

Douglas County Quarterly Financial Report

Quarter Ended June 30, 2013

Preliminary (Unaudited)



Prepared by the Douglas County Manager's Office and the Finance Department

September 5 2013

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Executive Summary

We are pleased to present you with Douglas County's Quarterly Financial Report for the Fourth Quarter of Fiscal Year (FY) 2012-13. The report includes national, state and local economic indicators, budget vs. actual, and year-over-year financial data.

Please note that this report covers all four quarters of fiscal year ended June 30, but is still preliminary in nature. The County receives certain revenues in September, such as June's State Consolidated Tax, which will be accrued to FY 2012-13. In addition, the annual independent audit of the County's FY 2012-13 financial statements is November 30, as required by the State. The results of the financial audit are presented to the Board in December. The following is a brief summary of the report:

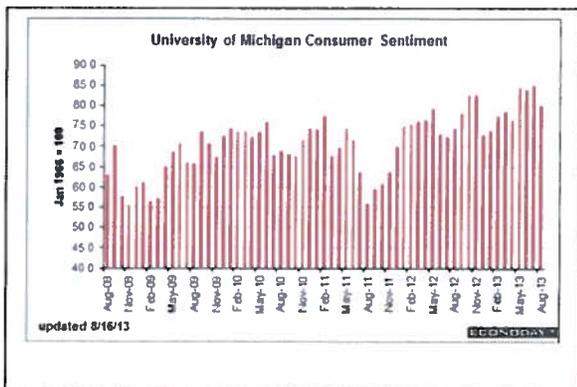
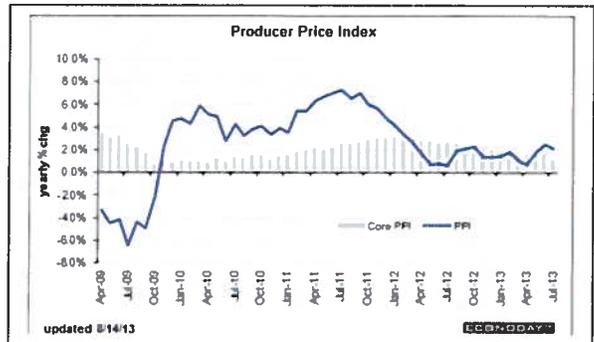
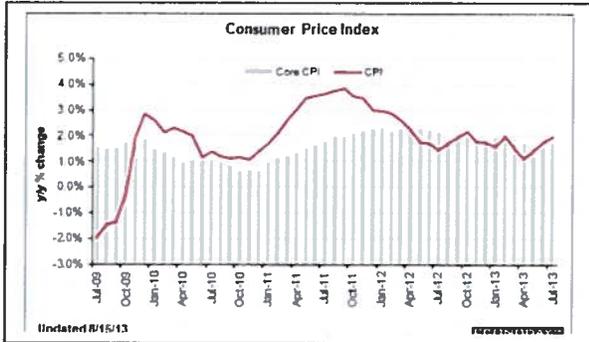
- National economic indicators have stabilized, but growth is still slow and tentative. Local economic indicators indicate a similar stabilization and slow improvement with the unemployment rate trending lower, increases in residential property sales and sales prices. Building permits, a leading indicator of future growth, are also slowly increasing.
- The County's financial status at the end of Fiscal Year (FY) 2012-13 for all funds is positive and within budget expectations.
- The General Fund has received \$38.6 million, or 97.3% of its budgeted revenue. This percentage is expected to be near 100% as June Consolidated Taxes are received in September. General Fund expenditures for FY 2012-13 totaled \$38.9 million, or 95.8% of budget.
- Room Tax Fund revenues totaled \$14.0 million or 99.2% of budget. Room Tax Fund expenditures totaled \$5.6 million or 63.1% of budgeted, primarily due to the Community and Senior Center capital project that is budgeted and separately accounted for within this fund. Capital projects typically take more than one fiscal year to be completed and to expend their budgets.
- Road Operating Fund revenues totaled \$1.3 million or 91.8% of budgeted revenue. This percentage is expected to end the year at approximately 97% of budget as June Gas Tax revenues are received in September. Road Operating Fund expenditures totaled \$1.4 million or 93.5% of budget.

Steve Mokrohisky
County Manager

Economic Indicators

This section contains a variety of national, state and local economic indicators.

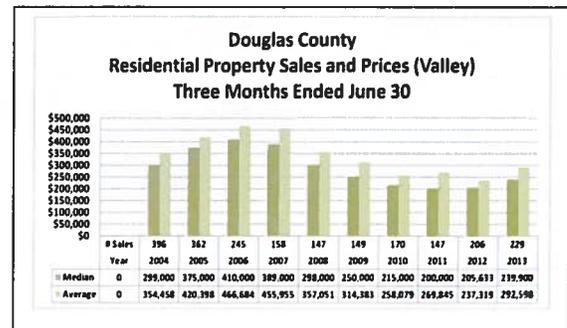
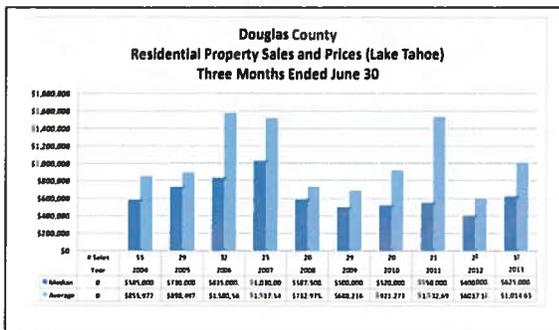
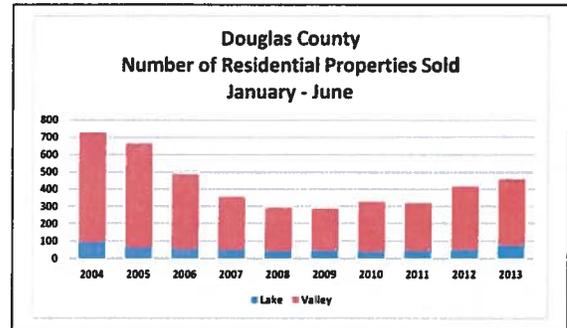
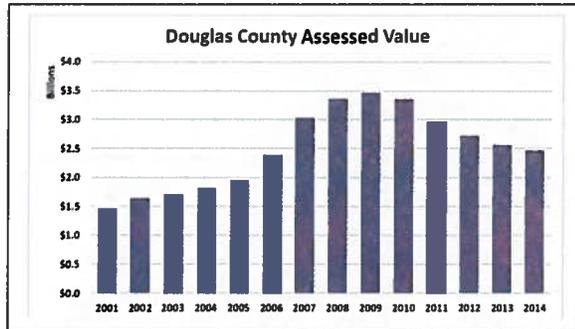
National Indicators:



Source: Bloomberg Economic Calendar

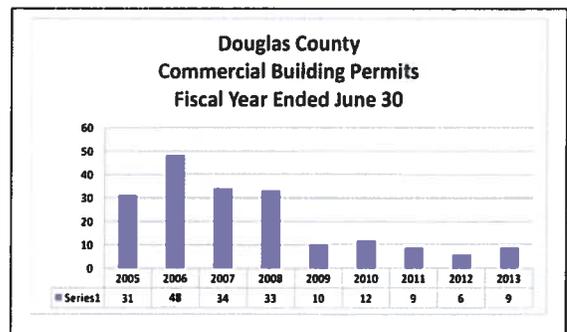
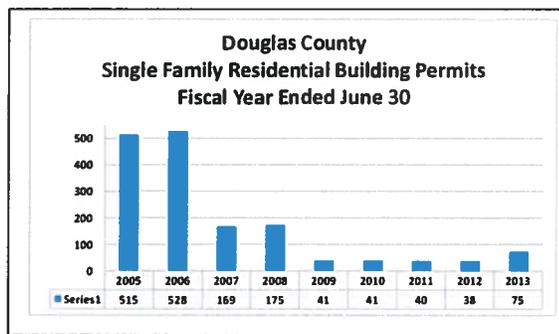
Local Indicators:

Assessed Value and Residential Property Sales



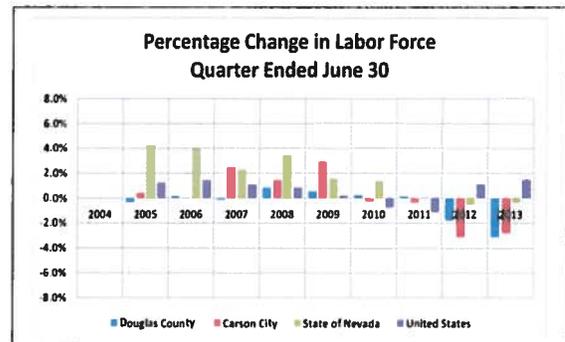
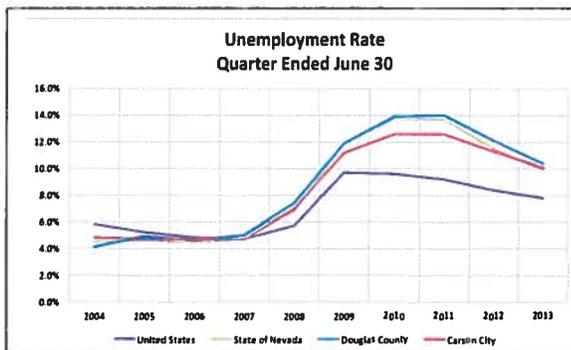
Source: Douglas County Assessor's Office

Building Permits



Source: Douglas County Community Development Department

Unemployment Rate and Workforce



Source: Nevada Department of Employment, Training and Rehabilitation

Actual Revenues vs. Budget

Fiscal Year 2012-13 (Preliminary/Unaudited)

Douglas County (All County Funds)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date	Annual Budget	% Actual to Budget
Revenues							
Governmental Funds: [1]							
Taxes	\$ 10,658,364	\$ 6,408,113	\$ 9,731,333	\$ 2,415,316	\$ 29,213,126	\$ 29,160,762	100%
Licenses and Permits	711,312	1,423,046	1,494,053	2,684,324	6,312,736	6,238,569	101%
Intergovernmental	2,137,146	6,362,342	4,989,635	7,903,803	21,392,926	23,110,819	93%
Charges for Services	1,368,146	1,261,291	2,079,328	1,746,470	6,455,235	7,224,732	89%
Fines and Forfeits	238,550	332,714	339,809	369,578	1,280,651	1,279,769	100%
Other Revenues	9,297,417	386,600	8,150,000	634,129	18,468,147	18,894,756	98%
Transfers In	799,640	836,372	3,295,114	3,638,126	8,569,251	8,569,252	100%
Subtotal Governmental Revenues	25,210,577	17,010,477	30,079,271	19,391,747	91,692,073	94,478,659	97%
Enterprise Funds: [2]							
Operating Revenues	2,380,870	2,334,198	2,507,506	3,001,291	10,223,865	10,388,060	98%
Non-Operating Revenues [3]	1,926,049	24,761,174	1,632,877	(8,020,672)	20,299,428	13,772,432	147%
Subtotal Enterprise Revenues	4,306,919	27,095,371	4,140,383	(5,019,380)	30,523,293	24,160,492	126%
Total Revenues	\$ 29,517,496	\$ 44,105,849	\$ 34,219,653	\$ 14,372,367	\$ 122,215,365	\$ 118,639,151	103%
Expenditures/Expenses							
Governmental Funds: [1]							
Salaries & Wages	\$ 5,211,461	\$ 6,609,358	\$ 5,620,036	\$ 6,995,728	\$ 24,436,583	\$ 25,141,583	97%
Employee Benefits	2,693,329	2,803,733	3,122,435	3,358,950	11,978,448	12,514,655	96%
Services & Supplies	3,783,141	4,457,080	3,956,998	5,241,738	17,438,957	21,599,291	81%
Capital Outlay	529,225	2,132,246	833,736	3,383,567	6,878,775	23,305,879	30%
Miscellaneous	399,677	1,526,483	1,117,415	1,452,286	4,495,861	4,954,241	91%
Debt Service	2,319,780	619,934	1,220,813	409,322	4,569,849	4,569,853	100%
Transfers Out	799,640	836,372	3,037,614	3,577,495	8,251,120	8,251,121	100%
Subtotal Governmental Expenditures	15,736,253	18,985,206	18,909,049	24,419,086	78,049,594	100,336,623	78%
Enterprise Funds: [2]							
Salaries & Wages	286,955	345,748	319,685	370,324	1,322,713	1,372,208	96%
Employee Benefits	126,350	133,722	142,758	152,332	555,163	593,551	94%
Services & Supplies	1,636,193	1,252,483	1,105,429	1,973,430	5,967,537	6,474,834	92%
Miscellaneous	-	-	-	20,625	20,625	-	0%
Capital Expense	443,331	3,858,779	698,992	2,780,924	7,782,026	9,743,667	80%
Debt Service	94,346	72,207	323,666	282,839	773,058	2,375,905	33%
Transfers Out [4]	1,062,500	-	22,936,119	(9,841,987)	14,156,632	5,507,017	257%
Subtotal Enterprise Expenses	3,649,675	5,662,940	25,526,650	(4,261,512)	30,577,753	26,067,182	117%
Total Expenditures/Expenses	\$ 19,385,928	\$ 24,648,146	\$ 44,435,699	\$ 20,157,573	\$ 108,627,346	\$ 126,403,805	86%
Net Revenue(Expense) [5]	\$ 10,131,568	\$ 19,457,703	\$ (10,216,046)	\$ (5,785,207)	\$ 13,588,019	\$ (7,764,654)	

[1] **Governmental Funds** include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds

[2] **Enterprise Funds** include Utility Funds and Internal Service Funds

[3] Enterprise Funds - **Non-Operating Revenue** was 147% of budget reflecting the proceeds from two bond issues related to the Community and Senior Center project.

[4] Enterprise Funds - **Transfers Out** exceeded budget by 257%, primarily due to the consolidation of the Valley water utility funds.

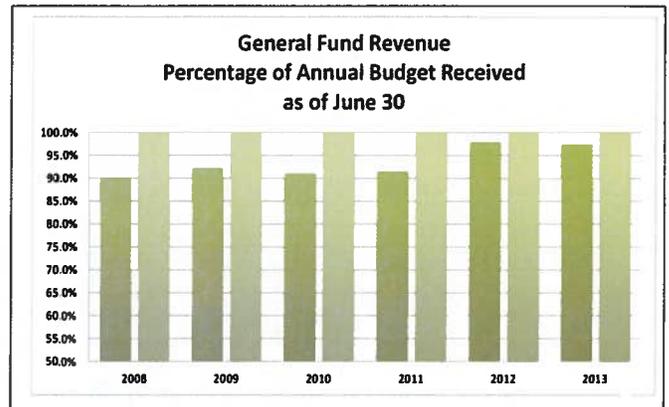
[5] **Net Revenue** - Year to date is \$13,588,019, due to the bond proceeds received in the financing of the Community and Senior Center project, but not expended in Fiscal Year 2012-13.

General Fund - Budget vs. Actual Review

Revenues:

Positive and Within Budget

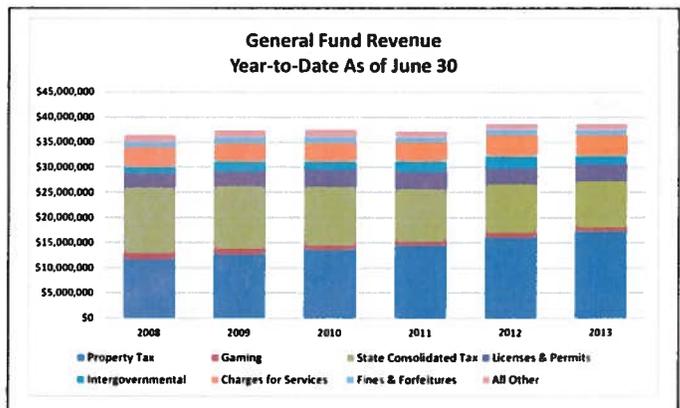
To date the County has received 97.3% of its budgeted annual General Fund operating revenue for fiscal year 2012-13. This compares to 97.9% for the same period in the prior fiscal year, and indicates a continued stabilization of operating revenues for a second year. Over the last five years, the average revenue received during the same period was 91.1%. Revenue presented in this report is still preliminary in nature, as the County receives some revenues in September, such as June's State Consolidated Tax, that will accrue to FY 2012-13.



General Fund Revenue (Unaudited)						
As of June 30	2008	2009	2010	2011	2012	2013
Year-To-Date Actual	\$ 32,895,902	\$ 34,266,074	\$ 34,569,281	\$ 34,565,138	\$ 36,239,335	\$ 38,571,319
Total Annual Budget	\$ 36,605,756	\$ 37,207,124	\$ 37,996,819	\$ 37,813,853	\$ 37,017,271	\$ 39,625,095
Actual as a % of Budget	89.9%	92.1%	91.0%	91.4%	97.9%	97.3%

Adjusted - does not include June State Consolidated Taxes, received in September each year

Preliminary General Fund revenues totaled \$38,571,319, a decrease of 0.2% over last year. Gaming revenues, while budgeted to decrease 7.8%, were 19.2% less than last year. Intergovernmental revenues were 30.9% lower, primarily due to a one-time public safety communications grant received last fiscal year that did not recur this year.



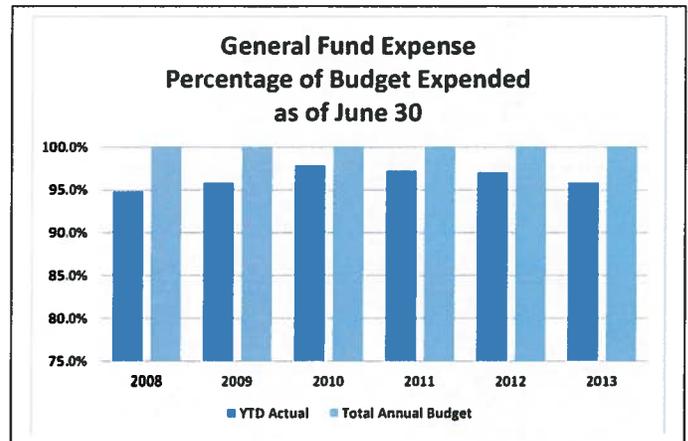
General Fund Actual Revenue (Unaudited)							2013 vs 2012	2013 vs 2012
As of June 30	2008	2009	2010	2011	2012	2013	\$ Change	% Change
Property Tax	\$ 11,689,924	\$ 12,657,402	\$ 13,565,441	\$ 14,454,779	\$ 15,988,675	\$ 17,239,490	\$ 1,250,815	7.8%
Gaming	1,216,770	1,135,063	901,017	765,513	915,016	739,095	(175,921)	-19.2%
State Consolidated Tax	12,983,591	12,449,289	11,658,721	10,414,115	9,710,596	9,278,353	(432,243)	-4.5%
Licenses & Permits	2,856,896	2,798,175	3,298,881	3,367,471	3,135,275	3,261,570	126,295	4.0%
Intergovernmental	1,272,249	2,115,760	1,719,461	2,181,996	2,464,633	1,703,519	(761,114)	-30.9%
Charges for Services	3,947,667	3,554,456	3,655,270	3,705,709	4,140,645	4,108,126	(32,519)	-0.8%
Fines & Forfeitures	1,066,083	1,281,562	1,217,596	1,096,592	1,196,070	1,126,935	(69,135)	-5.8%
All Other	1,377,057	1,324,577	1,445,755	1,176,274	1,100,631	1,114,232	13,602	1.2%
Total	\$ 36,410,238	\$ 37,316,285	\$ 37,462,141	\$ 37,162,449	38,651,540	38,571,319	(80,221)	-0.2%

General Fund - Budget vs. Actual Review

Expenses:

Positive and Within Budget

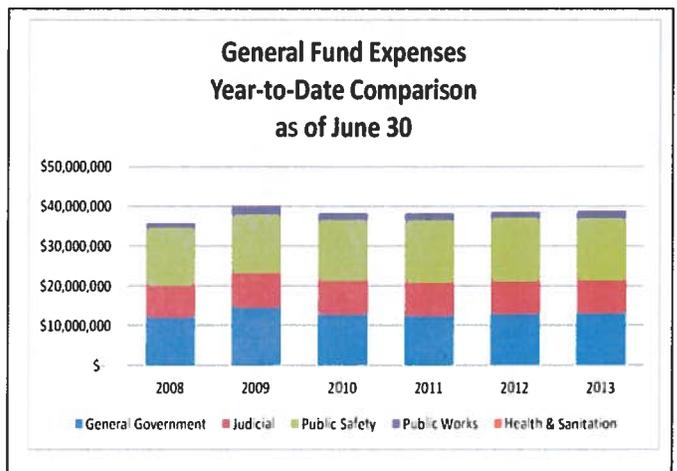
Actual General Fund expenditures for Fiscal Year 2012-13 were 95.8% of budgeted expenses. This compares to 97.0% in the prior year. Over the last five years, the average expenditures at the end of the fiscal year have been 96.5%.



General Fund Expense As of June 30						
	2008	2009	2010	2011	2012	2013
YTD Actual	\$ 35,835,194	\$ 39,902,123	\$ 38,383,418	\$ 38,259,742	\$ 38,662,384	\$ 38,894,820
Total Annual Budget	\$ 37,804,757	\$ 41,663,136	\$ 39,250,909	\$ 39,373,857	\$ 39,872,487	\$ 40,606,513
Actual as a % of Budget	94.8%	95.8%	97.8%	97.2%	97.0%	95.8%

Actual General Fund expenses totaled \$38,894,820 in FY 2012-13, an increase of 0.6% over the last year. Expenses were budgeted to increase 4.6% for the fiscal year overall.

General Government expenses were \$178,000 higher than last year due to budgeted the budgeting of Child Protective Services costs in the General Fund this year, which were previously budgeted in the Social Services Fund. Public Safety expenses were \$290,884 less due to the one-time communications grant last year. Public Works expenses were \$220,298 higher this year because several staff positions were vacant last year and have now been filled.



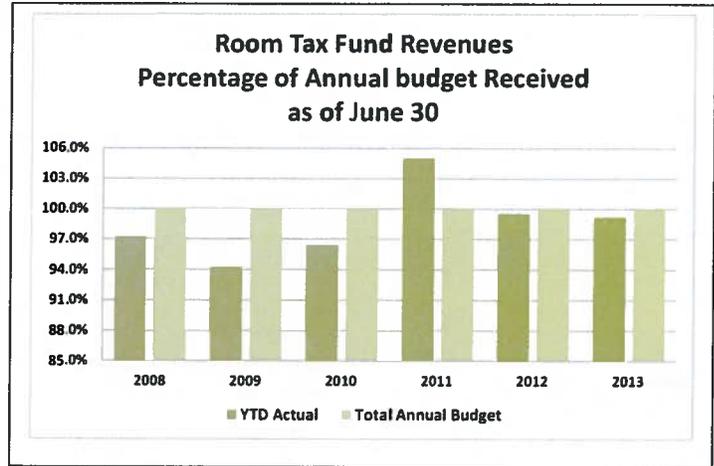
General Fund Expense As of June 30							2013 vs. 2012	2013 vs. 2012
	2008	2009	2010	2011	2012	2013	\$ Change	% Change
General Government	\$ 11,965,397	\$ 14,416,156	\$ 12,665,357	\$ 12,258,653	\$ 12,775,757	\$ 12,954,259	\$ 178,501	1.4%
Judicial	8,109,732	8,681,997	8,625,548	8,413,485	8,319,867	8,392,369	\$ 72,502	0.9%
Public Safety	14,455,551	14,817,906	15,282,740	15,778,108	15,931,551	15,640,667	\$ (290,884)	-1.8%
Public Works	988,759	1,658,928	1,432,913	1,388,455	1,137,613	1,357,911	\$ 220,298	19.4%
Health & Sanitation	315,754	327,136	376,859	421,041	497,596	549,614	\$ 52,019	10.5%
Total	\$ 35,835,194	\$ 39,902,123	\$ 38,383,418	\$ 38,259,742	\$ 38,662,384	\$ 38,894,820	\$ 232,436	0.6%

Room Tax Fund - Budget vs. Actual Review

Revenues:

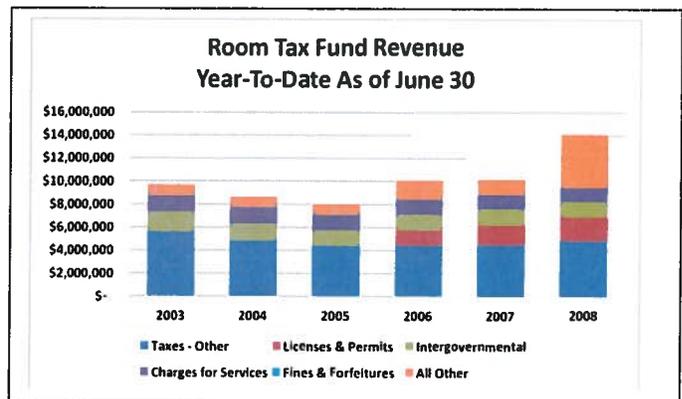
Positive and Within Budget

Actual Room Tax Fund revenue received in FY 2012-13 was 99.2% of budget. This compares to 99.5% in the prior fiscal year. Over the last five years, the average revenue received in this fund as has averaged 98.5% of budget.



Room Tax Fund Revenues (Unaudited) as of June 30						
	2008	2009	2010	2011	2012	2013
YTD Actual	\$ 9,699,014	\$ 8,639,066	\$ 7,946,140	\$ 10,075,873	\$ 10,158,771	\$ 14,065,241
Total Annual Budget	\$ 9,974,026	\$ 9,162,267	\$ 8,239,910	\$ 9,598,167	\$ 10,206,081	\$ 14,178,843
Actual as a % of Budget	97.2%	94.3%	96.4%	105.0%	99.5%	99.2%

Room Tax Fund revenues received in FY 2012-13 totaled \$14,065,241, which is 38.5% higher than the same period last year. The increase is due to several factors. Actual Room Taxes and Lodging License fees increased 8.5% and 19.7% respectively over last year. The All Other category increased primarily because of a transfer in from the Medical Indigent Fund of \$3.2 million to the Community and Senior Center capital project for construction of the medical indigent health facilities that will be located in the new center.



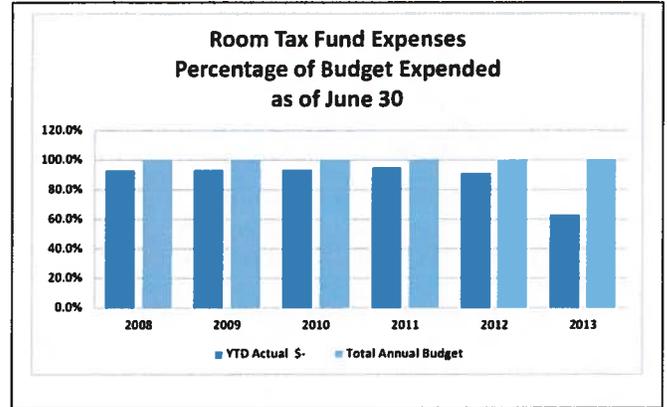
Room Tax Fund Actual Revenue (Unaudited) As of June 30							2013 vs. 2012	
	2003	2004	2005	2006	2007	2008	\$ Change	% Change
Taxes - Other	\$ 5,621,808	\$ 4,854,100	\$ 4,408,869	\$ 4,431,828	\$ 4,470,765	\$ 4,851,885	\$ 381,120	8.5%
Licenses & Permits	-	-	-	1,319,300	1,738,248	2,080,645	342,397	19.7%
Intergovernmental	1,718,632	1,439,678	1,319,244	1,382,268	1,382,644	1,348,939	(33,705)	-2.4%
Charges for Services	1,422,999	1,451,703	1,388,956	1,305,809	1,259,754	1,229,720	(30,034)	-2.4%
Fines & Forfeitures	16,687	3,389	1	510	-	-	-	-
All Other	918,888	890,196	829,071	1,636,158	1,307,360	4,554,052	3,246,692	248.3%
Total	\$ 9,699,014	\$ 8,639,066	\$ 7,946,140	\$ 10,075,873	\$ 10,158,771	\$ 14,065,241	3,906,470	38.5%

Room Tax Fund - Budget vs. Actual Review

Expenses:

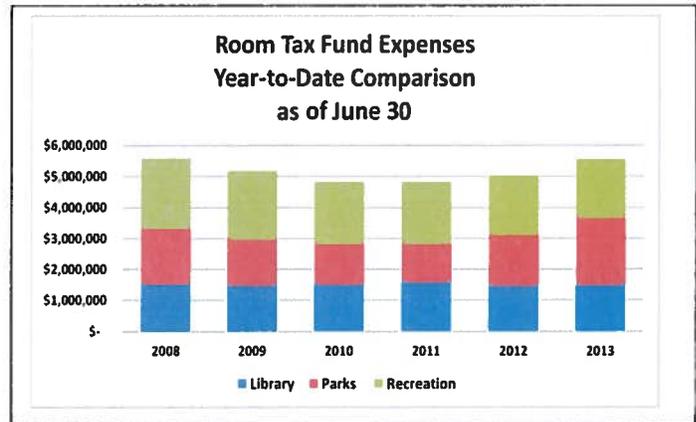
Positive and Within Budget

Actual Room Tax Fund expenditures in FY 2012-13 were 63.1% of budgeted. This compares to 91.0% expended last year. The decrease in FY 2012-13 is primarily due to the Community and Senior Center capital project currently budgeted and separately accounted for in this fund. Capital projects typically take several years to construct, and to expend their budgets.



Room Tax Fund Expenditures (Unaudited) as of June 30						
	2008	2009	2010	2011	2012	2013
YTD Actual	\$ 5,587,964	\$ 5,176,703	\$ 4,829,022	\$ 4,819,105	\$ 4,980,452	\$ 5,555,050
Total Annual Budget	\$ 6,012,695	\$ 5,559,778	\$ 5,181,048	\$ 5,081,935	\$ 5,472,407	\$ 8,808,070
Actual as a % of Budget	92.9%	93.1%	93.2%	94.8%	91.0%	63.1%

Room Tax Fund expenditures totaled \$5,555,050 in FY 2012-13. Expenditures were 11.5% higher than last year, but were within budget expectations. The increase is due primarily to expenditures related to the construction of the new Community and Senior Center, as seen in the 31.3% increase in Parks expenditures in the table below. Operating expenditures in this fund were all within budget for the fiscal year.



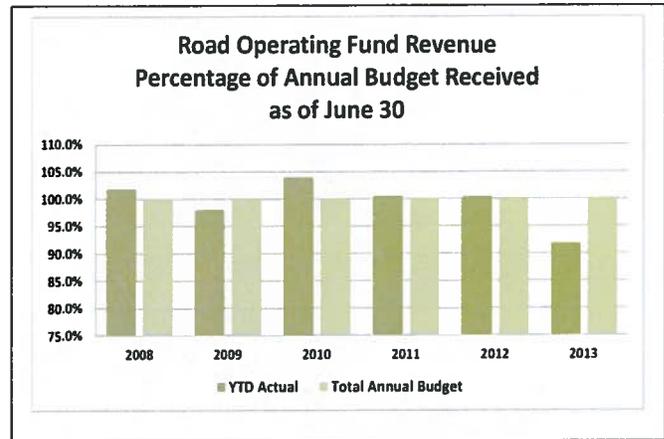
YTD Actual Room Tax Fund Expenses (Unaudited) As of June 30							2013 vs. 2012	
	2008	2009	2010	2011	2012	2013	\$ Change	% Change
Library	\$ 1,504,246	\$ 1,463,107	\$ 1,492,204	\$ 1,570,591	\$ 1,451,428	\$ 1,477,027	\$ 25,599	1.8%
Parks	1,804,860	1,505,933	1,326,210	1,252,382	1,656,522	2,174,595	\$ 518,073	31.3%
Recreation	2,278,858	2,207,663	2,010,608	1,996,132	1,872,502	1,903,428	\$ 30,926	1.7%
Total	\$ 5,587,964	\$ 5,176,703	\$ 4,829,022	\$ 4,819,105	\$ 4,980,452	\$ 5,555,050	\$ 574,599	11.5%

Road Operating Fund - Budget vs. Actual Review

Revenues:

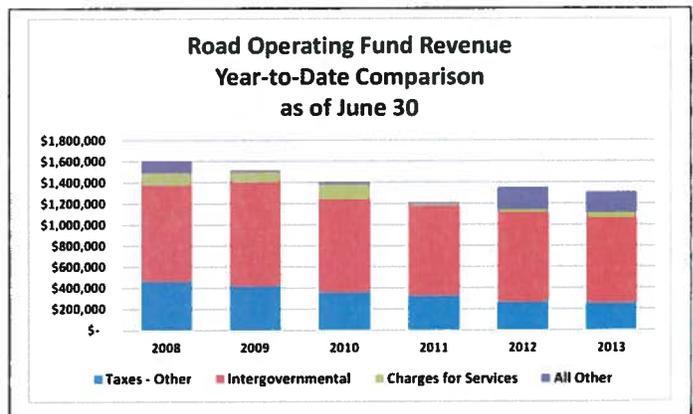
Positive and Within Budget

Actual Road Operating Fund revenues received in FY 2012-13 were 91.8% of budget. This compares with 100.3% last fiscal year. The County receives the June State Gas Tax payments in September, which accrue to FY 2012-13.



Road Operating Fund Revenue (Unaudited) as of June 30						
	2008	2009	2010	2011	2012	2013
YTD Actual	\$ 1,672,734	\$ 1,590,817	\$ 1,470,783	\$ 1,284,188	\$ 1,428,764	1,307,746
Total Annual Budget	\$ 1,641,970	\$ 1,622,871	\$ 1,414,738	\$ 1,278,210	\$ 1,423,869	1,424,589
Actual as a % of Budget	101.9%	98.0%	104.0%	100.5%	100.3%	91.8%

Preliminary Road Operating Fund revenues received in FY 2012-13 totaled \$1,307,746. This represents an estimated 3.4% decrease over last year, pending the final Gas Tax payments that will be received in September.



Road Operating Fund Revenue (Unaudited) As of June 30							2013 vs. 2012	
	2008	2009	2010	2011	2012	2013	YOY \$ Change	YOY % Change
Taxes - Other	\$ 458,136	\$ 412,572	\$ 351,907	\$ 316,228	\$ 258,599	\$ 245,966	\$ (12,632)	-4.9%
Intergovernmental	915,072	986,824	885,852	858,799	852,784	812,432	(40,351)	-4.7%
Charges for Services	117,923	98,545	141,719	15,135	25,274	48,258	22,985	90.9%
All Other	106,603	17,876	16,305	19,026	217,108	201,088	(16,019)	-7.4%
Total	\$ 1,597,734	\$ 1,515,817	\$ 1,395,783	\$ 1,209,188	\$ 1,353,764	\$ 1,307,746	\$ (46,018)	-3.4%

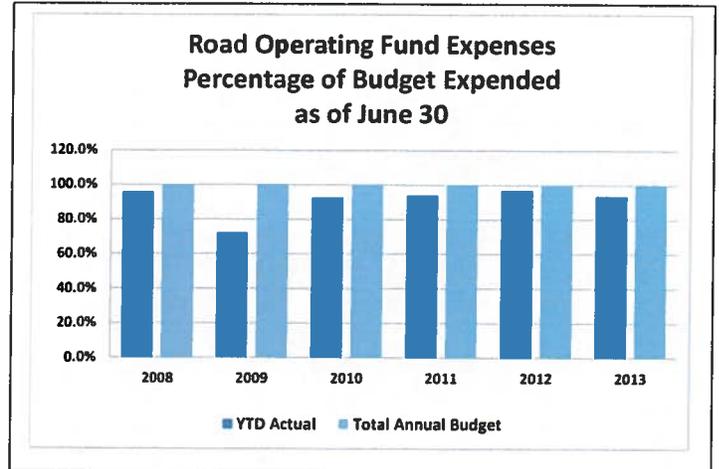
Adjusted - does not include June State Gas Taxes, received in September each year.

Road Operating Fund - Budget vs. Actual Review

Expenses:

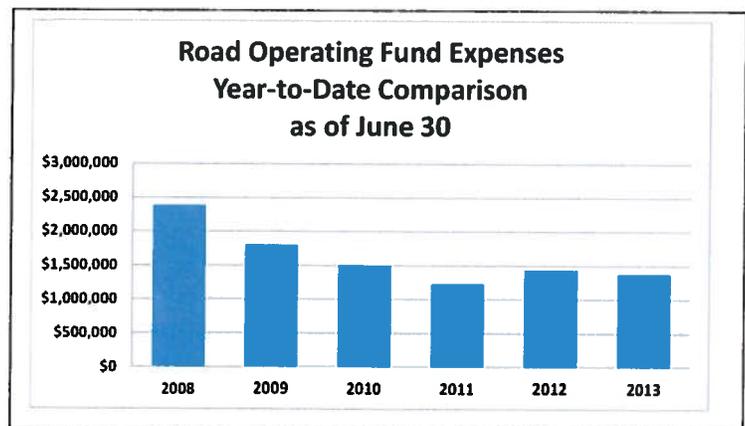
Positive and Within Budget

Actual Road Operating Fund expenditures for FY 2012-13 were 93.5% of budget. This compares with 96.7% expended last year. Over the last five years, the average expenditures in this fund at the end of the fiscal year have been 90.2%.



Road Operating Fund Expenditures (Unaudited)						
as of June 30	2008	2009	2010	2011	2012	2013
YTD Actual	\$ 2,384,597	\$ 1,802,893	\$ 1,497,479	\$ 1,234,110	\$ 1,438,606	\$ 1,380,654
Total Annual Budget	\$ 2,488,658	\$ 2,499,945	\$ 1,617,961	\$ 1,315,736	\$ 1,488,145	\$ 1,476,406
Actual as a % of Budget	95.8%	72.1%	92.6%	93.8%	96.7%	93.5%

Road Operating Fund expenditures totaled \$1,380,654 in FY 2012-13. This represents a 4.0% decrease over last year primarily due to a one-time transfer last year to the Regional Transportation Fund for a road seal project. In 2008 and 2009, expenditures for the same period were significantly higher; however, the total annual budgets were also higher in those years.



YTD Actual Road Operating Fund Expenses							2013 vs. 2012	2013 vs. 2012
As of June 30	2008	2009	2010	2011	2012	2013	\$ Change	% Change
Road Operating Expenses	\$ 2,384,597	\$ 1,802,893	\$ 1,497,479	\$ 1,234,110	\$ 1,438,606	\$ 1,380,654	\$ (57,952)	-4.0%