

Douglas County Quarterly Financial Report

Quarter Ended June 30, 2014
Preliminary (Unaudited)



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

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Executive Summary

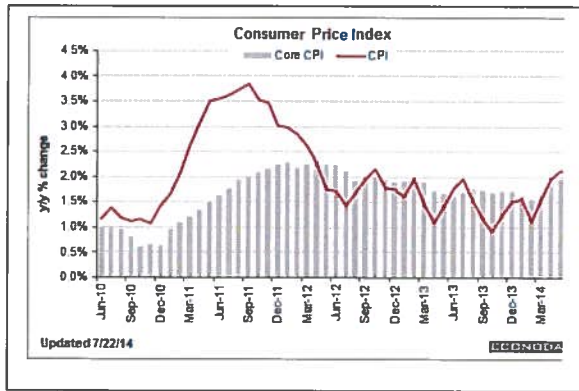
We are pleased to present you with Douglas County's Quarterly Financial Report for the quarter ended June 30 of Fiscal Year (FY) 2013 -14. The report includes national and local economic indicators, budget vs. actual and year-over-year financial data, and an update on major capital improvements in progress.

Please note that this report covers all four quarters of fiscal year ended June 30, 2014, but is still preliminary in nature. The County receives certain revenues in September, such as June's State Consolidated Tax, and Gas Taxes, which will accrue to FY 2013-14. In addition, the annual independent audit of the County's FY 2012-13 financial statements will be completed by November 30, as required by the State. The results of the financial audit will be presented to the Board in December. The following is a brief summary of the report:

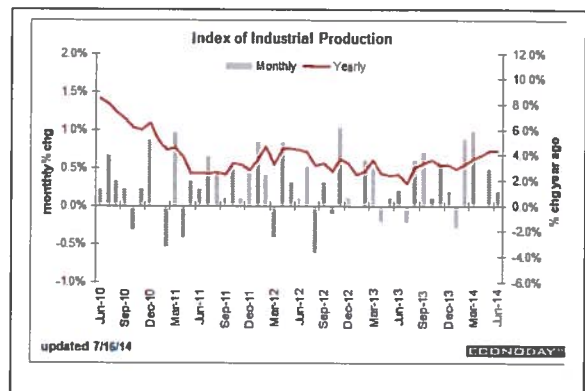
- National economic indicators show that inflation is holding steady in the 2% range, industrial production is up, notably in manufacturing, and retail sales and housing starts are generally on a positive trend. Local economic indicators show the County's unemployment rate continuing to trend lower at 8.1%, with residential property prices and building permits on a positive trend. The State of Nevada's Gross Domestic Product increased 2.4% for calendar year 2013 slightly below the national rate of 3.4%, but moving in the same positive direction.
- The County's financial status at the end of the fourth quarter of Fiscal Year (FY) 2013-14 for all funds is positive and within budget expectations.
- The General Fund has received \$40.0 million, or 99.7% of its budgeted revenue, representing an increase of 3.4% over the prior fiscal year. General Fund expenditures totaled \$39.0 million, or 96.3% of budget. This represents an increase of 0.3% over the prior fiscal year.
- Room Tax Fund revenues totaled \$10.8 million or 99.5% of budget a decrease of 23.5% over the same period last year, primarily due to funding received in the prior year for the construction of the new Community and Senior Center. Room Tax Fund expenditures totaled \$11.9 million or 79.3% of budget.
- Road Operating Fund revenues totaled \$1.4 million or 97.2% of budgeted revenue, a decrease of 0.1% over the prior year. Road Operating Fund expenditures totaled \$1.4 million or 69.7% of budget, an increase of 9.5% over the prior year.
- Major Capital Improvement Projects this quarter include the substantial completion of the North County Regional Waterline Intertie, and the construction of the new Community and Senior Center.

Christine Vuletich
Assistant County Manager/Chief Financial Officer

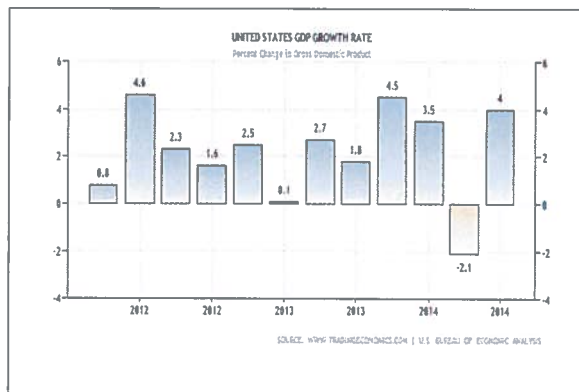
National Economic Indicators



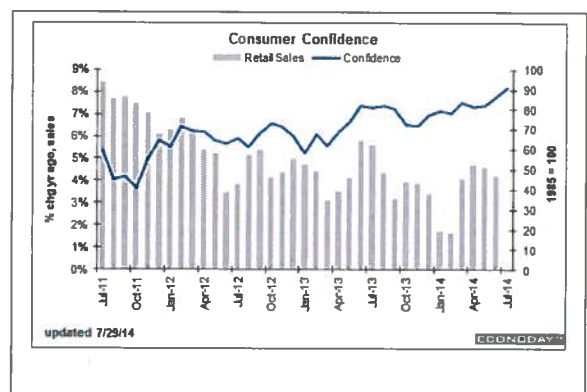
Inflation pressures continue to hold steady, with a rise in the CPI of 0.3% in June, and the year-over-year CPI rate at 2.1%. The core rate, excluding food and energy, was 1.9%. The Producer Price Index, which measures prices paid by domestic producers of goods and services, was also 1.9%.



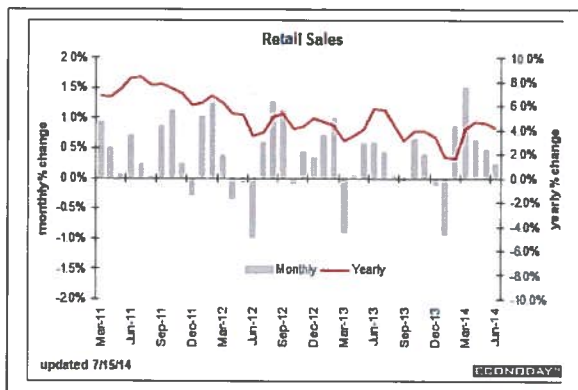
Industrial production rose 0.2% in June. Mining and manufacturing increased, but utilities, petroleum and coal production decreased due to a disruption at a major refinery. For the quarter, manufacturing rose 6.7%. There has been some volatility in manufacturing, but growth is healthy.



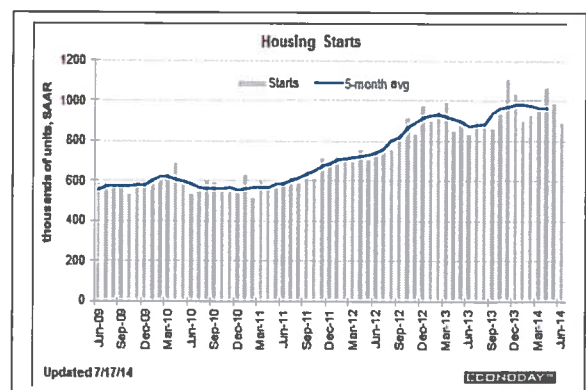
U.S. Gross Domestic Product grew 4.0% in the quarter ended June, rebounding from the negative growth of the previous quarter which was driven by adverse weather. The growth was led by growth of over \$93 billion in investments in inventories.



Consumer confidence was strong in June at 86.4, followed by 90.9 in July, the highest since December 2007. The gains were led by the expectations, present situation and income expectations components.

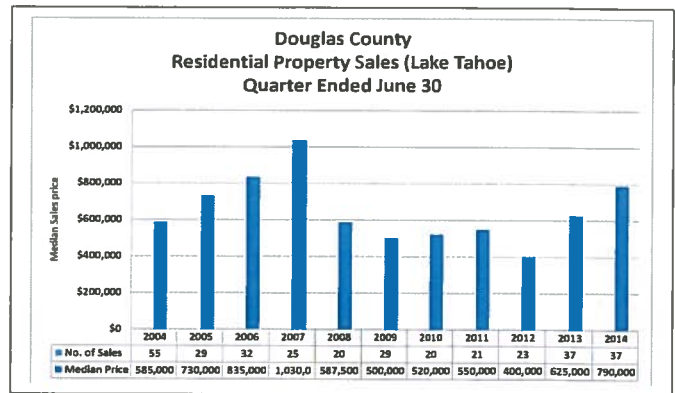
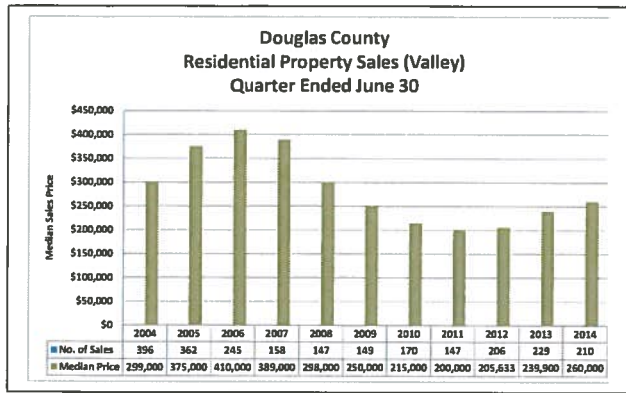


Retail sales rose 0.2% in June. Excluding motor vehicles, sales gained 0.4% in June with strength in general merchandise, health & personal care, and non-store retailers. Building materials & garden equipment, food services and drinking places declined notably. July retail sales were flat.



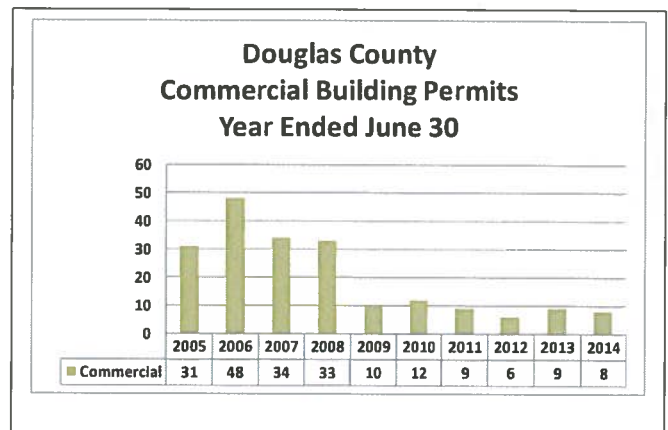
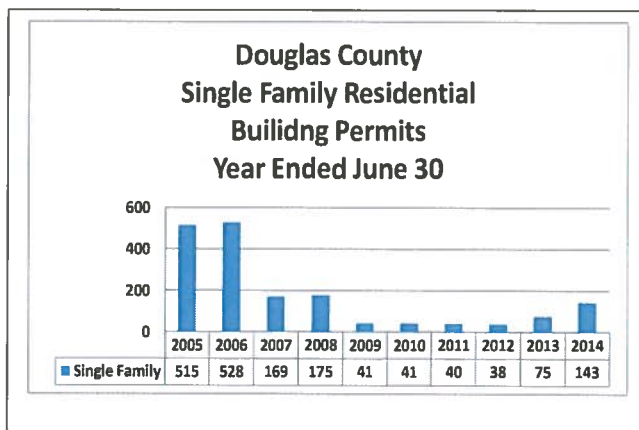
Housing starts are up 7.5% on a year-ago basis, but declined 9.3% in June after falling 7.3% in May, indicating that the housing market may be losing steam. The sharp decrease was primarily in the South. Nationally, building permits are up 2.7% over last year, but also fell over the last two months at 4.2% and 5.1% in

Local Economic Indicators



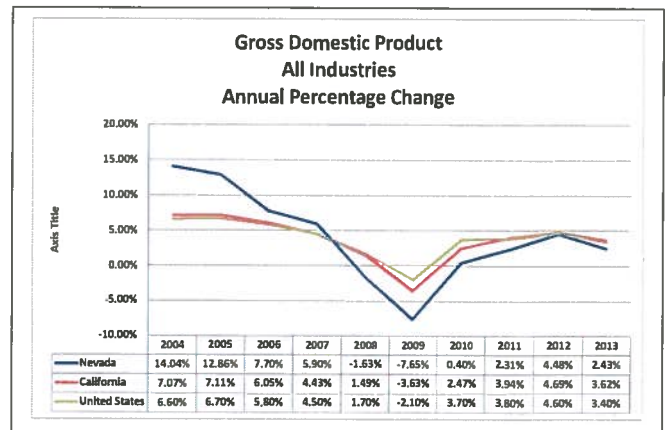
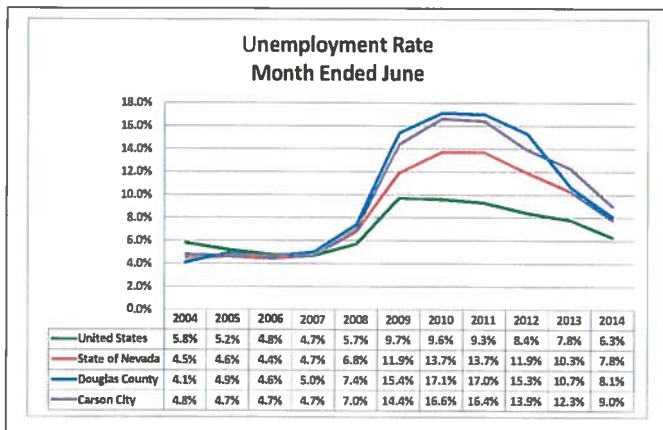
Residential property sales prices continued to trend upward for the quarter ended June 30, with the number of homes sold holding steady over the same period last year.

Source: Douglas County Assessor's Office



Residential building permits, which are a leading indicator of economic activity, continued the growth trend, and are up significantly over the prior year. Commercial building permits have been essentially flat over the last four years.

Source: Douglas County Community Development Department



County's unemployment rate as of June 2014 was 8.1%, compared to 10.7% a year ago, however, the County's labor force decreased by 2.4% year-over-year, continuing the trend we have seen over the last three years.

Source: Nevada Department of Employment, Training and Rehabilitation

Nevada ended calendar year 2013 with an annual percentage change in Gross Domestic Product of 2.43%, as compared to 4.48% the prior year. GDP has been improving in Nevada, similar to the national trend since the depths of the Great Recession in 2009.

Source: U. Bureau of Economic Analysis

Actual vs. Budget Comparison

Fiscal Year 2013-14

Douglas County (All County Funds)	First Quarter Actual	Second Quarter Actual	Third Quarter Actual	Fourth Quarter Actual	Cumulative Year to Date Actual	Annual Budget	% Actual to Budget
Resources							
Beginning Fund Balance/Reserves	62,035,154	63,236,994	57,828,093	59,632,118	62,035,154	62,035,154	
Revenues							
Governmental Funds: [1]							
Taxes	\$ 10,792,545	\$ 6,730,526	\$ 9,772,679	\$ 2,377,063	\$ 29,672,813	\$ 29,704,085	100%
Licenses and Permits	1,051,801	1,402,688	1,561,364	2,753,971	6,769,824	6,305,330	107%
Intergovernmental	2,371,714	5,752,261	5,291,072	7,819,083	21,234,131	22,029,306	96%
Charges for Services	1,382,621	1,315,230	2,202,140	1,858,543	6,758,534	7,231,806	93%
Fines and Forfeits	241,711	235,417	380,134	384,056	1,241,318	1,222,109	102%
Other Revenues	412,324	418,169	512,553	858,932	2,201,978	2,150,576	102%
Transfers In	3,450,085	352,064	1,462,008	674,562	5,938,719	6,072,027	98%
Subtotal Governmental Revenues	19,702,801	16,206,356	21,181,950	16,726,210	73,817,317	74,715,239	99%
Enterprise Funds: [2]							
Operating Revenues	2,959,825	2,068,506	2,648,202	4,053,247	11,729,780	11,154,282	105%
Non-Operating Revenues [3]	459,344	3,751,253	1,418,583	606,840	6,236,020	6,569,471	95%
Subtotal Enterprise Revenues	3,419,169	5,819,759	4,066,785	4,660,087	17,965,800	17,723,753	101%
Total Revenues	\$ 23,121,970	\$ 22,026,115	\$ 25,248,736	\$ 21,386,297	\$ 91,783,118	\$ 92,438,992	99%
Total Resources	\$ 85,157,124	\$ 85,263,109	\$ 83,076,828	\$ 81,018,415	\$ 153,818,272	\$ 154,474,146	
Requirements							
Expenditures/Expenses							
Governmental Funds: [1]							
Salaries & Wages	\$ 5,341,612	\$ 6,720,370	\$ 5,975,863	\$ 7,397,112	\$ 25,434,956	\$ 25,782,599	99%
Employee Benefits	2,722,195	2,975,912	3,407,993	3,621,212	12,727,312	13,192,356	96%
Services & Supplies	4,457,699	3,945,249	4,579,096	5,059,022	18,041,066	23,238,316	78%
Capital Outlay	2,447,292	4,314,653	3,620,146	5,247,421	15,629,511	22,751,001	69%
Miscellaneous	498,184	1,492,333	1,159,229	1,830,341	4,980,088	5,031,888	99%
Debt Service	206,171	1,041,561	909,166	289,699	2,446,596	2,446,471	100%
Transfers Out	3,527,845	352,064	1,479,250	674,562	6,033,721	6,167,029	98%
Subtotal Governmental Expenditures	19,200,997	20,842,142	21,130,743	24,119,369	85,293,251	98,609,660	86%
Enterprise Funds: [2]							
Salaries & Wages	288,309	357,238	328,042	448,236	1,421,825	1,508,032	94%
Employee Benefits	126,784	142,661	150,562	186,085	606,093	649,542	93%
Services & Supplies	1,437,532	1,579,760	1,137,755	2,415,319	6,570,366	6,891,332	95%
Capital Expense	751,400	1,408,370	512,240	632,722	3,304,732	5,634,344	59%
Debt Service	52,607	244,000	122,868	2,685,880	3,105,356	4,386,249	71%
Transfers Out [3]	62,500	2,860,846	62,500	-	2,985,846	125,000	2389%
Subtotal Enterprise Expenses	2,719,133	6,592,875	2,313,968	6,368,243	17,994,218	19,194,499	94%
Total Expenditures/Expenses	\$ 21,920,130	\$ 27,435,017	\$ 23,444,710	\$ 30,487,612	\$ 103,287,468	\$ 117,804,159	88%
Net Revenue(Expense)	\$ 1,201,840	\$ (5,408,901)	\$ 1,804,025	\$ (9,101,315)	\$ (11,504,351)	\$ (25,365,167)	45%
Ending Fund Balance/Reserves	\$ 63,236,994	\$ 57,828,093	\$ 59,632,118	\$ 50,530,803	\$ 50,530,803	\$ 35,493,288	
Contingency	\$ 1,176,699	\$ 1,176,699	\$ 1,176,699	\$ 1,176,699	\$ 1,176,699	\$ 1,176,699	
Total Requirements	\$ 86,333,823	\$ 86,439,808	\$ 84,253,527	\$ 82,195,114	\$ 154,994,971	\$ 154,474,146	
[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							

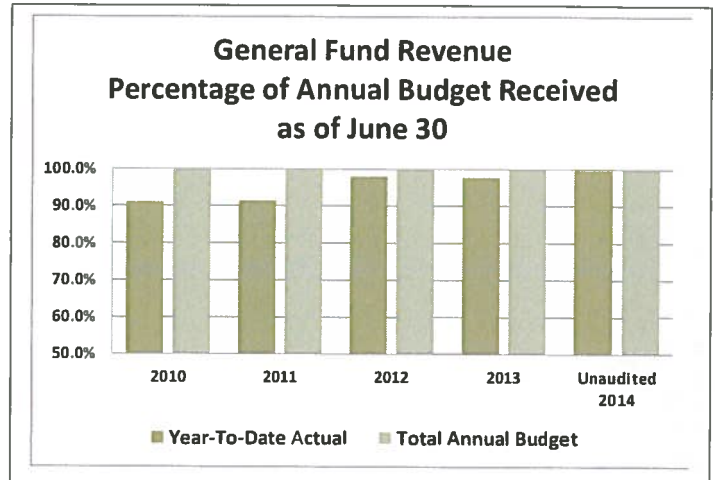
General Fund

Revenues:

Positive and Within Budget

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 fiscal year 2013-14.

To date the County has received \$40,028,987, or 99.7% of its budgeted annual General Fund revenue for fiscal year 2013-14. This compares to 97.7% for the same period last fiscal year, and indicates continued stabilization and improvement. Overall, revenues increased \$1,327,813, or 3.4% over last year, primarily in property taxes, State Consolidated Taxes, liquor licenses, building permits, engineering and planning fees. Intergovernmental grants decreased, as did the All Other revenue category, due to property and tax sales last fiscal year.



Budget vs. Actual Comparison

General Fund Revenue

Quarter Ended June 30	2010	2011	2012	2013	Unaudited 2014
Year-To-Date Actual	\$ 34,569,281	\$ 34,565,138	\$ 36,239,335	\$ 38,701,175	\$ 40,028,987
Total Annual Budget	\$ 37,996,819	\$ 37,813,853	\$ 37,017,271	\$ 39,625,095	\$ 40,165,114
Actual as a % of Budget	91.0%	91.4%	97.9%	97.7%	99.7%

Year-to-Date Actuals Comparison

General Fund Actual Revenue

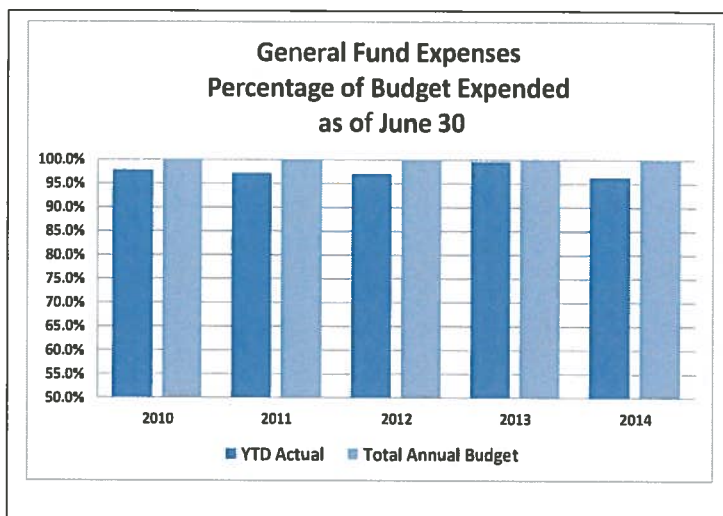
As of June 30	2010	2011	2012	2013	Unaudited 2014	2014 vs. 2013	
						\$ Change	% Change
Property Tax	\$ 13,565,441	\$ 14,454,779	\$ 15,988,675	\$ 17,294,772	\$ 17,652,233	\$ 357,461	2.1%
Gaming	901,017	765,513	915,016	743,222	827,313	84,091	11.3%
State Consolidated Tax	11,658,721	10,414,115	9,710,596	9,278,353	9,620,977	342,624	3.7%
Licenses & Permits	3,298,881	3,367,471	3,135,275	3,273,804	3,761,124	487,320	14.9%
Intergovernmental	1,719,461	2,181,996	2,464,633	1,700,317	1,574,241	(126,076)	-7.4%
Charges for Services	3,655,270	3,705,709	4,140,645	4,099,599	4,362,496	262,898	6.4%
Fines & Forfeitures	1,217,596	1,096,592	1,196,070	1,126,935	1,180,418	53,484	4.7%
All Other	1,445,755	1,176,274	1,100,631	1,184,175	1,050,185	(133,990)	-11.3%
Total	\$ 37,462,141	\$ 37,162,449	38,651,540	38,701,175	40,028,987	1,327,813	3.4%

General Fund

Expenses:

Positive and Within Budget

As of the end of Quarter 4, the County expended \$39,025,684, or 96.3% of its General Fund budgeted expenses. This compares to 99.6% last fiscal year. Over the last five years, the average budget expended for the same period is 97.5%. Overall General Fund expenditures were \$130,864, or 0.3% higher than the prior year. General Government expenditures decreased primarily in salaries and benefits, while Judicial, Public Safety, Public Works, and Health and Sanitation increased in salaries, benefits/services and supplies.



Budget vs. Actual Comparison					
General Fund Expense					
As of June 30	2010	2011	2012	2013	2014
YTD Actual	\$ 38,383,418	\$ 38,259,742	\$ 38,662,384	\$ 38,894,820	\$ 39,025,684
Total Annual Budget	\$ 39,250,909	\$ 39,373,857	\$ 39,872,487	\$ 39,060,568	\$ 40,520,376
Actual as a % of Budget	97.8%	97.2%	97.0%	99.6%	96.3%

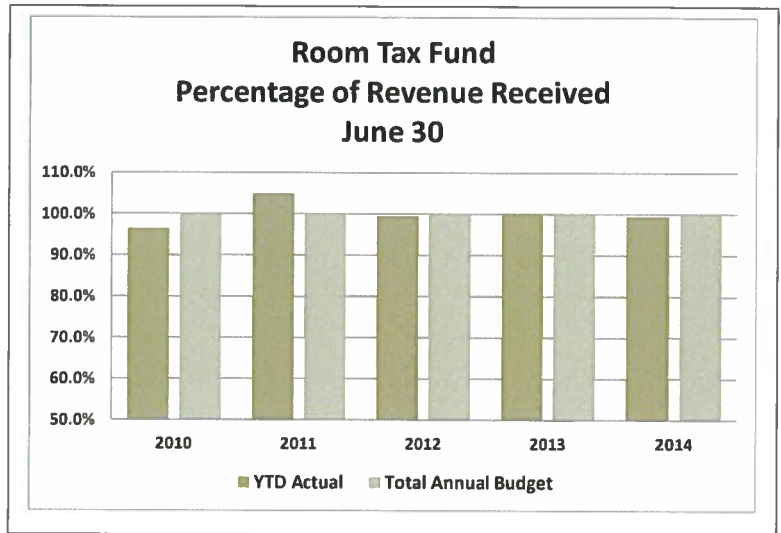
Year-to-Year Actuals							
General Fund Expense						2014 vs. 2013	
As of June 30	2010	2011	2012	2013	2014	\$ Change	% Change
General Government	\$ 12,665,357	\$ 12,258,653	\$ 12,775,757	\$ 12,954,259	\$ 12,558,296	\$ (395,963)	-3.1%
Judicial	8,625,548	8,413,485	8,319,867	8,392,369	8,661,262	\$ 268,893	3.2%
Public Safety	15,282,740	15,778,108	15,931,551	15,640,667	15,768,666	\$ 127,999	0.8%
Public Works	1,432,913	1,388,455	1,137,613	1,357,911	1,400,599	\$ 42,689	3.1%
Health & Sanitation	376,859	421,041	497,596	549,614	636,861	\$ 87,247	15.9%
Total	\$ 38,383,418	\$ 38,259,742	\$ 38,662,384	\$ 38,894,820	\$ 39,025,684	\$ 130,864	0.3%

Room Tax Fund

Revenues:

Positive and Within Budget

Revenue presented in this report is still preliminary as the County receives certain revenues in September, such as room taxes for the month of June that will accrue to fiscal year 2013-14. As of the end of the 4th Quarter, Room Tax revenue received totaled \$10,840,809, or 99.5% of budget. Over the last five years, revenues have averaged 100.1% for the same period. Overall, Room Tax Fund revenues decreased \$3,328,400, or 23.5% over the prior year, primarily due to transfers in of funding for the construction of the new Community and Senior Center, and a Federal Grant reimbursement for the Stateline to Stateline Bike Trail project received last year.



Budget vs. Actual Comparison					
Room Tax Fund Revenues as of June 30	2010	2011	2012	2013	Unaudited 2014
YTD Actual	\$ 7,946,140	\$ 10,075,873	\$ 10,158,771	\$ 14,169,209	\$ 10,840,809
Total Annual Budget	\$ 8,239,910	\$ 9,598,167	\$ 10,206,081	\$ 14,178,843	\$ 10,895,157
Actual as a % of Budget	96.4%	105.0%	99.5%	99.9%	99.5%

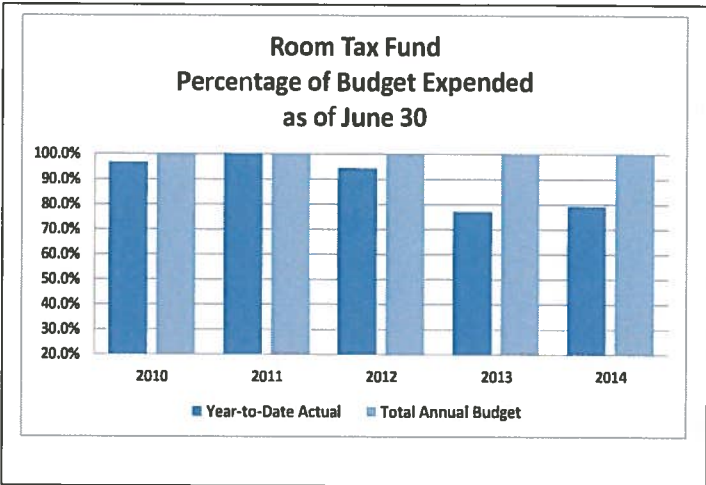
Year-to-Year Actuals Comparison							
Room Tax Fund Revenues						2014 vs. 2013	
Quarter Ended June 30	2010	2011	2012	2013	2014	\$ Change	% Change
Taxes - Other	\$ 4,408,869	\$ 4,431,828	\$ 4,470,765	\$ 4,832,997	\$ 4,837,999	\$ 5,002	0.1%
Licenses & Permits	-	1,319,300	1,738,248	2,077,171	2,086,143	\$ 8,972	0.4%
Intergovernmental	1,319,244	1,382,268	1,382,644	1,478,089	1,547,548	\$ 69,459	4.7%
Charges for Services	1,388,956	1,305,809	1,259,754	1,229,720	1,175,465	\$ (54,255)	-4.4%
All Other	829,072	1,636,668	1,307,360	4,551,232	1,193,655	\$ (3,357,578)	-73.8%
Total	\$ 7,946,140	\$ 10,075,873	\$ 10,158,771	\$ 14,169,209	\$ 10,840,809	\$ (3,328,400)	-23.5%

Room Tax Fund

Expenses:

Positive and Within Budget

As of the end of Quarter 4, the Room Tax Fund expended 79.3% of its annual budget. This is an increase of \$963,203, or 8.8% 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 0.9% over the last fiscal year. However this is not the final amount as the taxes received in August for the month of June will be disbursed in September.



Budget vs. Actual Comparison						
Room Tax Fund Expenditures						
as of March 31		2010	2011	2012	2013	2014
Year-to-Date Actual	\$	8,224,274	\$ 9,192,052	\$ 10,993,347	\$ 10,911,181	\$ 11,874,384
Total Annual Budget	\$	8,510,155	\$ 9,171,646	\$ 11,644,264	\$ 14,141,060	\$ 14,981,609
Actual as a % of Budget		96.6%	100.2%	94.4%	77.2%	79.3%

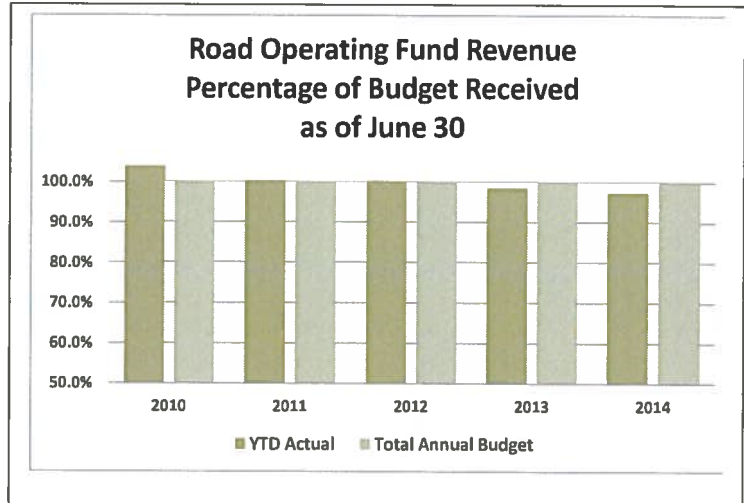
Year-to-Year Actuals Comparison								
Room Tax Fund Expenses							2014 vs. 2013 Variance	
Quarter Ended March 31		2010	2011	2012	2013	2014	\$	%
Library	\$	1,492,204	\$ 1,570,591	\$ 1,451,428	\$ 1,477,027	\$ 1,532,825	\$ 55,797	3.8%
Parks		1,326,210	1,252,382	1,656,522	2,263,750	2,804,385	\$ 540,635	23.9%
Recreation		2,635,226	2,733,950	4,100,481	2,941,057	3,267,802	\$ 326,744	11.1%
Tourism Promotion		2,770,634	3,635,129	3,784,916	4,229,347	4,269,373	\$ 40,026	0.9%
Total	\$	8,224,274	\$ 9,192,052	\$ 10,993,347	\$ 10,911,181	\$ 11,874,384	\$ 963,203	8.8%

Road Operating Fund

Revenues:

Positive and Within Budget

Revenue presented in this report is still preliminary as the County receives certain revenues in September, such as gas taxes for the month of June that will accrue to fiscal year 2013-14. As of the end of Quarter 4, the Road Operating Fund received 97.2% of its budgeted annual revenue. This is an overall decrease of \$1,393 or 0.1% over the same period last year. The decrease results primarily from a reduction of \$39,839 in gas taxes over the prior year. Increased charges for services and transfer in from the General Fund partially offset the decrease in gas taxes.



Budget vs. Actual Comparison					
Road Operating Fund Revenue as of June 30	2010	2011	2012	2013	Unaudited 2014
YTD Actual \$	1,470,783	\$ 1,284,188	\$ 1,428,764	1,402,481	1,401,087
Total Annual Budget \$	1,414,738	\$ 1,278,210	\$ 1,423,869	1,424,589	1,440,718
Actual as a % of Budget	104.0%	100.5%	100.3%	98.4%	97.2%

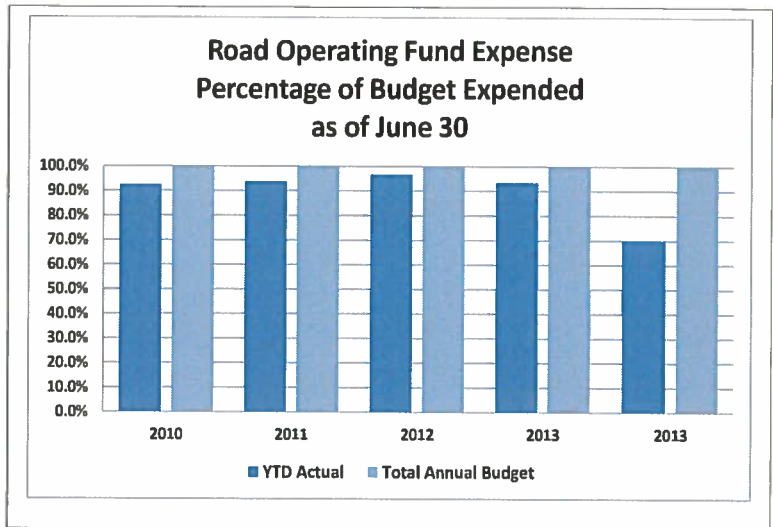
Year-to-Year Actuals Comparison							
Road Operating Fund Revenue As of June 30	2010	2011	2012	2013	Unaudited 2014	2014 vs. 2013	
						\$ Change	% Change
Taxes - Other	\$ 351,907	\$ 316,228	\$ 258,599	\$ 263,711	\$ 258,439	\$ (5,271)	-2.0%
Intergovernmental	885,852	858,799	852,784	890,665	850,826	\$ (39,839)	-4.5%
Charges for Services	141,719	15,135	25,274	48,258	62,033	\$ 13,775	28.5%
All Other	16,305	19,026	217,108	199,847	229,789	\$ 29,942	15.0%
Total	\$ 1,395,783	\$ 1,209,188	\$ 1,353,764	\$ 1,402,481	\$ 1,401,087	\$ (1,393)	-0.1%

Road Operating Fund

Expenses:

Positive and Within Budget

At the end of Quarter 4, the Road Operating Fund has expended 69.7% of its annual budget. While this is a decrease in percentage over the same period last year, it results primarily from increase of \$657,264 in Board designated capital outlay from reserves for road improvements. Actual expenditures for the third quarter are \$131,247 or 9.5% higher than the same period last year.



Budget vs. Actual Comparison					
Road Operating Fund Expenditures as of June 30					
	2010	2011	2012	2013	2014
YTD Actual	\$ 1,497,479	\$ 1,234,110	\$ 1,438,606	\$ 1,380,654	\$ 1,511,900
Total Annual Budget	\$ 1,617,961	\$ 1,315,736	\$ 1,488,145	\$ 1,476,406	\$ 2,168,985
Actual as a % of Budget	92.6%	93.8%	96.7%	93.5%	69.7%

Year-to-Year Actuals Comparison								
YTD Actual Road Operating Fund Expenses as of June 30							2014 vs. 2013	
	2010	2011	2012	2013	2014	\$ Change	% Change	
Public Works	\$ 1,497,479	\$ 1,234,110	\$ 1,438,606	\$ 1,380,654	\$ 1,511,900	\$ 131,247	9.5%	

Major Capital Improvement Projects

This section provides a high-level snapshot of major capital improvement projects activity.

Project Description	Project Budget	Expenditures as of June 30, 2014	Remaining Budget	Percentage Complete	Scheduled Completion Date
North County Regional Waterline Intertie	\$15,450,000	\$13,526,986	\$1,923,014	88%	October, 2014
Douglas County Community and Senior Center	\$18,850,000	\$16,397,054	\$2,452,946	87%	December 2014

