

# Douglas County Quarterly Financial Report

Quarter Ended March 31, 2014



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

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# Executive Summary

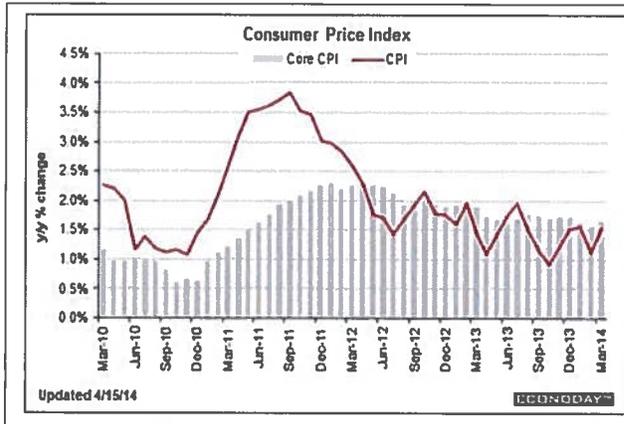
We are pleased to present you with Douglas County's Quarterly Financial Report for the third quarter of Fiscal Year (FY) 2013 -14. The report includes national and local economic indicators, budget vs. actual and year-over-year financial data.

The following is a brief summary of the report:

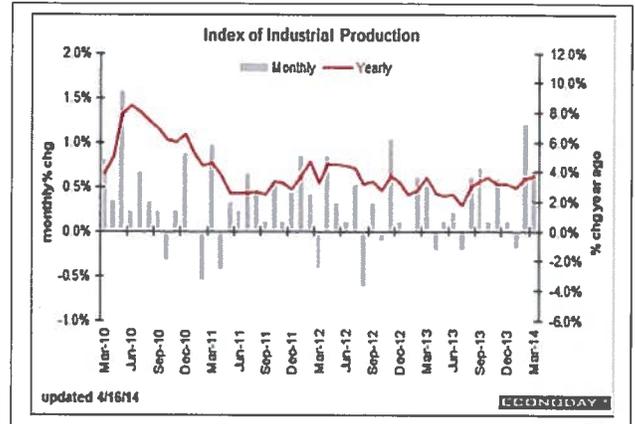
- National economic indicators show that inflation remains low, industrial production and retail sales picked up in March, and housing starts are on a positive trend. Local economic indicators show the unemployment rate continuing to trend lower, with residential property prices, and building permits on a positive trend. Retail sales in Nevada are also showing a positive trend.
- The County's financial status at the end of the third quarter of Fiscal Year (FY) 2013-14 for all funds is positive and within budget expectations.
- The General Fund has received \$31.1 million, or 78.5% of its budgeted revenue, representing an increase of 4.0% over the prior fiscal year. General Fund expenditures totaled \$29.6 million, or 71.6% of budget. This represents an increase of 3.7% over the prior fiscal year.
- Room Tax Fund revenues totaled \$7.8 million or 73.1% of budget at the end of the third quarter, representing an increase of 2.7% over the same period last year, primarily due to the receipt of a federal grant reimbursement from the prior fiscal year. Room Tax Fund expenditures totaled \$7.7 million or 51.8% of budget, representing an adjusted increase of 9.8%, largely due to the construction of the new Community and Senior Center.
- Road Operating Fund revenues totaled \$1.0 million or 70.8% of budgeted revenue, representing an increase of 9.4% primarily due to increases in gas taxes and transfers in from the General Fund. Road Operating Fund expenditures totaled \$1.1million or 50.2% of budget, an increase of 11.8% over the prior year. 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.

Christine Vuletich  
Assistant County Manager/Chief Financial Officer

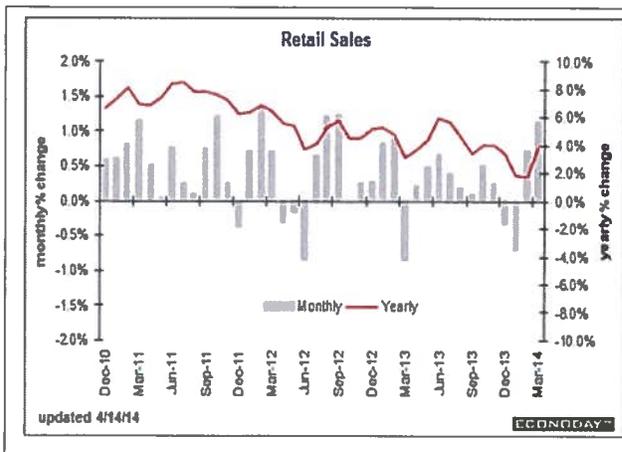
# National Economic Indicators



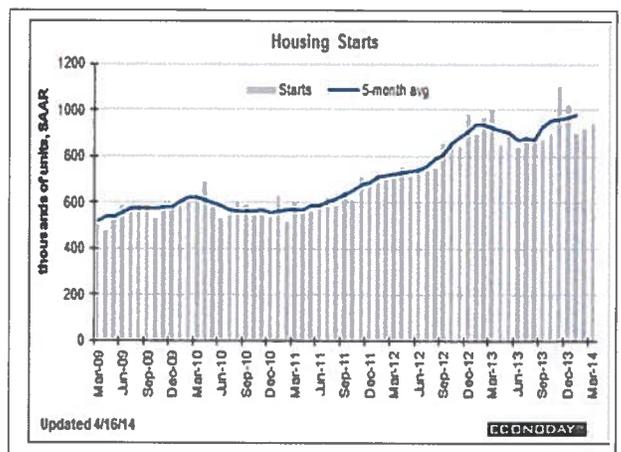
Overall, inflation continues to be subdued. Year-over-year, overall CPI inflation came in at 1.5 percent in March, compared to 1.6 percent in the previous quarter ended December. Gasoline decreased 1.7 percent in March and February, while food, shelter, apparel, medical care, and used vehicles were up.



Industrial production increased 0.7 percent in March, led by the utilities and manufacturing sectors. The Federal Reserve's monthly index of industrial production and the related capacity indexes and capacity utilization rates cover manufacturing, mining, and electric and gas utilities.

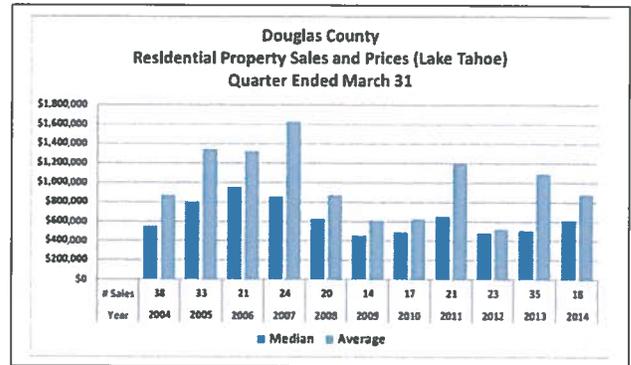
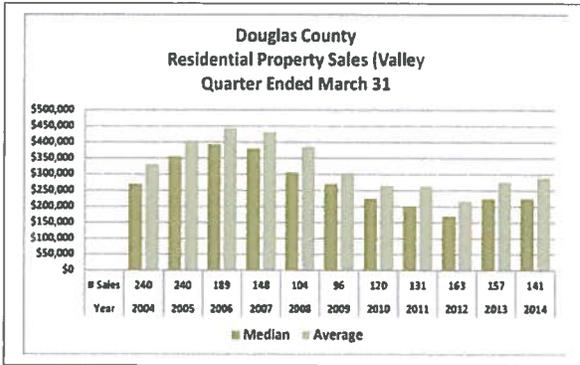


Retail sales grew 1.1% in March. Much of the advance came from motor vehicle sales, which jumped 3.1%. Excluding vehicles, sales were up 0.7%. Gasoline sales were down 3.1%. Furniture and home furnishings, building materials & garden equipment, clothing, non-store retailers, food services and drinking places were strong. A portion of these gains is likely related to coming off adverse winter weather in some parts of the country.



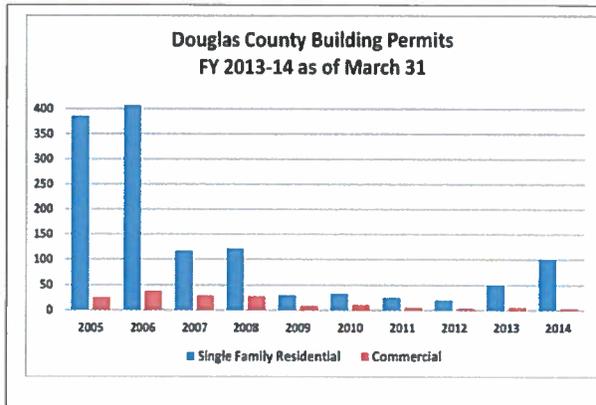
Housing starts picked up in March, with unexpected strength in the single-family component, which was up 6 percent. Overall permits dipped 2.4 percent in March after surging 7.3 percent the prior month. On an annualized basis, permits are up 11.2 percent from a year ago. Building permits are a leading indicator of future economic activity.

# Local Economic Indicators



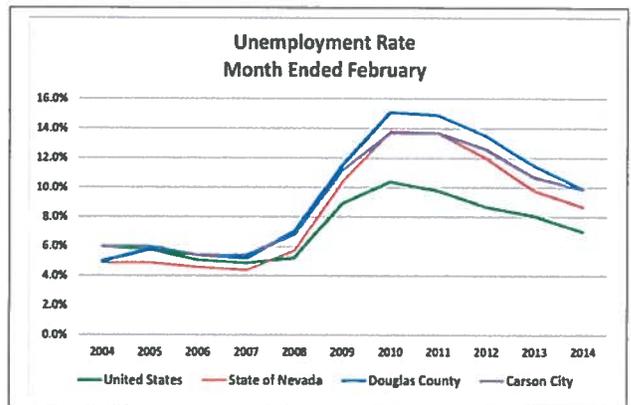
Residential property sales prices continued to trend upward for the quarter ended March 31.

Source: Douglas County Assessor's Office



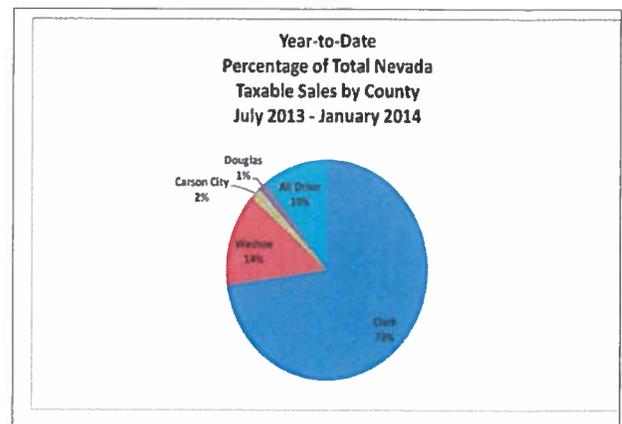
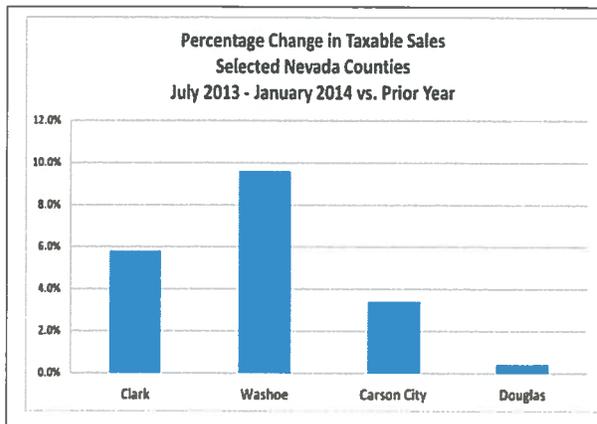
Residential building permits continued to show a positive trend for the third quarter of fiscal year 2013-14.

Source: Douglas County Community Development Department



Unemployment continued to decrease through February. Douglas County's unemployment rate as of February 2014 was 9.9%, compared to 10.7% in February 2013. Data for March was not available at the time this report was prepared.

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



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

# Actual vs. Budget Comparison

## Fiscal Year 2013-14

Douglas County (All County Funds)	First Quarter Actual	Second Quarter Actual	Third Quarter	Cumulative Year to Date Actual	Annual Budget	% Actual to Budget
<b>Resources</b>						
Beginning Fund Balance/Reserves	39,766,933	19,723,150	2,491,566	61,981,649	61,981,649	
<b>Revenues</b>						
<b>Governmental Funds: [1]</b>						
Taxes	\$ 10,792,545	\$ 6,730,526	\$ 9,772,679	\$ 27,295,750	\$ 29,445,542	93%
Licenses and Permits	1,051,801	1,402,688	1,561,364	4,015,852	6,128,153	66%
Intergovernmental	2,371,714	5,752,261	5,291,072	13,415,047	21,452,706	63%
Charges for Services	1,382,621	1,315,230	2,202,140	4,899,992	7,041,402	70%
Fines and Forfeits	241,711	235,417	380,134	857,262	1,206,889	71%
Other Revenues	412,324	418,169	512,553	1,343,047	2,057,809	65%
Transfers In	3,450,085	352,064	1,462,008	5,264,157	5,725,212	92%
<b>Subtotal Governmental Revenues</b>	<b>19,702,801</b>	<b>16,206,356</b>	<b>21,181,950</b>	<b>57,091,107</b>	<b>73,057,713</b>	<b>78%</b>
<b>Enterprise Funds: [2]</b>						
Operating Revenues	2,959,825	2,068,506	2,648,202	7,676,533	10,894,282	70%
Non-Operating Revenues [3]	459,344	3,751,253	1,418,583	5,629,180	4,291,471	131%
<b>Subtotal Enterprise Revenues</b>	<b>3,419,169</b>	<b>5,819,759</b>	<b>4,066,785</b>	<b>13,305,714</b>	<b>15,185,753</b>	<b>88%</b>
<b>Total Revenues</b>	<b>\$ 23,121,970</b>	<b>\$ 22,026,115</b>	<b>\$ 25,248,736</b>	<b>\$ 70,396,821</b>	<b>\$ 88,243,466</b>	<b>80%</b>
<b>Total Resources</b>	<b>\$ 62,888,903</b>	<b>\$ 41,749,265</b>	<b>\$ 27,740,302</b>	<b>\$ 132,378,470</b>	<b>\$ 150,225,115</b>	
<b>Requirements</b>						
<b>Expenditures/Expenses</b>						
<b>Governmental Funds: [1]</b>						
Salaries & Wages	\$ 5,341,612	\$ 6,720,404	\$ 5,975,863	\$ 18,037,879	\$ 26,006,793	69%
Employee Benefits	2,722,195	2,975,912	3,407,993	9,106,100	13,139,963	69%
Services & Supplies	4,457,699	3,945,249	4,579,096	12,982,044	22,550,072	58%
Capital Outlay	2,447,292	4,314,653	3,620,146	10,382,090	22,321,064	47%
Miscellaneous	498,184	1,492,333	1,159,229	3,149,746	4,857,744	65%
Debt Service	206,171	1,041,561	909,166	2,156,897	2,446,471	88%
Transfers Out	3,527,845	352,064	1,479,250	5,359,159	5,820,214	92%
<b>Subtotal Governmental Expenditures</b>	<b>19,200,997</b>	<b>20,842,176</b>	<b>21,130,743</b>	<b>61,173,916</b>	<b>97,142,321</b>	<b>63%</b>
<b>Enterprise Funds: [2]</b>						
Salaries & Wages	288,309	357,238	328,042	973,589	1,508,032	65%
Employee Benefits	126,784	142,661	150,562	420,008	649,542	65%
Services & Supplies	1,437,532	1,579,760	1,137,755	4,155,047	6,204,820	67%
Capital Expense	751,400	1,408,370	512,240	2,672,010	5,176,968	52%
Debt Service	52,607	244,000	122,868	419,475	2,379,137	18%
Transfers Out [3]	62,500	2,860,846	62,500	2,985,846	125,000	2389%
<b>Subtotal Enterprise Expenses</b>	<b>2,719,133</b>	<b>6,592,875</b>	<b>2,313,968</b>	<b>11,625,975</b>	<b>16,043,499</b>	<b>72%</b>
<b>Total Expenditures/Expenses</b>	<b>\$ 21,920,130</b>	<b>\$ 27,435,051</b>	<b>\$ 23,444,710</b>	<b>\$ 72,799,891</b>	<b>\$ 113,185,820</b>	<b>64%</b>
Ending Fund Balance/Reserves	\$ 33,722,616	\$ 241,224	\$ 1,898,756	\$ 35,862,596	\$ 35,862,596	
Contingency	\$ 1,142,385	\$ (8,750)	\$ 43,064	\$ 1,176,699	\$ 1,176,699	
<b>Total Requirements</b>	<b>\$ 56,785,131</b>	<b>\$ 27,667,525</b>	<b>\$ 25,386,530</b>	<b>\$ 109,839,186</b>	<b>\$ 150,225,115</b>	
<b>Net Revenue(Expense)</b>	<b>\$ 6,103,772</b>	<b>\$ 14,081,741</b>	<b>\$ 2,353,771</b>	<b>\$ 22,539,284</b>	<b>\$ -</b>	

[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

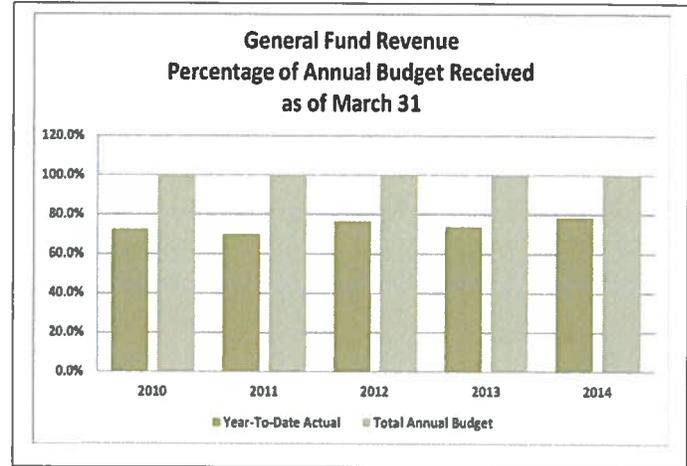
[3] Reclassification of net book value of assets (\$2.86 million) transferred from the Carson Valley Water Utility Fund to Regional Water Utility Fund. that were transferred from the Carson Valley Water fund to the Regional Water Fund

# General Fund

## Revenues:

Positive and Within Budget

As of the end of Quarter 3, the County has received 78.5% of its budgeted annual General Fund revenue. This represents an increase of 4.0%, or \$1,196,959 over the same period last year. Property Tax and State Consolidated Tax increased 2.8% and 4.65 respectively. Licenses and permits increased 20.3% primarily due to increased building permit fees. Intergovernmental revenues decreased 36.7% due to Department of Justice Family Support Grant, which ended last fiscal year. Charges for Services increased 11.8% due to increases in revenues from weed control, cost allocation, technology fees and school reimbursement.



Budget vs. Actual Comparison					
General Fund Revenue					
Quarter Ended March 31	2010	2011	2012	2013	2014
Year-To-Date Actual	\$ 27,539,404	\$ 26,467,089	\$ 28,356,207	\$ 29,952,328	\$ 31,149,287
Total Annual Budget	\$ 37,996,819	\$ 37,813,853	\$ 37,017,271	\$ 39,625,095	\$ 39,664,662
<b>Actual as a % of Budget</b>	<b>72.5%</b>	<b>70.0%</b>	<b>76.6%</b>	<b>75.6%</b>	<b>78.5%</b>

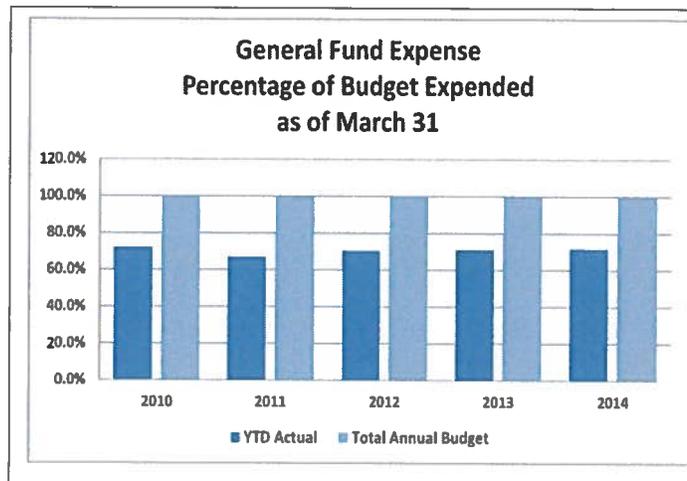
Year-to-Year Actuals Comparison							
General Fund Actual Revenue							
Quarter Ended March 31	2010	2011	2012	2013	2014	2014 vs. 2013	
						\$ Change	% Change
Property Tax	\$ 13,276,846	\$ 13,791,239	\$ 15,164,301	\$ 16,651,869	\$ 17,121,790	\$ 469,921	2.8%
Gaming	812,447	574,600	640,120	540,913	605,584	\$ 64,671	12.0%
State Consolidated Tax	6,850,535	6,104,566	5,697,617	5,946,920	6,217,883	\$ 270,963	4.6%
Licenses & Permits	1,403,801	1,580,581	1,492,013	1,630,295	1,960,744	\$ 330,449	20.3%
Intergovernmental	711,456	753,174	1,018,981	761,047	481,761	\$ (279,286)	-36.7%
Charges for Services	2,699,089	2,397,889	2,977,010	2,887,559	3,229,127	\$ 341,568	11.8%
Fines & Forfeitures	833,676	750,584	790,883	819,388	818,702	\$ (686)	-0.1%
All Other	951,555	514,456	575,282	714,337	713,696	\$ (641)	-0.1%
<b>Total</b>	<b>27,539,404</b>	<b>26,467,089</b>	<b>28,356,207</b>	<b>29,952,328</b>	<b>31,149,287</b>	<b>1,196,959</b>	<b>4.0%</b>

# General Fund

## Expenses:

**Positive and Within Budget**

As of the end of Quarter 3, the County expended 71.6% of its General Fund budgeted expenses. This is an increase of \$1,049,401 or 3.7% over the prior 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, and increased by \$958,203 over last fiscal year to date.



Budget vs. Actual Comparison					
General Fund Expense					
Quarter Ended March 31	2010	2011	2012	2013	2014
YTD Actual	\$ 28,233,372	\$ 26,433,429	\$ 26,759,592	\$ 28,567,448	\$ 29,616,848
Total Annual Budget	\$ 39,190,874	\$ 39,507,221	\$ 37,995,945	\$ 40,268,757	\$ 41,369,915
<b>Actual as a % of Budget</b>	<b>72.0%</b>	<b>66.9%</b>	<b>70.4%</b>	<b>70.9%</b>	<b>71.6%</b>

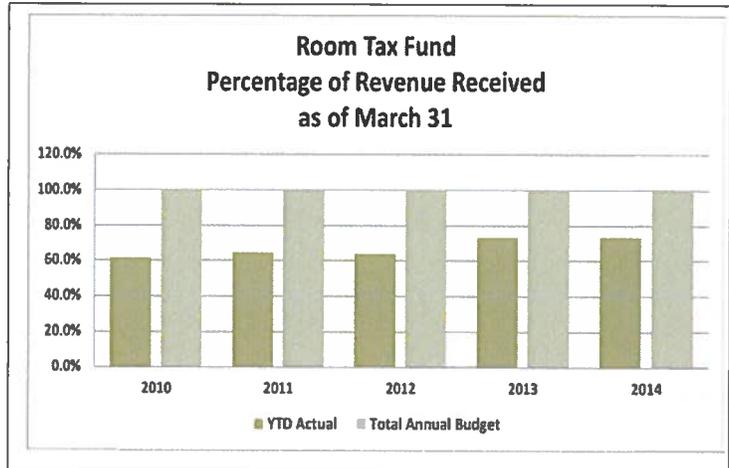
Year-to-Date Actuals Comparison								
General Fund Expense							2014 vs. 2013 Variance	
Quarter Ended March 31	2010	2011	2012	2013	2014	\$	%	
General Government	\$ 9,900,558	\$ 8,214,353	\$ 8,488,352	\$ 10,200,482	\$ 10,469,682	\$ 269,200	2.6%	
Judicial	6,398,730	6,205,039	6,120,672	6,190,631	6,376,748	\$ 186,117	3.0%	
Public Safety	10,671,522	10,826,413	11,019,083	10,856,272	11,353,198	\$ 496,925	4.6%	
Public Works	1,054,561	956,226	844,967	977,271	1,028,892	\$ 51,621	5.3%	
Health & Sanitation	208,001	231,397	286,518	342,791	388,329	\$ 45,538	13.3%	
<b>Total</b>	<b>\$ 28,233,372</b>	<b>\$ 26,433,429</b>	<b>\$ 26,759,592</b>	<b>\$ 28,567,448</b>	<b>\$ 29,616,848</b>	<b>\$ 1,049,401</b>	<b>3.7%</b>	

# Room Tax Fund

## Revenues:

Positive and Within Budget

At the end of Quarter 3, Room Tax revenue received totaled \$7,828,006, or 73.1% of budget. This is an increase of \$203,928, or 2.7% over the same period last year. This increase is due primarily to a Federal Grant reimbursement from the prior fiscal year received this fiscal year for the Stateline to Stateline Bike Trail project.



Budget vs. Actual Comparison						
Room Tax Fund Revenues as of March 31						
	2010	2011	2012	2013	2014	
YTD Actual	\$ 5,591,139	\$ 6,160,765	\$ 6,086,280	\$ 7,624,078	\$ 7,828,006	
Total Annual Budget	\$ 9,100,394	\$ 9,565,355	\$ 9,545,007	\$ 10,457,944	\$ 10,707,878	
<b>Actual as a % of Budget</b>	<b>61.4%</b>	<b>64.4%</b>	<b>63.8%</b>	<b>72.9%</b>	<b>73.1%</b>	

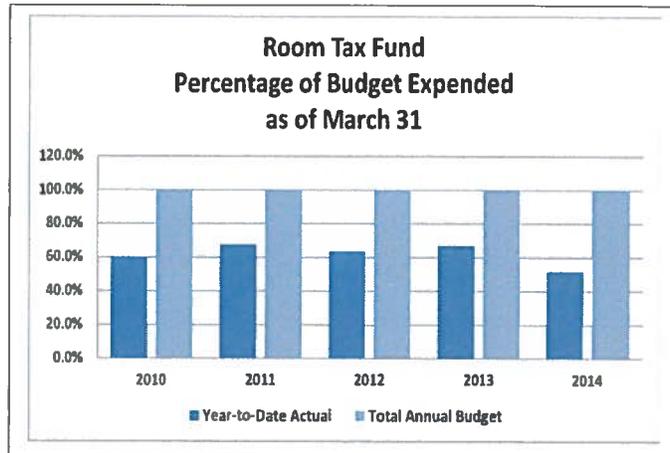
Year-to-Year Actuals Comparison								
Room Tax Fund Revenues							2014 vs. 2013	
Quarter Ended March 31	2010	2011	2012	2013	2014	\$ Change	% Change	
Taxes - Other	\$ 3,049,381	\$ 3,143,102	\$ 3,113,098	\$ 3,412,133	\$ 3,435,417	\$ 23,284	0.7%	
Licenses & Permits	-	869,143	1,075,139	1,379,615	1,390,326	\$ 10,711	0.8%	
Intergovernmental	804,192	861,029	843,285	897,650	1,078,198	\$ 180,548	20.1%	
Charges for Services	978,567	944,800	959,300	879,955	816,981	\$ (62,974)	-7.2%	
All Other	758,998	342,691	95,458	1,054,725	1,107,085	\$ 52,360	5.0%	
<b>Total</b>	<b>\$ 5,591,139</b>	<b>\$ 6,160,765</b>	<b>\$ 6,086,280</b>	<b>\$ 7,624,078</b>	<b>\$ 7,828,006</b>	<b>\$ 203,928</b>	<b>2.7%</b>	

# Room Tax Fund

## Expenses:

### Positive and Within Budget

As of the end of Quarter 3, the Room Tax Fund expended 51.8% of its annual budget. This is an increase of \$382,519, or 9.8% over the same period last year. The increase resulted from construction expenditures and debt service related to the Community Center capital construction project, which is currently budgeted and separately accounted for in this fund. Transient occupancy taxes passed through to other entities for lodging promotion increased 3.2% over the same period last fiscal year.



Budget vs. Actual Comparison					
Room Tax Fund Expenditures as of March 31	2010	2011	2012	2013	2014
Year-to-Date Actual	\$ 5,660,598	\$ 6,189,503	\$ 6,307,368	\$ 6,987,179	\$ 7,669,698
Total Annual Budget	\$ 9,420,028	\$ 9,174,146	\$ 9,913,370	\$ 10,425,161	\$ 14,794,330
<b>Actual as a % of Budget</b>	<b>60.1%</b>	<b>67.5%</b>	<b>63.6%</b>	<b>67.0%</b>	<b>51.8%</b>

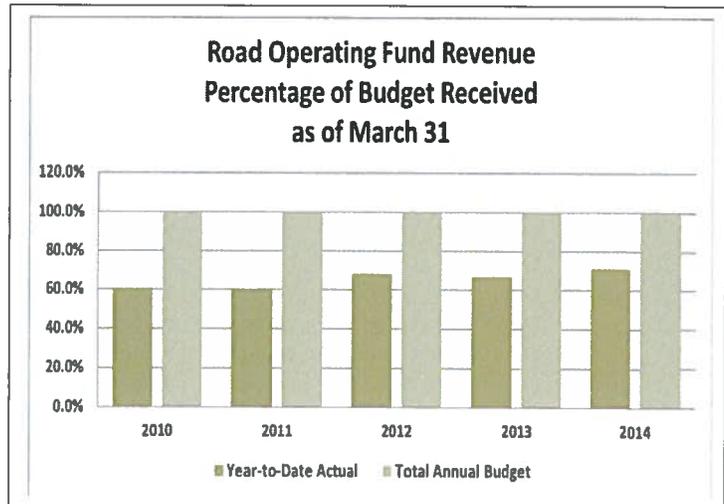
Year-to-Year Actuals Comparison							
Room Tax Fund Expenses						2014 vs. 2013 Variance	
Quarter Ended March 31	2010	2011	2012	2013	2014	\$	%
Library	\$ 1,081,956	\$ 1,118,608	\$ 994,018	\$ 1,013,338	\$ 1,045,580	\$ 32,241	3.2%
Parks	950,110	854,721	1,009,198	1,156,168	1,604,896	\$ 448,728	38.8%
Recreation	1,935,398	2,007,920	1,922,722	2,165,506	2,281,441	\$ 115,935	5.4%
Tourism Promotion	1,693,135	2,208,253	2,381,430	2,652,168	2,737,782	\$ 85,614	3.2%
<b>Total</b>	<b>\$ 5,660,598</b>	<b>\$ 6,189,503</b>	<b>\$ 6,307,368</b>	<b>\$ 6,987,179</b>	<b>\$ 7,669,698</b>	<b>\$ 682,519</b>	<b>9.8%</b>

# Road Operating Fund

## Revenues:

Positive and Within Budget

As of the end of Quarter 3, the Road Operating Fund received 70.8% of its budgeted annual revenue. This is an increase of \$85,871 or 9.4% over the same period last year. The increase results primarily from higher County gas taxes and an increase in the transfer in from the General Fund.



Budget vs. Actual Comparison					
Road Operating Fund Revenue as of March 31					
	2010	2011	2012	2013	2014
YTD Actual	\$ 855,622	\$ 784,151	\$ 915,076	\$ 914,102	\$ 999,973
Total Annual Budget	\$ 1,414,738	\$ 1,304,650	\$ 1,347,295	\$ 1,371,891	\$ 1,413,267
<b>Actual as a % of Budget</b>	<b>60.5%</b>	<b>60.1%</b>	<b>67.9%</b>	<b>66.6%</b>	<b>70.8%</b>

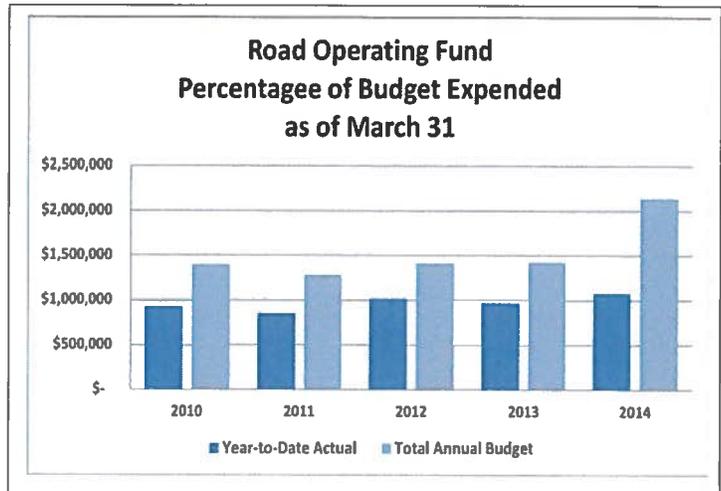
Year-to-Year Actuals Comparison								
Road Operating Fund Revenue as if March 31							2014 vs. 2013 Variance	
	2010	2011	2012	2013	2014	\$	%	
Taxes	\$ 206,332	\$ 198,071	\$ 163,158	\$ 156,242	\$ 179,664	\$ 23,422	15.0%	
Intergovernmental	528,814	563,152	539,777	518,102	540,575	\$ 22,473	4.3%	
Charges for Services	107,892	11,554	16,362	43,298	53,036	\$ 9,738	22.5%	
Transfers In			191,000	191,000	221,218	\$ 30,218	15.8%	
All Other	8,584	11,374	4,780	5,460	5,480	\$ 20	0.4%	
<b>Total</b>	<b>\$ 851,622</b>	<b>\$ 784,151</b>	<b>\$ 915,076</b>	<b>\$ 914,102</b>	<b>\$ 999,973</b>	<b>\$ 85,871</b>	<b>9.4%</b>	

# Road Operating Fund

## Expenses:

Positive and Within Budget

At the end of Quarter 3, the Road Operating Fund has expended 50.2% of its annual budget. While this is a decrease in percentage 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 third quarter are \$113,216, or 11.8% higher than the same period last year.



Budget vs. Actual Comparison					
Road Operating Fund Expenditures					
	2010	2011	2012	2013	2014
Year-to-Date Actual	\$ 929,010	\$ 851,945	\$ 1,015,842	\$ 961,752	\$ 1,074,968
Total Annual Budget	\$ 1,396,755	\$ 1,282,176	\$ 1,411,571	\$ 1,421,708	\$ 2,141,534
<b>Actual as a % of Budget</b>	<b>66.5%</b>	<b>66.4%</b>	<b>72.0%</b>	<b>67.6%</b>	<b>50.2%</b>

Year-to-Year Actuals Comparison								
Road Operating Fund Expenses							2014 vs. 2013 Variance	
Quarter Ended March 31	2010	2011	2012	2013	2014	\$	%	
Public Works	\$ 929,010	\$ 851,945	\$ 1,015,842	\$ 961,752	\$ 1,074,968	\$ 113,216	11.8%	