

POPULAR ANNUAL FINANCIAL REPORT

DOUGLAS COUNTY, NEVADA
FISCAL YEAR ENDED JUNE 30, 2021



GREAT PEOPLE, GREAT PLACES

WELCOME

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Dear Reader;

In an effort to provide the citizens of Douglas County with transparent financial information, I am pleased to submit Douglas County's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2021.

This report provides a condensed overview of the County's financial position, including sources of revenues and expenditures, based on the audited results found in the Douglas County Annual Comprehensive Financial Report (ACFR). In this report, we seek to provide financial information to residents and other interested parties in a concise, easy-to-read format. For more in-depth information about financial, investment, statistical, and compliance aspects of Douglas County, please reference the Douglas County ACFR, which is available online at:

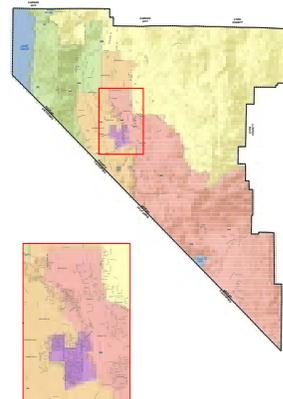
https://p1cdn4static.civillive.com/UserFiles/Servers/Server_12493019/File/Finance/Financial%20Reports/County%20of%20Douglas%202021%20Financial%20Statements%20Final_Web%20Version.pdf

I hope that you find this publication helpful. We encourage you to access the Finance Department's page on the County's website at <https://www.douglascountynv.gov/government/departments/finance> or contact the Finance Department at (775) 782-6202.

Terri A. Willoughby,
Chief Financial Officer



COUNTY LEADERSHIP FY2020-FY2021

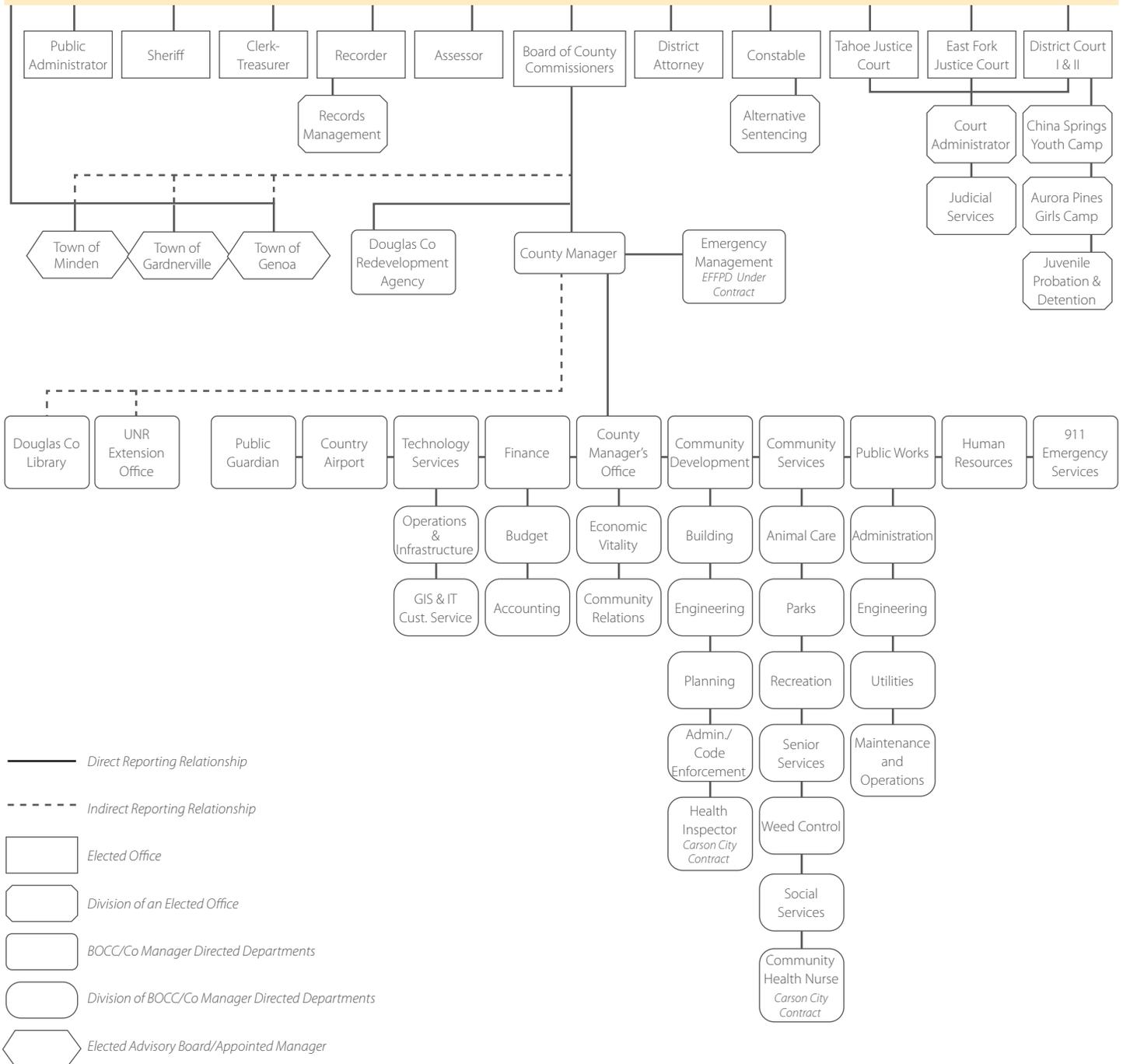


Douglas County, NV Commissioner Districts

-  District 1 - Danny Tarkanian
(Term expires 2024)
-  District 2 - John Engels
(Term expires 2022)
-  District 3 - Mark Gardner
(Term expires 2024)
-  District 4 - Wesley Rice
(Term expires 2022)
-  District 5 - Walt Nowosad
(Term expires 2024)

ORGANIZATIONAL CHART

Douglas County Electorate



- Direct Reporting Relationship
- Indirect Reporting Relationship
- Elected Office
- Division of an Elected Office
- BOCC/Co Manager Directed Departments
- Division of BOCC/Co Manager Directed Departments
- Elected Advisory Board/Appointed Manager

FINANCIAL HIGHLIGHTS



The County, like many others in the nation, was deeply affected by the COVID-19 pandemic which began in Fiscal Year 2019-20 and continued on throughout Fiscal Year 2020-21, and implemented a financial response plan to mitigate the potential impacts. These actions included budgetary actions in the Fiscal Year 2020-21 adopted budget that restricted spending based on predicted revenue shortfalls. While some revenue sources did experience some shortfalls, the local economy primarily rebounded in Fiscal Year 2020-21.

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at fiscal year-end by **\$264,458,129** (net position). This net position is the excess of what we have over what we owe. The County's total net position increased by **\$29,099,229 (12%)** primarily due to increases in Operating Grants due to the COVID-19 related federal funds, Charges for Service in both governmental and business-type activities (\$4,130,876) and Room Tax revenues (\$8,743,647)

The County's General Fund unassigned fund balance was \$15,667,526, or **37.9% of General Fund operating expenditures**. This balance represents coverage of 125 days of operating expenditures, meaning that if we stopped receiving revenue in the General Fund we could pay our normal level of expenses for 125 days.

Governmental activities increased the County's net position by **\$20,216,389**, primarily from increased in charges for services (\$719,498), operating grants (\$9,088,124) and room tax revenues (\$8,743,647) which were offset by a decrease in investment income due to the recognition of a one-time investment loss and a decrease in intergovernmental shared revenues. See page 5 for the definition of governmental vs business type activities.

The County's outstanding long-term debt obligations (bonds and notes payable) at June 30, 2021 totaled **\$33,210,454**, which is a decrease of \$2,805,095 from the prior year. This decrease is due to routine payments and amortizations of premiums and discounts.

The County's capital assets increased \$8,649,662 from the prior year. This increase was primarily due to increases in ongoing business-type capital projects, including the Cave Rock Water System Improvement Project.

STATEMENT OF NET POSITION

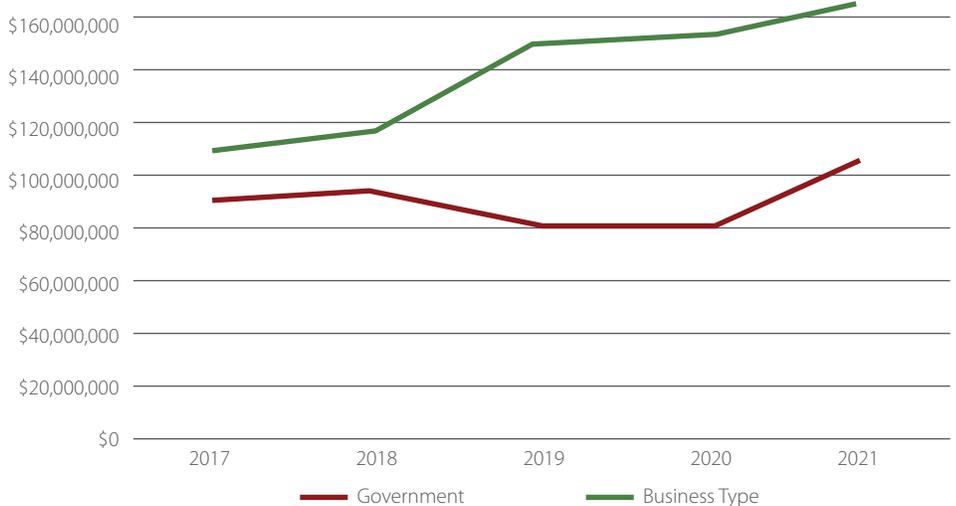
The Statement of Net Position presents information on all of the County's assets, liabilities and deferred inflows and outflows of resources. It is a snapshot of account balances as of June 30, 2021. The difference between assets and liabilities is "net position". Over time, the increases or decreases in the County's net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other	\$109,874,941	\$85,684,210	\$42,635,007	\$39,106,706	\$152,509,948	\$124,790,916
Capital	112,441,317	108,955,966	141,705,488	136,541,177	254,146,805	245,497,143
Total assets	222,316,258	194,640,176	18,340,495	168,285,559	406,656,753	370,288,059
Deferred outflows of resources	13,746,704	12,355,191	705,053	764,781	14,451,757	13,119,972
Liabilities						
Current	21,670,949	12,477,193	3,885,711	3,266,496	25,556,660	15,743,689
Long-term	107,282,975	104,793,189	18,147,729	19,205,933	125,430,704	123,999,122
Total liabilities	128,953,924	117,270,382	22,033,440	20,732,996	150,987,364	139,742,811
Deferred inflows of resources	5,017,519	7,933,540	645,498	456,465	5,663,017	8,390,005
Net position						
Net investment in capital assets	92,975,793	87,912,809	128,015,530	121,653,608	220,991,323	209,566,417
Restricted	52,971,149	44,018,430	511,729	827,101	53,482,878	44,845,531
Unrestricted	(43,855,423)	(50,139,794)	33,839,351	31,003,061	(10,016,072)	(19,136,733)
Total net position	\$102,091,519	\$81,791,445	\$162,366,610	\$153,483,770	\$264,458,129	\$235,275,215

- Governmental activities are activities principally supported by taxes and intergovernmental revenues. Functions included in this section include general government, judicial, public works, public safety, community development, culture and recreation, and welfare.
- Business-type activities are activities that are intended to recover all or most of their costs through users fees and charges. Activities included in this section include the County's water and sewer utilities and trash services.

Net Position by Component

Douglas County Last 5 Fiscal Years



ASSETS & LIABILITIES

Douglas County Assets & Liabilities

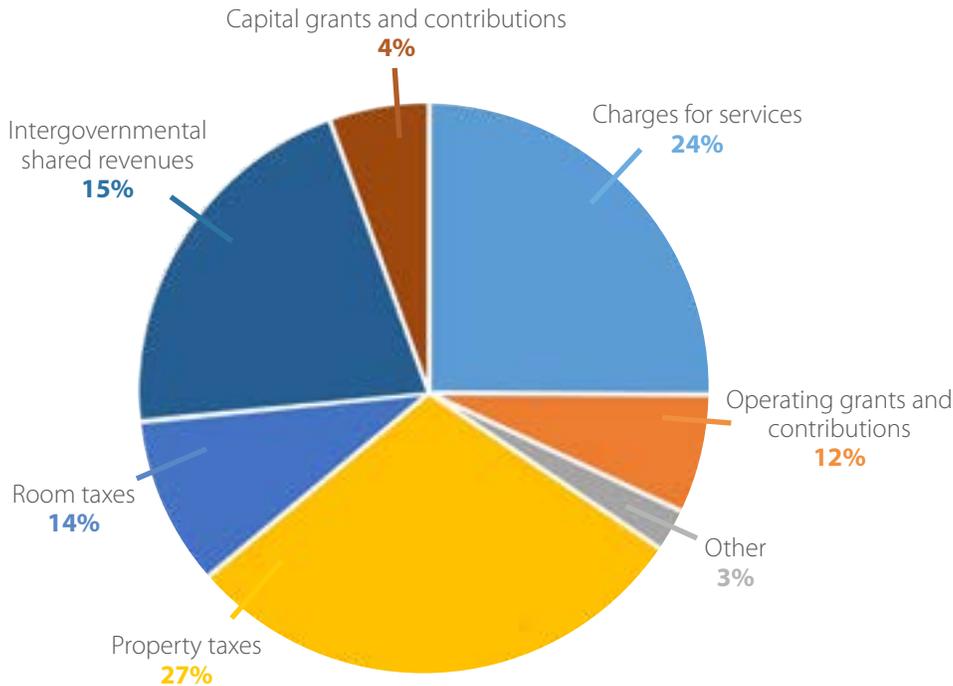
Our Assets - What We Have	2021	2020
Current Assets: mainly cash and amounts owed to the County	\$152,509,948	\$124,790,916
Net Capital Assets (Buildings, infrastructure, equipment)	254,146,805	245,497,143
Total County Assets	406,656,753	370,288,059
Deferred Outflow of Resources (Use of net assets in future period)	14,451,757	13,119,972
Our Liabilities - What We Owe	2021	2020
Current Liabilities: all of the amounts the County owes, except debt	\$25,556,660	\$15,743,689
Long-term liabilities: long-term debt owed, pension obligations	125,430,704	123,999,122
Total County Liabilities	150,987,364	139,742,811
Deferred Inflow of Resources (Gain of net assets in future period)	5,663,017	8,390,005
Total Net Position of County	\$264,458,129	\$235,275,215

Douglas County Net Position Breakdown

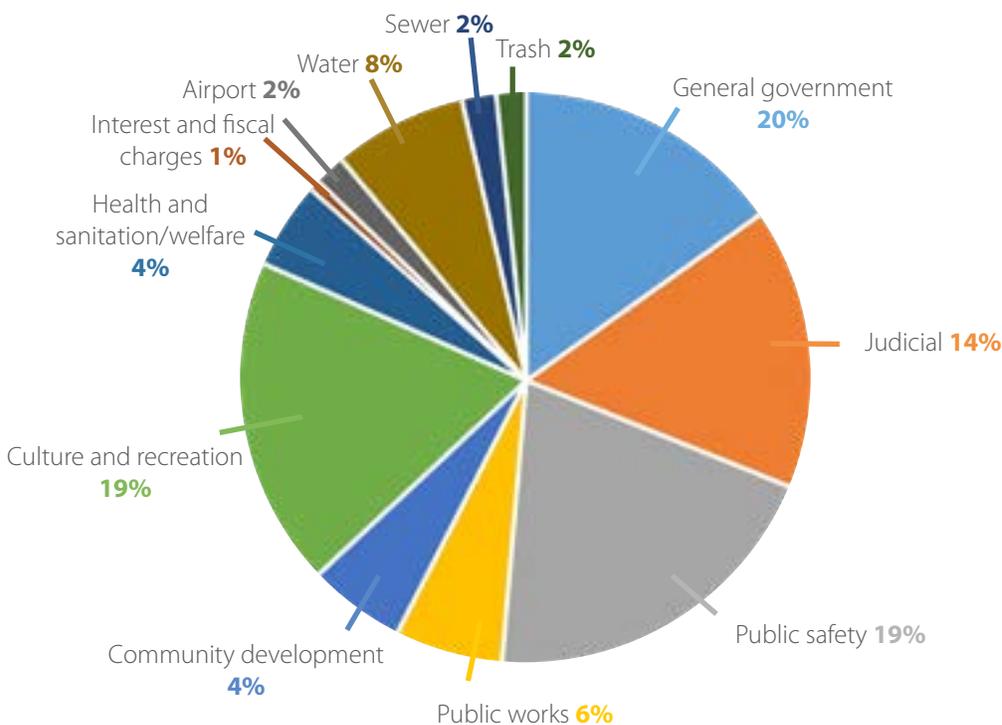


STATEMENT OF ACTIVITIES

Revenue (in thousands)



Expenses by Function (in thousands)

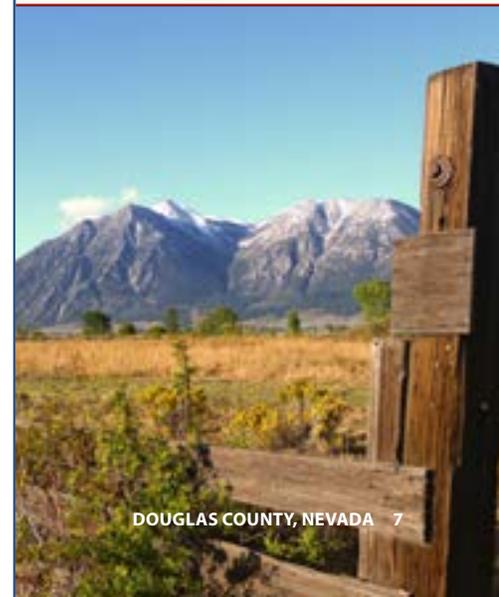


Revenue

Property taxes, also known as Ad Valorem taxes, levied per \$1,000 of the assessed value (net of any exemptions) of real property within the County.

Intergovernmental shared revenues, or consolidated taxes are the combined local government tax for Supplemental City/County Relief Tax, Basic City/County Relief Tax, Cigarette Tax, Liquor Tax, Government Services and Real Property Transfer Tax. The Douglas County sales tax rate is 7.1%, with .25% of the 7.1% specifically designated to support parks, airport, library and senior services.

Charges for services are fees charged for specific services provided by the County, such as building permits and utility rates.



GENERAL FUND

The General Fund is the primary operating fund of County government. This fund accounts for all financial resources and liabilities of the County except those required to be accounted for separately in other funds by special regulations, restrictions or limitations imposed by legal, policy or reporting requirements.

Douglas County Fund Balances

General Fund Last Five Years *Fiscal Year ended June 30*

	2017	2018	2019	2020	2021
Nonspendable	\$790,743	\$707,836	\$655,651	\$937,376	\$553,403
Restricted	4,454,583	3,943,908	3,576,916	4,249,154	7,841,260
Committed	0	0	0	0	0
Assigned	365,700	0	0	825,793	629,108
Unassigned	6,646,114	4,533,001	7,936,652	9,774,468	15,667,526
Total	\$12,257,140	\$9,184,745	\$12,169,219	\$15,786,791	\$24,691,297

The various fund balance categories are:

Nonspendable: fund balances include items that cannot be spent (i.e. inventories and prepaid items) and amounts that are legally or contractually required to remain intact.

Restricted: fund balances that have constraints placed upon the use of the resources either by external parties (such as creditors or grantors) or imposed by law.

Committed: fund balances that can only be used for specific purposes pursuant to constraints imposed by an ordinance of the County Commissioners.

Assigned: fund balances, which include amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned: fund balance in the General Fund for residual amounts not included in the above categories.

A General Fund Balance and Budget Policy was adopted by the Board of County Commissioners which requires a balanced operating budget and establishes targets for minimum levels of unassigned fund balance.



GENERAL FUND

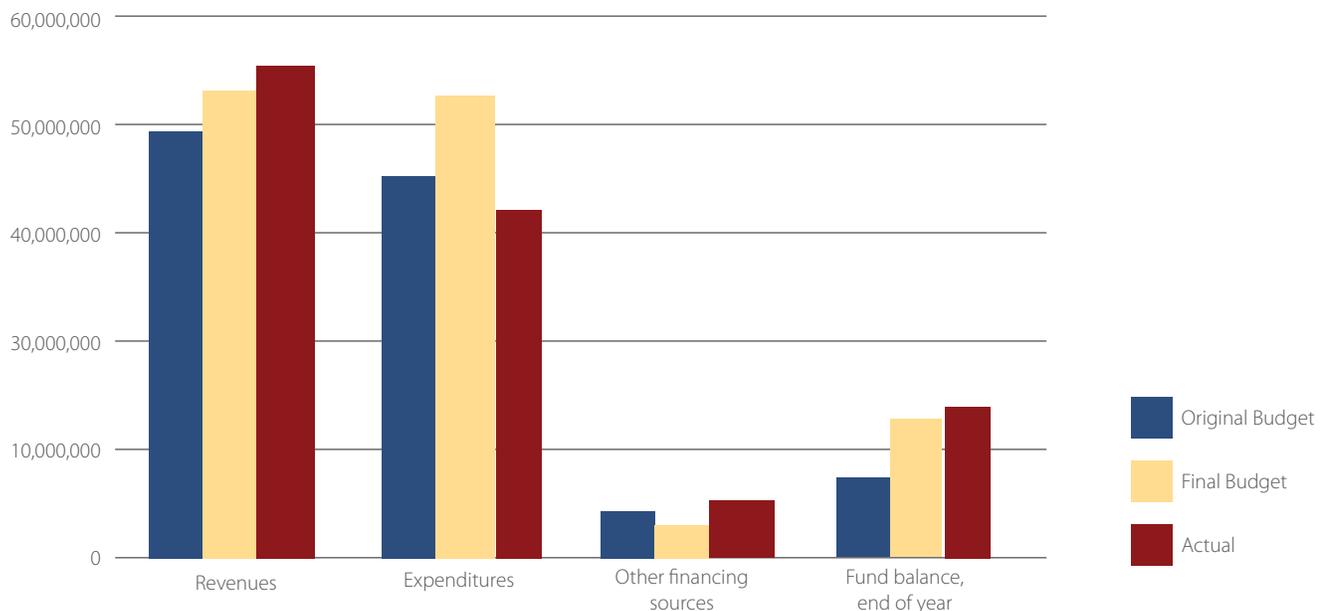
General Fund

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual For the Year Ended June 30, 2021

	Original budget	Final budget	Actual	Variance
Total revenues	\$49,071,339	\$52,265,296	\$55,222,364	\$2,957,068
Total expenditures	44,421,063	52,231,959	41,357,429	10,874,530
Excess (deficiency) of revenues over (under) expenditures	4,650,276	33,337	13,864,935	13,831,598
Total other financing sources (uses)	(4,194,245)	(1,794,066)	(5,044,114)	(3,250,048)
Change in fund balance	456,031	(1,760,729)	8,820,821	10,581,550
Fund balance, beginning of year	7,693,775	15,786,791	15,870,476	83,685
Fund balance, end of year	\$8,149,806	\$14,026,062	\$24,691,297	\$10,665,235

General Fund Budget vs. Actual



At June 30, 2021, General Fund balance exceeded the final budget by \$10,665,235. General Fund revenues exceeded the final budget by 2,957,068 primarily due to greater than anticipated building activity which affected permit and charges for services revenue. In general, revenues performed greater than anticipated to a shorter than expected economic impact from the pandemic. General Fund expenditures were less than the final budget by \$10,874,530 General Fund actual expenditures were less than the final budget due to a one-time reimbursement of COVID-19 related expenditures from the CARES Act monies (\$4.3 million) employee vacancies, expenditure reductions and unspent appropriations as well as the spending freeze that was implemented during the COVID-19 pandemic and continued through Fiscal Year 2020-21.

DEBT INFORMATION

Douglas County has a debt limit of 10% of assessed property valuation. The assessed value of taxable property for the year ended June 30, 2021 was \$3,643,132,161. This results in a debt limit of \$364,313,216. The County's total net debt subject to this limitation is \$17,522,635 which leaves a remaining legal debt margin of \$346,790,581.

Douglas County Legal Debt Margin Computation

Last Five Fiscal Years *Fiscal Year Ended June 30*

	2017	2018	2019	2020	2021
Debt limit	\$296,129,373	\$303,632,749	\$314,538,139	\$335,577,540	\$364,313,216
Total net debt subject to limitation	25,775,196	23,269,819	23,514,628	18,630,655	17,522,635
Legal debt margin	270,354,177	280,362,930	291,023,628	316,946,885	346,790,581
Total debt as a % of debt limit	8.70%	7.66%	7.48%	5.55%	4.81%



OUTLOOK

Local Economy and Outlook

Economic conditions in the County had improved since the prior fiscal year as pandemic restrictions have eased and businesses have begun to rebound. The County's unemployment rate was 5.1% as of June 30, 2021, a 4.4% decrease from the same period in 2020, but still 1.3% higher than the same period in 2019. As the County continues to recover from the effects of the COVID-19 pandemic, it is expected that the unemployment rate will continue to decrease. This compares to national and state unemployment rates of 5.9% and 7.8% respectively.

Residential building permits, a leading indicator of economic activity, have increased significantly from the prior year. In Fiscal Year 2020-21, 2,389 building permits were issued, an increase of 33% from the prior year.

The sales price of residential homes in Douglas County in 2021 was 11% higher than in 2020, with the County's median sales price increasing to \$557,500.

Total assessed property value within the County increased 8.5% from the prior year, for a total value of \$3,643,132,161.

Long Term Financial Planning

The County continues to build on its strong record of long-range planning and financial stability. In June of 2017, the Board of County Commissioners approved the Fiscal Year 18-22 Strategic Plan, which focused on the areas of Organizational Stability, Safe Community, Infrastructure, Natural Resources and Culture, and Economic Vitality. Staff meet regularly to assess the progress being made on specific goals within each area. More information on the strategic plan can be found on the Board of County Commissioners page on the County's website.

Douglas County Principal Employers 2021

Harrah's Lake Tahoe	1,000-1,499
Montbleu Resort Casino & Spa	1,000-1,499
Walmart Supercenter	500-999
Edgewood Tahoe	500-999
Carson Valley Inn	500-999
Harvey's Lake Tahoe	500-999
Hard Rock Hotel-Casino Lake Tahoe	500-999
Washesu Casino	500-999
Topaz Lodge & Casino	500-999
Zephyr Cove Resort & Marina	250-499

Douglas County Principal Property Tax Payers

Vici Properties
Edgewood Companies
Starbucks
Harich Tahoe Development
Neva One Propco LLC



Population:
49,488

Labor Force:
22,513



Median Income:
\$66,810

Median Age:
52



Unemployment
rate:
5.1%

DOUGLAS COUNTY

A Community to Match the Scenery

Douglas County was incorporated in 1861 and is a political subdivision of the State of Nevada. Douglas County is named for Stephen A. Douglas, a former United States Senator from Illinois, who opposed Lincoln in the 1860 election for President. The County is governed by a five-member Board of County Commissioners (BOCC) elected at large by district. The County covers an area of 751 miles and has elevations ranging from a low of 4,425 feet on the valley floor to a high of 9,500 feet at East Peak. Douglas County is the sixth most populated County in Nevada with approximately 48,900 residents, with seasonal populations that can exceed 65,000 due to visitors to Lake Tahoe and the County's proximity to Reno, Carson City and northern California.



www.douglascountynv.gov