
Community Development	6.06	5.37	(0.69)	89%	5.16
General Government	24.21	16.30	(7.92)	67%	18.61
<u>Included in General Government:</u>					
Measure G Commitments	5.00	-	(5.00)	0%	-
Transfer to CIP Facilities Reserve	2.59	2.59	-	100%	4.08
Transfer to CIP General Reserve	2.29	2.29	-	100%	1.94
Transfer to General Fund Reserves	2.13	2.13	-	100%	1.61
Police Department	39.42	39.16	(0.27)	99%	38.83
Fire Department	29.12	27.92	(1.20)	96%	24.87
Public Works	16.77	16.34	(0.43)	97%	14.36
Parks & Recreation	10.76	10.70	(0.06)	99%	10.05
Total Operating Expenditures	144.55	133.69	(10.86)	92%	129.12
Fund Balance for Appropriations	7.00	13.41			
Fund Balance - Measure G		(0.70)			
Fund Balance for Carryforwards		(1.77)			
Fund Balance for Harvest Middle School Project		(2.00)			
Projected Net Position	0.91	8.94			

Major Revenues



Property Tax

FY 2024/25 Property Tax revenues were budgeted at \$47.2 million, with another \$3.0 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 (17.8%) and industrial property (2.9%). FY 2024/25 property tax revenue came in right on budget at \$50.2 million. Napa is beginning to see declines in median sale prices of detached single-family homes. The median prices, between January and August 2025, decreased from \$879,000 to \$860,000. This is a 2.1% drop from 2024's median price. While this has an effect on future growth, the overall taxable assessed value is projected to grow at 4.8% in tax year 2025/26.

Sales Tax

Sales Tax revenues for FY 2024/25 were budgeted at \$28.4 million. On November 5, 2024, City of Napa voters approved Measure G, a ballot measure that increased the city sales tax from 7.75% to 8.75% and is projected to generate \$22.0 million annually to fund essential services and infrastructure improvements. With collection beginning April 1, 2025, the adopted FY 2024/25 budget was adjusted by \$5.1 million to reflect the projected amount of the first quarter of Measure G revenue. 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 0.2% higher than the adjusted budget. While the City's normal 1% Bradley Burns sales tax revenue fell short of the budgeted amount, Measure G's first quarter outperformed its projected amount by \$0.6 million bringing overall sales tax within budget.

With the inclusion of Measure G's first quarter, FY 2024/25 sales tax revenue for the City of Napa was 2.6% higher than the prior year, with the City receiving a 49.4% share of the County Pool increasing by 6.0% from the prior year. General Consumer Goods grew by 19.4% over the prior year. Fuel and Service Stations

saw the largest decline from the prior year at 19.7% which equates to \$0.3 million in revenue. Business and Industry declined by 13.9%, Food and Drugs decreased by 7.0%, and Autos and Transportation declined by 4.4%. Restaurants and Hotels remained relatively flat, decreasing by just 0.6%. Overall, every major industry category decreased year-over-year except for General Consumer Goods.

Our sales tax consultants, HdL Companies, are projecting similar growth rates in FY 2025/26 at 1.3%. They are also projecting Measure G generated revenue to be more in line with our 1% Bradley Burns sales tax at 99% of total rather than the previous projections that show Measure g equal to 95% of other City sales tax.

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. In FY 2023/24, TOT fell short of prior year actuals suggesting that the post-pandemic rebound may have peaked. The FY 2024/25 budget was adopted at \$30.1 million prior to having all of FY 2023/24's receipts. In collaboration with industry partners, it was projected that FY 2024/25 would likely remain flat with FY 2023/24. The adopted budget was decreased with the Mid-Year Report to \$29.5 million based on actual revenues coming lower for the first six month of the fiscal year when compared to the same months of the prior fiscal year. Revenues began to outperform FY 2023/24 in the last two quarters of FY 2024/25. TOT actuals for May 2025 were \$0.5 million higher than the prior year. The actual revenue was \$30.9 million for FY 2024/25 which is \$1.5 million higher than the adjusted budget.

There were 27 hotels, 21 bed and breakfast establishments, 43 non-hosted and 27 hosted vacation rentals generating transient occupancy tax revenue within the City as of June 30.

Other Revenues

Business License Tax ended the year 10% under budget, illustrating that recent discovery and collection efforts may have skewed projected growth rates.

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 3.2% or \$0.1 million higher than budgeted.

Charges for Services ended the year 3% or \$0.3 million over budget

Intergovernmental revenues ended the year 18.6% under budget due to lower than expected grant expenditures that are reimbursed.

Investment Earnings ended the year at \$0.8 million higher than budgeted due to high interest rates and market performance of City's current investments. This excludes non-cash end of year transaction.

Miscellaneous Revenues include Rents and Royalties, as well as Contributions/Donations from Private Sources. This category ended the year at 91% of the annual budget excluding non-cash end of year transaction.

Non-Operating Revenues for FY 2024/25 were the \$3.0 million of additional Excess ERAF budgeted to the General Fund in FY 202/25 to balance the adopted budget.

Expenditures

The FY 2024/25 expenditure budget was \$144.6 million which included \$7.0 million in appropriation of FY 2023/24's available fund balance. This also included \$5.0 million in expenditures for capital projects that were funded by Measure G.

Audited actuals for FY 2024/25 total expenditures are \$133.7 million, \$10.9 million under budget. \$2.1 million is budgeted as a contribution to our General Fund reserves that is not realized as an actual expenditure but is facilitated through the moving of fund balance on the balance sheet. The forementioned \$5.0 million capital project expenditures were unspent as of June 30, 2025 but moved to a reserved for capital projects line item on the balance sheet as these multi-year projects take time to begin and utilize funds. Revenue for Measure G funded capital projects will only be transferred from the fund when actual expenditures are incurred. Therefore, these funds are considered committed and unavailable. This leaves FY 2024/25 actuals \$3.8 million under budget. Budget savings are primarily due to vacancies, supply chain issues, and reduced spending on external services. Of the \$3.8 million in budgeted savings, \$1.8 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 (\$1.2 million), Police (\$0.8 million), and General Government (\$0.8 million).

The following table provides the operating expenditure budget and preliminary, unaudited actual spent to date for each department through June 30, 2025:

Expenditures by Department	Budget 6/30/2025 \$ in millions	Actual 6/30/2025 \$ in millions	%
City Council / City Clerk	1.77	1.79	101%
City Manager	6.02	6.34	105%
Finance	5.72	5.75	100%
City Attorney	2.05	1.68	82%
Human Resources	2.64	2.35	89%
Community Development	6.06	5.37	89%
General Government*	24.21	16.30	67%
Police Department	39.42	39.16	99%
Fire Department	29.12	27.92	96%
Public Works	16.77	16.34	97%
Parks & Recreation	10.76	10.70	99%
Total Expenditures	144.55	133.69	92%

* Committed / Unactualized - \$5.0M Capital Projects Committed, \$2.1M FY25 General Fund Reserve Contributions

Non-Recurring General Fund

Non-Recurring General Fund Summary (in millions)					
	FY 2024/25 Budget (as of 6/30/2025)	FY 2024/25 Actual (as of 6/30/2025)	Over/Under Budget	% to date (Budget to Actual)	FY 23/24 Annual Total
Beginning Fund Balance	8.72	8.72			
Non-Recurring Revenues					
Property Tax (Excess ERAF)	0.75	1.25	0.50	167%	1.61
Sales Tax	-	0.03	0.03	n/a	-
Licenses and Permits	0.40	0.01	(0.39)	3%	0.11
Charges for Services	1.60	1.88	0.28	117%	1.17
Intergovernmental	4.45	2.22	(2.23)	50%	3.58
Investment Earnings	-	0.55	0.55	n/a	0.38
Miscellaneous / Other Revenues	0.32	1.41	1.09	445%	0.27
Transfers In	0.50	0.50	-	100%	0.34
Total Non-Recurring Revenues	8.02	7.85	(0.17)	98%	7.45
Non-Recurring Expenditures					
Salaries, Wages & Benefits	0.24	0.57	0.33	237%	0.75
Services	9.86	3.42	(6.44)	35%	3.68
Materials and Supplies	1.05	0.18	(0.87)	17%	0.20
Capital Outlay	0.69	1.71	1.01	246%	0.09
Internal Services	0.00	0.00	(0.00)	n/a	0.00
Debt Service	-	0.24	0.24	n/a	-
Transfers Out	0.17	0.06	(0.11)	34%	0.54
Total Non-Recurring Expenditures	12.03	6.17	(5.85)	51%	5.27
Net Impact of Non Recurring	(4.01)	1.68	5.69		
Projected Ending Fund Balance	4.71	10.40	5.69		

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 2024/25 Beginning Balance	Usage	Transfers In	FY 2024/25 Ending Balance
Emergency Reserve	16.63	-	1.53	18.16
Operating Reserve	5.94	-	0.55	6.49
Contingency Reserve	1.19	-	0.11	1.30
CIP Facilities Reserve	8.17	(6.94)	6.86	8.09
CIP General Fund Projects Reserve	4.34	(5.69)	4.63	3.29
Total Reserves	36.28	(12.63)	13.68	37.32

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 2024/25 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 audited SWR Fund activity through June 30, 2025, is provided below:

Solid Waste & Recycling Operating Fund (in millions)

	FY 2024/25 Amended Budget (as of 6/30/2025)	FY 2024/25 Actual (as of 6/30/2025)	Over/Under Budget	% to date (Budget to Actual)	FY 2023/24 Annual Totals
Revenues					
Refuse Collection Charges	30.72	31.13	0.41	101%	30.71
MDF Gate Fees	5.43	5.59	0.15	103%	4.58
Material Sales	11.20	11.62	0.42	104%	7.83
Other Revenues	0.25	0.99	0.73	389%	0.39
Total Revenues	47.61	49.33	1.72	104%	43.51
Expenditures					
Salaries and Benefits	1.82	1.73	(0.09)	95%	1.55
Contractor Service	31.75	31.01	(0.74)	98%	30.27
Transfer Station Disposal Fees	3.77	3.34	(0.43)	89%	3.30
MDF Facility Materials	2.15	1.90	(0.24)	89%	2.20
Debt Service	0.87	0.87	(0.01)	99%	0.87
Other Materials, Supplies & Services	5.04	3.27	(1.77)	65%	3.41
Administrative Support	0.93	0.93	-	100%	0.89
Transfer Out to Street Resurfacing	1.25	1.25	-	100%	1.20
Transfer Out to SWR CIP Fund	1.50	2.00	0.50	134%	0.73
Transfer Out to SWR Non-Recurring Fund	0.75	0.75	-	100%	0.45
Total Expenditures	49.82	47.06	(2.77)	94%	44.88
Surplus / (Deficit)	(2.22)	2.27			

Overall operating revenues were better than expected. Revenues from Refuse Collection Charges, Gate Fees, and Materials Sales were all slightly above budget yielding a budgeted surplus of 4% higher than adopted budget, with the highest percentage above budget being for material sales revenue. Operating expenditures continued to come in slightly lower than budgeted at 97% of budget, however some operating expenses for contractor services (NRWS) will not be realized until City FY2025/26 with pending contract amendments.

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 audited Water Fund activity through June 30, 2025, is provided below:

Water Operating Fund (in millions)

	FY 2024/25 Amended Budget (as of 6/30/2025)	FY 2024/25 Actual (as of 6/30/2025)	Over/Under Budget	% to date (Budget to Actual)	FY 2023/24 Annual Totals
Revenues					
Charges for Services	42.99	48.09	5.11	112%	38.57
Other Revenues	1.03	4.39	3.36	426%	0.96
Total Revenues	44.01	52.48	8.47	119%	39.53
Expenditures					
Salaries and Benefits	13.48	11.24	(2.24)	83%	10.34
Services, Materials and Supplies	10.82	9.90	(0.93)	91%	8.56
NBA Water Supply	9.20	7.63	(1.57)	83%	8.82
Administrative Support	3.24	3.24	-	100%	3.11
Water Bond Debt Service	3.33	3.24	(0.09)	97%	3.51
Transfer Out to Water CIP Fund	4.30	4.44	0.14	103%	5.80
Transfer Out to Water Non-Recurring Fund	-	-	-	0%	-
Transfer Out to Fleet	-	-	-	0%	-
Water Fund Policy Adjustment - Reserve Transfer*	-	10.45	10.45	100%	-
Total Expenditures	44.37	50.14	5.76	113%	40.14
Surplus / (Deficit)	(0.36)	2.35	2.70		
* Adjustments made in accordance with city policy. Unassigned Fund Balance in excess of \$3M shall fund reserves in priority order: Operating, Emergency, Rate Stabilization, Water Supply, and CIP reserves.					

Water CIP Fund (in millions)

	FY 2024/25 Amended Budget (as of 6/30/2025)	FY 2024/25 Actual (as of 6/30/2025)	Over/Under Budget	% to date (Budget to Actual)	FY 2023/24 Annual Totals
Revenues					
Capital Projects Distribution	0.59	0.17	(0.42)	29%	-
Capital Projects Supply	5.02	-	(5.02)	0%	-
Capital Projects Transmission	0.76	-	(0.76)	0%	-
Capital Projects Treatment	-	-	-	0%	-
Capacity Fees	1.70	0.36	(1.34)	21%	6.03
Transfer In from Water Operating Fund	4.30	14.89	10.59	346%	5.80
Transfer In from Water Non-Recurring Fund	-	-	-	0%	9.50
Other Revenues - Investment Earnings	-	(0.45)	(0.45)	0%	0.77
Total Revenues	12.38	14.97	2.59	121%	22.09
Expenditures					
Capital Projects Administration	0.10	0.02	(0.09)	0%	0.02
Capital Projects Administration - Internal Service Charge	0.04	0.04	-	100%	0.04
Capital Projects - Administrative Support	0.03	0.03	-	100%	0.03
Capital Projects Distribution	11.04	5.40	(5.64)	0%	1.01
Capital Projects Supply	12.80	4.15	(8.65)	0%	1.64
Capital Projects Transmission	23.04	7.59	(15.44)	0%	0.96
Capital Projects Treatment	5.58	0.28	(5.29)	0%	0.22
Water Fund Policy Adjustment - Reserve Transfer*	-	4.86	4.86	0%	-
Total Expenditures	52.64	22.39	(30.25)	43%	3.92
Fund Balance - End of Year		29.95			
* The Water Fund CIP Reserve shall be maintained at a minimum level of \$4M.					

Operating revenues are slightly higher than budgeted mainly due to water sales inside and outside of the city and the one-time \$1.4 million sale of State Water Project (SWP) water made possible because of two years of high allocations, elevated carryover balances, and concerns over potential loss of carryover balances in the SWP system. Operating expenditures are lower than budget mainly due to numerous staff vacancies suppressing salaries and benefits \$2.4 million below budget. In addition, SWP expenditures are \$1.6 million below budget due to operational requirements to baseload the use of Lake Hennessey thereby using less SWP water during the emergency transmission main replacement project. The \$10.5 million transfer to reserves includes \$4.5 million to capital improvement projects (CIP) reserve to replenish funds used for the Emergency 36-in Transmission Main Replacement Project described below.

The water enterprise has an effective program for CIPs. System investments include \$17.0 million of construction improvements composed of: \$5.4 million for distribution system (<12-inch) pipeline replacements, \$4 million to reinstate the trail that supports the Milliken treatment plant raw water supply line, and \$7.6 million for transmission main replacements. The \$7.6 million transmission main expenditures represent the initial phase of the \$17.0 million Emergency 36-inch Transmission Main Replacement Project replacing asbestos cement pipe with mortar lined and coated welded steel pipe that is scheduled for completion in Q3 FY26.

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.

Internal Service Funds	FY 2024/25 Budget (as of 6/30/2025)	FY 2024/25 Actual (as of 6/30/2025)	% to date (as of 6/30/2025)	FY 2023/24 Actual (as of 6/30/2024)
Fleet Management Fund				
Available Capital [1]	7.12	7.12		
Revenues	4.95	5.71	115%	5.90
Expenditures	10.88	4.04	37%	6.65
Fund Balance Addition/(Reduction)	(5.93)	1.67		(0.74)
Projected Ending Available Balance	1.19	8.79		
Fleet - Fire Apparatus Replacement Fund				
Available Capital [1]	4.43	4.43		
Revenues	0.89	1.09	123%	3.50
Expenditures	2.74	0.47	17%	0.72
Fund Balance Addition/(Reduction)	(1.85)	0.62		2.78
Projected Ending Available Balance	2.59	5.06		
IT Replacement				
Available Capital [1]	2.51	2.51		
Revenues	0.58	0.67	117%	0.48
Expenditures	0.52	0.70	135%	0.61
Fund Balance Addition/(Reduction)	0.06	(0.03)		(0.13)
Projected Ending Available Balance	2.57	2.48		
Risk Management - General Liability				
Available Capital [1]	3.59	3.59		
Revenues	9.28	10.40	112%	
Expenditures	10.29	8.87	86%	
Fund Balance Addition/(Reduction)	(1.01)	1.53		
Projected Ending Available Balance	2.58	5.12		
Workers Compensation [2]				
Available Capital [1]	5.45	5.45		
Revenues	5.75	6.56	114%	
Expenditures	6.03	5.17	86%	
Fund Balance Addition/(Reduction)	(0.29)	1.39		
Projected Ending Available Balance	5.17	6.84		
Unemployment Insurance [2]				
Available Capital [1]	0.42	0.42		
Revenues	0.10	0.07	71%	
Expenditures	0.10	0.05	53%	
Fund Balance Addition/(Reduction)	(0.00)	0.02		
Projected Ending Available Balance	0.42	0.43		
Post Employment Benefits (PEB)				
Available Capital [1]	10.60	10.60		
Revenues	2.70	2.95	109%	4.59
Expenditures	2.10	0.42	20%	0.69
Fund Balance Addition/(Reduction)	0.61	2.53		3.90
Projected Ending Available Balance	11.20	13.13		
Equipment Replacement				
Available Capital [1]	0.96	0.96		
Revenues	0.16	0.20	125%	0.20
Expenditures	0.14	0.06	44%	0.29
Fund Balance Addition/(Reduction)	0.02	0.14		(0.10)
Projected Ending Available Balance	0.98	1.10		

[1] Available Capital = Fund Balance available for Appropriation

[2] General Liability, Workers Compensation, and Unemployment were combined in one fund in FY 2021/22

What We Are Watching

Nationally:

At the national level, the economy continued to show mixed signals through 2025. The U.S. labor market remained relatively tight but slowed compared with recent years. In November 2025, the national unemployment rate was 4.6%, slightly higher than earlier in the year and above the levels seen in 2023 and early 2024. Teen unemployment was significantly higher, at 16.3% in November 2025.

Inflation has generally eased compared with prior years. Recent data show that the Consumer Price Index rose by about 2.7% over the 12 months ending November 2025, indicating that overall price increases have moderated toward a more stable pace after years of elevated inflation.

The Federal Reserve has responded to these conditions by lowering its policy interest rate multiple times during 2025. After several reductions, the federal funds target rate is at its lowest level since the sharp rate increases of the early 2020s. Although additional rate changes remain uncertain, the expectation in financial markets is that the Federal Reserve may hold rates steady in the near term.

State:

In California, the labor market remained weaker than the national average in late 2025. The statewide unemployment rate was 5.6% in September 2025, slightly higher than a year earlier. Napa County's unemployment rate was lower at 4.1% around this time, reflecting localized strength relative to statewide conditions.

Statewide, economic activity such as retail sales and employment has remained steady but modest. Job growth in sectors such as education, healthcare, and hospitality helped support overall employment, even as other industries saw slower job gains.

Housing market data in California in 2025 showed some shifts. In the Bay Area, median home prices remained well above \$1 million, though prices dipped slightly compared with the prior year in some areas. For example, a regional report indicated the Bay Area's median home price was approximately \$1.275 million in late 2025, down modestly from earlier peak levels.

Local Economic Condition:

Locally, the Napa economy continued to show positive signs into late 2025. According to the latest federal labor data, labor force and employment in the Napa area remained relatively stable, with the local unemployment rate generally lower than the state average and hovering around 4.9% in September 2025.

As in prior years, tourism remains an important economic driver for the City. During FY 2024/2025, Transient Occupancy Tax (TOT) receipts were flat to the

same periods in the previous fiscal year for most months with the exception of the fourth quarter where receipts surpassed the prior year by \$1.5 million. This may suggest that large-scale events are a big driver of new visitors. It appears that overall occupancy and average daily rates are showing upward trends. Staff will continue to monitor TOT receipts as a key revenue indicator.

Housing market trends in Napa County also continued to show relatively high prices compared with historical averages, even as broader Bay Area markets saw modest price declines in some jurisdictions.

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 7/1/24 and 6/30/25.

Budget Adjustment Summary (Fund / Department / Purpose)	Revenues	Expenditures
Fund 100 / Fire / Grants and Donations	240,794	240,794
Fund 100 / Parks / Grants and Donations	17,958	17,958
Total Operating General Fund	258,752	258,752
Budget Adjustment Summary (Fund / Department / Purpose)	Revenues	Expenditures
Fund 101 / Police / Grants and Donations	125,193	125,193
Fund 101 / Fire / Grants and Donations	351,818	351,818
Fund 101 / Public Works / Grants and Donations	57,841	57,841
Fund 101 / Parks / Grants and Donations	315,500	315,500
Total Non-Recurring General Fund	850,352	850,352
Budget Adjustment Summary (Fund / Department / Purpose)	Revenues	Expenditures
Fund 292 Police SR / Police / Grants and Donations	467,492	467,492
Fund 293 SB Fire Admin / Grants and Donations	10,000	10,000
Fund 294 SB NR Public Art / Grants and Donations	75,000	75,000
Fund 640 General Liability / City Manager / Reimbursements	1,000,000	1,000,000
Total Other Funds	1,552,492	1,552,492