



# CLARK COUNTY STAFF REPORT

**DEPARTMENT:** County Auditor

**DATE:** November 15, 2014

**REQUEST:** Approve General Fund-fund balance policy amendment #1 Funding Stabilization for County Services

**CHECK ONE:**                      X   Consent                           CAO

### BACKGROUND

One of Clark County's most volatile revenue sources is sales tax. Clark County sales tax receipts are connected to the economy, primarily through growth and construction. During good economic times sales tax can grow at a rate in excess of budgeted receipts. The General Fund amendment #1 proposes to reserve a portion of sales tax revenue in excess of budgeted receipts and place it into the permanent reserve. This amount would be assigned in the fund balance and be used in the event sales tax receipts fall below budgeted sales tax projections.

The intent of this amendment is to normalize sales tax receipts and stabilize funding for county services over a period of years, rather than only within the year of revenue receipts.

### COMMUNITY OUTREACH

These recommendations relate to an internal support matter. Community outreach or participation was not a consideration.

### BUDGET AND POLICY IMPLICATIONS

There are no budget implications. The Board of County Commissioners has the authority to approve this policy.

### FISCAL IMPACTS

Yes (see attached form)                     No

### ACTION REQUESTED

Adopt the attached General Fund-fund balance policy [Attachment A]

### DISTRIBUTION

Please distribute copies of this report to the following:

- County Auditor
- County Treasurer
- Office of Budget

Date - NOV. 18, 2014                    SR 252-14

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OK  
N*

MARK GASSAWAY,  
FINANCE DIRECTOR

Approved:   
CLARK COUNTY  
BOARD OF COMMISSIONERS

# FISCAL IMPACT ATTACHMENT

## Part I: Narrative Explanation

I. A – Explanation of what the request does that has fiscal impact and the assumptions for developing revenue and costing information

## Part II: Estimated Revenues

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
<b>Total</b>						

II. A – Describe the type of revenue (grant, fees, etc.)

## Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	Current Biennium		Next Biennium		Second Biennium	
		GF	Total	GF	Total	GF	Total
<b>Total</b>							

III. B – Expenditure by object category

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						
Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
<b>Total</b>						

## General Fund –Fund Balance Policy

### Amendment #1 Funding stabilization for county services

Clark County's retail sales and use tax (here after referred to as sales tax) is the largest, volatile General Fund revenue source. Sales tax increases or decreases depending on economic cycles, primarily related to construction, and is not in the County's control. The fluctuating revenue is not conducive with providing the County's citizens with a consistent level of service. To better match funding with the expense of service demands, the following process will be implemented:

1. The Budget Office will create an annual sales tax forecast for each calendar year. The forecast may be updated in July each year.
2. This forecast will include only components of the County's .05 percent basic and .05 percent optional sales tax and the corresponding 15 percent of the County's share from municipalities.
3. The Finance team will review and approve the forecast amount.
4. Each year after the June and December accounting has been completed, the Finance Director will report to the Finance Team the result of actual sales tax collections compared to the forecast.
5. If actual sales tax collections exceed forecast sales tax collections, 50 percent of the excess will remain in the General Fund and 50 percent of the excess (stabilization funds) will be transferred to fund 1030, Permanent Reserve.
6. The service stabilization funds contained in the Permanent Reserve may be accessed and used to balance the County's budgeted expenditures if the County's retail sales fall below forecast for 12 consecutive months.