

Douglas County Quarterly Financial Report

Quarter Ended September 30, 2013



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

December 5, 2013

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Executive Summary

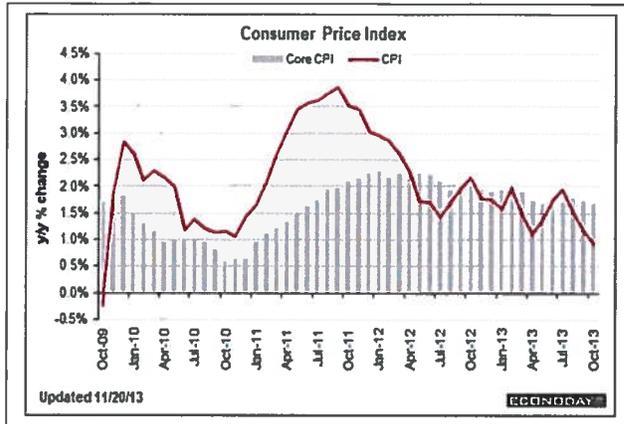
We are pleased to present you with Douglas County's Quarterly Financial Report for the First Quarter of Fiscal Year (FY) 2013 -14. The report includes national and local economic indicators, budget vs. actual and year-over-year financial data.

The following is a brief summary of the report:

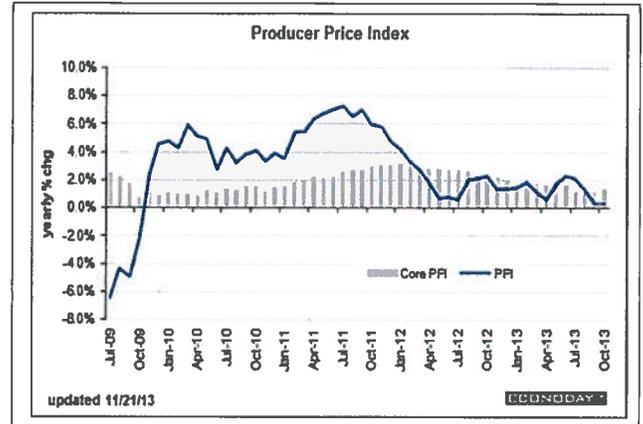
- National economic indicators show that inflation remains very low, the employment rate is improving, and economic growth continues to improve slowly. Local economic indicators also show the unemployment rate trending lower, with increases in residential property sales and sales prices. Building permits, a leading indicator of future growth, are also increasing.
- The County's financial status at the end of the first quarter of Fiscal Year (FY) 2013-14 for all funds is positive and within budget expectations.
- The General Fund has received \$9.96 million, or 25.2% of its budgeted revenue, and increase of 3.0% over the prior year. General Fund expenditures for the first quarter totaled \$10.5 million, or 26.5% of budget, and include transfers to other funds posted in the first quarter this year, which were posted later in the fiscal year last year.
- Room Tax Fund revenues totaled \$3.1 million or 29.8% of budget at the end of the first quarter. Room Tax Fund revenues are up 14.0% over the same period last year due to increased transient occupancy and lodging license taxes received. Room Tax Fund expenditures totaled \$2.8 million or 24.2% of budget.
- Road Operating Fund revenues totaled \$337,424 or 25.0% of budgeted revenue. Road Operating Fund expenditures totaled \$381,568 or 18.6% of budget. The Road Operating Fund budget is higher this year due to an increase of \$657,264 in Board designated capital outlay from reserves for road improvements. Funding of road improvements was a major priority in developing the FY 2013-14 Budget as identified in the County's Priority Based Budgeting process.

Steve Mokrohisky
County Manager

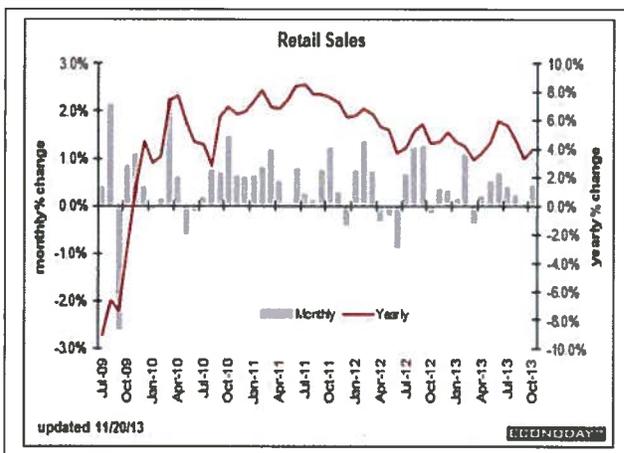
National Economic Indicators



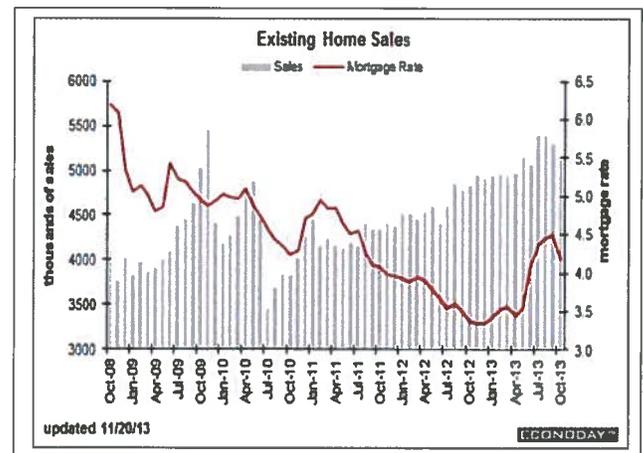
Inflation remains low at the consumer level. Overall CPI increased 0.9% over last year, and core CPI (excluding food and energy) rose 0.1%.



At the producer level, overall inflation rose 0.3% over last year. Core PPI rose 1.4%, led by increases in the price of passenger cars.

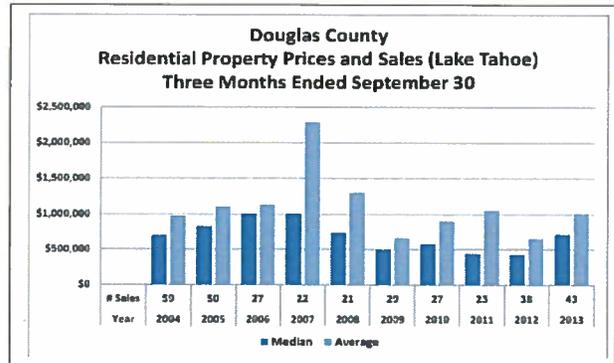
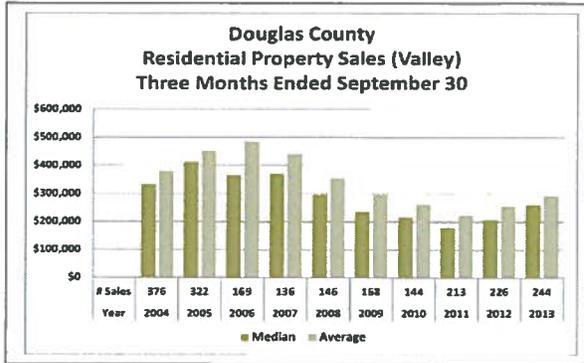


Retail sales rose 0.4% in October over the prior month. Excluding autos and gasoline, sales were up 0.3%, primarily in electronics, appliances, sporting goods, hobby goods, furniture and home furnishings, clothing, and in food and drinking palaces. Building materials and garden equipment declined.



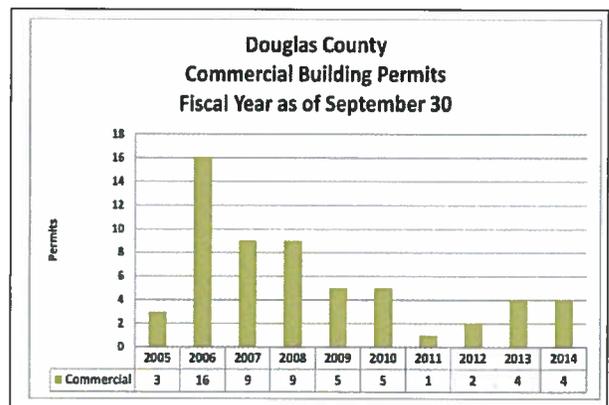
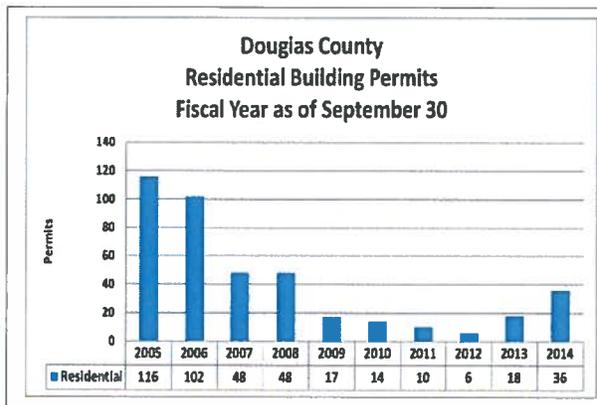
Existing home sales slowed -3.2% in October, for the 3rd month in a row, but are up 6.0% over the prior year. Regional data shows across the board declines with the West falling 7.1% last month. The West, where market supply is very low has also been showing the most weakness in new home sales. Low supply, rising mortgage rates and a slow jobs market are the factors believed to be holding housing sales down.

Local Economic Indicators

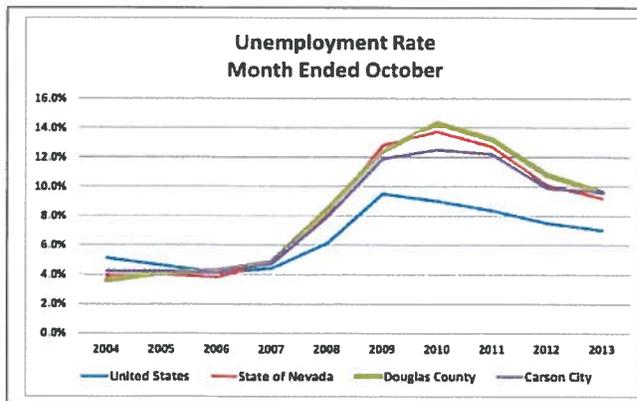


Residential property sales prices and number of sales have continued to increase in the past two quarters, compared to the same period last year. Average prices in the Valley are now above 2010 levels and sales are now above 2006 levels.

Source: Douglas County Assessor's Office



Source: Douglas County Community Development Department



Source: Nevada Department of Employment, Training and Rehabilitation (DETR)

Building permits, both residential and commercial show a positive trend for the first quarter of the fiscal when compared to recent years.

The unemployment rate is continuing to decrease. Douglas County's unemployment rate as of October 2013 was 9.6%, the lowest since 2009.

Actual Revenues vs. Budget

Fiscal Year 2013-14

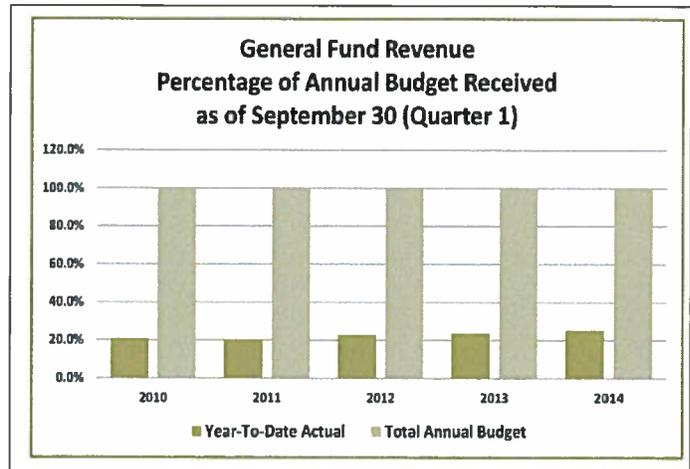
Douglas County (All County Funds)	First Quarter	Year to Date	Annual Budget	% Actual to Budget
Resources				
Beginning Fund Balance/Reserves			39,766,933	
Revenues				
Governmental Funds: [1]				
Taxes	\$ 10,792,545	\$ 10,792,545	\$ 29,445,542	37%
Licenses and Permits	1,051,801	1,051,801	6,128,153	17%
Intergovernmental	2,371,714	2,371,714	20,347,429	12%
Charges for Services	1,382,621	1,382,621	6,822,106	20%
Fines and Forfeits	241,711	241,711	1,201,750	20%
Other Revenues	412,324	412,324	2,040,068	20%
Transfers In	3,450,085	3,450,085	5,296,944	65%
<i>Subtotal Governmental Revenues</i>	19,702,801	19,702,801	71,281,992	28%
Enterprise Funds: [2]				
Operating Revenues	2,959,825	2,959,825	10,980,947	27%
Non-Operating Revenues	459,344	459,344	3,511,453	13%
<i>Subtotal Enterprise Revenues</i>	3,419,169	3,419,169	14,492,400	24%
Total Revenues	\$ 23,121,970	\$ 23,121,970	\$ 85,774,392	27%
Total Resources			\$ 125,541,325	
Requirements				
Expenditures/Expenses				
Governmental Funds: [1]				
Salaries & Wages	\$ 5,341,612	\$ 5,341,612	\$ 25,737,084	21%
Employee Benefits	2,722,195	2,722,195	12,980,353	21%
Services & Supplies	4,457,699	4,457,699	19,538,238	23%
Capital Outlay	2,447,292	2,447,292	4,644,344	53%
Miscellaneous	498,184	498,184	4,855,511	10%
Debt Service	206,171	206,171	2,446,597	8%
Transfers Out	3,527,845	3,527,845	5,374,704	66%
<i>Subtotal Governmental Expenditures</i>	19,200,997	19,200,997	75,576,831	25%
Enterprise Funds: [2]				
Salaries & Wages	288,309	288,309	1,496,552	19%
Employee Benefits	126,784	126,784	643,780	20%
Services & Supplies	1,437,532	1,437,532	6,135,029	23%
Capital Expense	751,400	751,400	4,319,995	17%
Debt Service	52,607	52,607	2,379,137	2%
Transfers Out	62,500	62,500	125,000	50%
<i>Subtotal Enterprise Expenses</i>	2,719,133	2,719,133	15,099,493	18%
Total Expenditures/Expenses	\$ 21,920,130	\$ 21,920,130	\$ 90,676,324	24%
Ending Fund Balance/Reserves			\$ 33,722,616	
Contingency			\$ 1,142,385	
Total Requirements			\$ 125,541,325	
Net Revenue(Expense)	\$ 1,201,840	\$ 1,201,840	\$ -	

General Fund - Budget vs. Actual Review

Revenues:

Positive and Within Budget

As of the end of Quarter 1, the County has received 25.2% of its budgeted annual General Fund revenue. This is an increase of 5.6%, or \$524,895 over the same period last year. However, this increase includes the posting of gaming and transfers-in revenues in the first quarter of this year. These revenues were posted in the second quarter last year. Adjusting for those differences, General Fund revenues increased 3.0% or \$287,336 over the prior year, primarily due to increases in revenues from building permits, liquor licenses, cost allocation and weed spraying.



General Fund Revenue As of September 30	Fiscal Year				
	2010	2011	2012	2013	2014
Year-To-Date Actual	\$ 7,832,427	\$ 7,684,291	\$ 8,689,623	\$ 9,438,372	\$ 9,963,266
Total Annual Budget	\$ 37,635,207	\$ 37,813,853	\$ 38,404,128	\$ 39,625,095	\$ 39,539,918
Actual as a % of Budget	20.8%	20.3%	22.6%	23.8%	25.2%

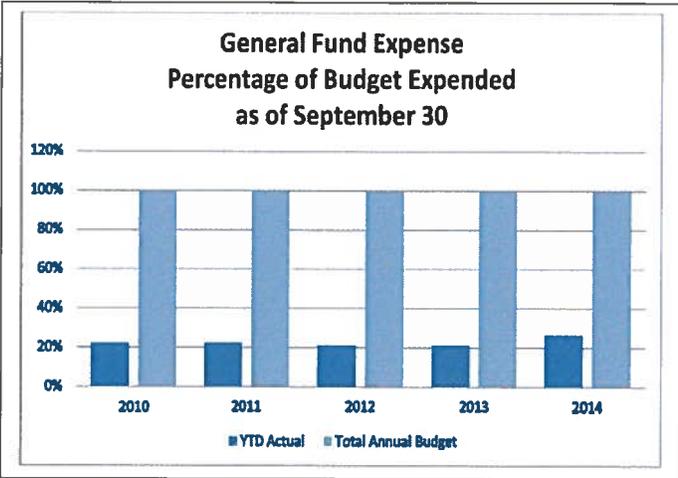
General Fund Actual Revenue As of September 30						2014 vs. 2013 Variance	
	2010	2011	2012	2013	2014	\$	%
Property Tax	\$ 4,824,211	\$ 5,163,475	\$ 6,093,772	\$ 6,892,533	\$ 6,838,462	\$ (54,071)	-0.8%
Gaming	176,379	137,810	183,671	\$ 42,092	\$ 144,833	102,741	244.1%
State Consolidated Tax	969,937	866,204	810,199	\$ 837,571	\$ 861,587	24,016	2.9%
Licenses & Permits	264,222	227,314	231,599	\$ 227,842	\$ 390,156	162,314	71.2%
Intergovernmental	67,034	167,263	116,271	\$ 141,155	\$ 71,045	(70,110)	-49.7%
Charges for Services	739,826	846,297	964,412	\$ 971,649	\$ 1,023,974	52,326	5.4%
Fines & Forfeitures	238,342	201,203	203,552	\$ 228,007	\$ 232,009	4,002	1.8%
All Other	552,476	74,725	86,147	\$ 97,523	\$ 401,201	303,678	311.4%
Total	\$ 7,832,427	\$ 7,684,291	\$ 8,689,623	\$ 9,438,372	\$ 9,963,266	\$ 524,895	5.6%
Adjusted					\$ 9,725,708	\$ 287,336	3.0%

General Fund - Budget vs. Actual Review

Expenses:

Positive and Within Budget

As of the end of Quarter 1, the County expended 26.5% of its General Fund budgeted expenses. This is an increase of \$2,550,094, or 31.7%. The increase resulted primarily from budgeted transfers out of the General Fund to other funds that posted in the first quarter this fiscal year. In prior years, these transfers posted later in the year. Adjusting for this difference, expenditures were \$364,577, or 4.5% higher than the same quarter last year. The increase was primarily in salary and benefits, which were budgeted to restore a portion of the salary reductions taken by employees in prior years.



General Fund Expense					
As of September 30	2010	2011	2012	2013	2014
YTD Actual	\$ 7,966,220	\$ 8,145,520	\$ 7,785,120	\$ 8,048,159	10,598,250
Total Annual Budget	\$ 35,955,663	\$ 36,451,740	\$ 36,833,129	\$ 37,690,759	40,011,054
Actual as a % of Budget	22.2%	22.3%	21.1%	21.4%	26.5%

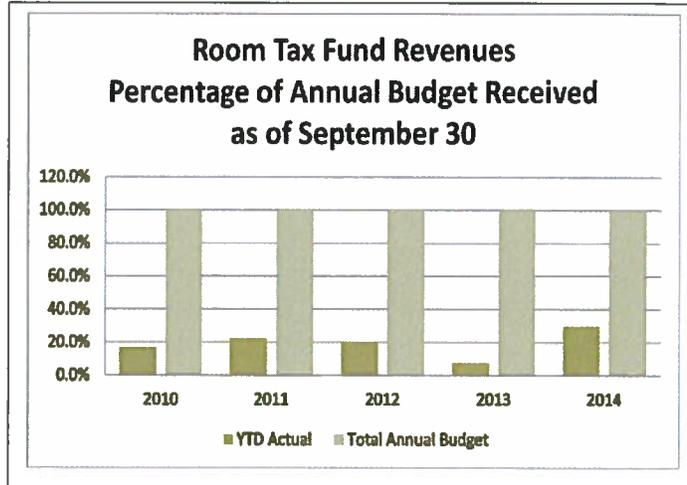
General Fund Expense						2014 vs. 2013 Variance	
As of September 30	2010	2011	2012	2013	2014	\$	%
General Government	\$ 2,229,302	\$ 2,283,234	\$ 2,368,956	\$ 2,556,423	\$ 4,731,335	\$ 2,174,913	7.9%
Judicial	1,981,220	2,012,927	1,926,551	1,931,222	2,040,893	\$ 109,671	0.2%
Public Safety	3,307,426	3,465,487	3,105,497	3,148,765	3,350,881	\$ 202,117	1.4%
Public Works	338,952	296,977	233,590	282,065	309,364	\$ 27,298	20.8%
Health & Sanitation	109,320	86,895	150,526	129,684	165,777	\$ 36,093	-13.8%
Total	\$ 7,966,220	\$ 8,145,520	\$ 7,785,120	\$ 8,048,159	\$ 10,598,250	\$ 2,550,091	3.4%
Adjusted					\$ 8,412,736	\$ 364,578	4.5%

Room Tax Fund - Budget vs. Actual Review

Revenues:

Positive and Within Budget

At the end of Quarter 1, Room Tax revenue received totaled 29.8% of budget. This is an increase of \$1,234,401, or 65.4% over the same period last year. However, this increase is due primarily to transfers in from the General Fund that posted in the first quarter this year versus in a later quarter last year. When adjusted for this timing difference the increase is \$264,004, or 14.0%. This increase is due primarily to an increase in transient occupancy and lodging license taxes received.



Room Tax Fund Revenues as of September 30					
	2010	2011	2012	2013	2014
YTD Actual	\$ 1,512,585	\$ 1,706,682	\$ 1,865,259	\$ 1,887,093	\$ 3,121,494
Total Annual Budget	\$ 9,040,057	\$ 7,631,338	\$ 9,522,422	\$ 24,503,581	\$ 10,460,137
Actual as a % of Budget	16.7%	22.4%	19.6%	7.7%	29.8%

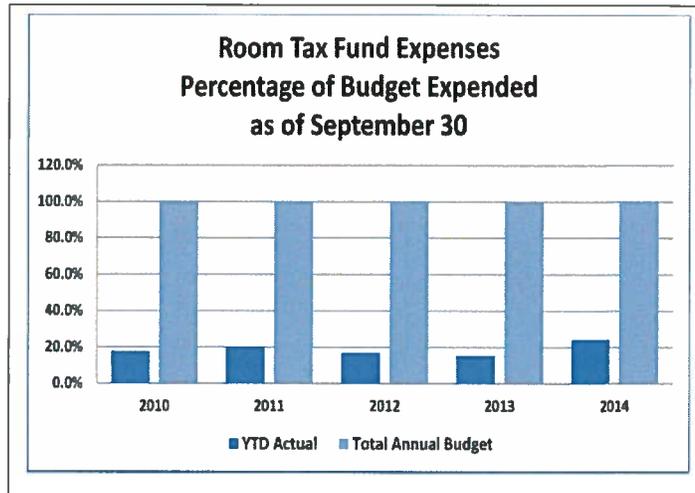
Room Tax Fund Revenues						2014 vs. 2013 Variance	
Quarter Ended September	2010	2011	2012	2013	2014	\$	%
Taxes	\$ 983,767	\$ 1,051,095	\$ 1,027,721	\$ 1,045,721	\$ 1,260,871	\$ 215,150	20.6%
Licenses & Permits	\$ -	\$ 142,208	\$ 342,988	\$ 363,847	\$ 438,602	\$ 74,755	20.5%
Intergovernmental	\$ 129,738	\$ 132,907	\$ 128,957	\$ 129,741	\$ 138,182	\$ 8,441	6.5%
Charges for Services	\$ 370,253	\$ 354,919	\$ 333,908	\$ 321,711	\$ 290,678	\$ (31,033)	-9.6%
All Other	\$ 28,828	\$ 25,554	\$ 31,684	\$ 26,073	\$ 993,162	\$ 967,089	3709.1%
	\$ 1,512,585	\$ 1,706,682	\$ 1,865,259	\$ 1,887,093	\$ 3,121,494	\$ 1,234,401	65.4%
Adjusted					\$ 2,151,097	\$ 264,004	14.0%

Room Tax Fund - Budget vs. Actual Review

Expenses:

Positive and Within Budget

As of the end of Quarter 1, the Room Tax Fund expended 24.2% of its annual budget. This is an increase of 37.8% over the same period last year. The increase resulted from expenditures related to the Community Center capital construction project, which is currently budgeted and separately accounted for in this fund. In addition, tourism promotion pass-throughs to other agencies increased due to the increase in transient occupancy and lodging license taxes received. Lastly, transfers out, primarily to the Debt Service Fund, posted in the first quarter this year, and were posted later in the year in prior years. When adjusted for these differences, Room Tax Fund expenditures increased \$54,259, or 2.6% over the prior year.



Room Tax Fund Expenditures as of September 30					
	2010	2011	2012	2013	2014
YTD Actual	\$ 1,661,100	\$ 1,609,859	\$ 1,607,591	\$ 2,060,390	\$ 2,839,862
Total Annual Budget	\$ 9,328,976	\$ 7,961,167	\$ 9,548,114	\$ 13,444,021	\$ 11,742,329
Actual as a % of Budget	17.8%	20.2%	16.8%	15.3%	24.2%

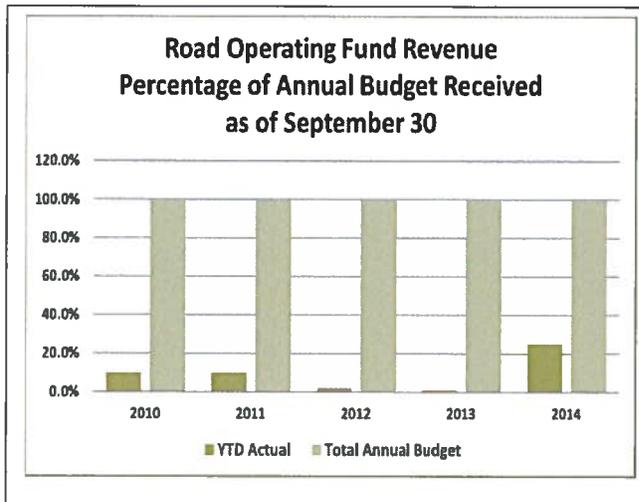
YTD Actual Room Tax Fund Expenses as of September 30						2014 vs. 2013 Variance		
	2010	2011	2012	2013	2014	\$	%	
Library	\$ 336,653	\$ 329,557	\$ 305,100	\$ 300,057	\$ 292,998	\$ (7,059)	-2.4%	
Parks	377,277	355,416	353,438	756,956	1,203,243	\$ 446,287	59.0%	
Recreation	588,267	612,844	576,359	603,700	845,437	\$ 241,737	40.0%	
Tourism Promotion	358,904	312,042	372,693	399,677	498,184	\$ 98,507	24.6%	
Total	\$ 1,661,100	\$ 1,609,859	\$ 1,607,591	\$ 2,060,390	\$ 2,839,862	\$ 779,472	37.8%	
Adjusted						\$ 2,114,649	54,259	2.6%

Road Operating Fund - Budget vs. Actual Review

Revenues:

Positive and Within Budget

As of the end of Quarter 1, the Road Operating Fund received 25.0% of its budgeted annual revenue. This is an increase of 2,136% over the same period last year. The increase resulted because as in the other funds, transfers-in posted earlier this year than in prior years. In addition, gas taxes were recorded in the first quarter this year. In the past two fiscal years, first quarter gas tax revenues received were recorded in the second quarter. In adjusting for these timing differences and in comparing revenues to the first quarter of 2011, the last time gas tax revenues posted in Quarter 1, we can see that Road Operating Fund revenues related to gas taxes decreased 5.8%.



Road Operating Fund Revenue					
as of September 30	2010	2011	2012	2013	2014
YTD Actual	\$ 138,208	\$ 130,960	\$ 28,332	15,085	\$ 337,424
Total Annual Budget	\$ 1,414,738	\$ 1,304,650	\$ 1,347,295	1,369,891	\$ 1,352,114
Actual as a % of Budget	9.8%	10.0%	2.1%	1.1%	25.0%

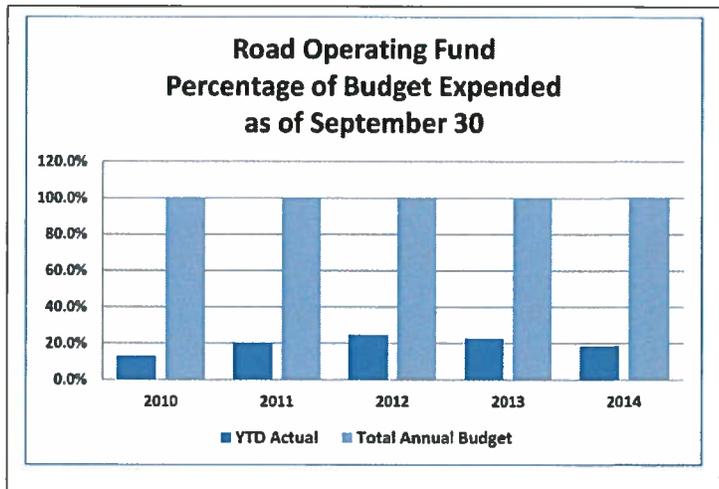
Road Operating Fund Revenue						2014 vs. 2013 Variance	
As of September 30	2010	2011	2012	2013	2014	\$	%
Taxes - Other	\$ 49,182	\$ 39,377	\$ 16,426	\$ 13,129	\$ 37,822	\$ 24,694	188.1%
Intergovernmental	-	87,195	-	-	84,806	\$ 84,806	
Charges for Services	81,460	2,481	10,809	-	-	\$ -	
Transfers In	-	-	-	-	214,343		
All Other	7,566	1,907	1,096	1,956	452	\$ (1,504)	-76.9%
Total	\$ 138,208	\$ 130,960	\$ 28,332	\$ 15,085	\$ 337,424	\$ 322,338	2136.8%
Adjusted					\$ 123,424	\$ 108,338	718.2%
Adjusted vs. 2011						\$ (7,536)	-5.8%

Road Operating Fund - Budget vs. Actual Review

Expenses:

Positive and Within Budget

At the end of Quarter 1, the Road Operating Fund has expended 18.6% of its annual budget. While this is a decrease percentage wise over the same period last year, it results primarily because the overall Road Operating Fund budget is larger. The 2013-14 budget is almost 50% larger than the prior year, due to an increase of \$657,264 in Board designated capital outlay from reserves for road improvements. Actual expenditures for the first quarter are \$71,501, or 23.1% higher than the same period last year.



Road Operating Fund Expenditures					
as of September 30	2010	2011	2012	2013	2014
YTD Actual	\$ 277,438	\$ 263,522	\$ 332,417	\$ 310,067	\$ 381,568
Total Annual Budget	\$ 2,123,131	\$ 1,304,650	\$ 1,344,115	\$ 1,367,969	\$ 2,047,923
Actual as a % of Budget	13.1%	20.2%	24.7%	22.7%	18.6%

YTD Actual Road Operating Fund Expenses						2014 vs. 2013 Variance	
As of September 30	2010	2011	2012	2013	2014	\$	%
Road Operating Expenses	\$ 277,438	\$ 263,522	\$ 332,417	\$ 310,067	\$ 381,568	\$ 71,501	23.1%