Local Governments are Hurting

- We rely on same revenues as State (except gaming taxes)
- Our workforces are bare bone
- Program/services have been reduced or eliminated (preserving PS)
- We have not seen the bottom yet
Similarity in Local Government and State Revenue Structures

- Revenue structure heavily dependent upon growth activities
  - Sales Tax
  - Property Tax
  - Construction / Gaming Industries
Similarity in Local Government and State Expenditures

- Between 75 - 80% of expenditures are attributed to salaries and related benefits.
- Over 50% of State expenditures go towards schools.
- Over 50% of local government expenditures go towards Public Safety.
- Primary funding source for both is sales tax and property tax revenue.
Local Government General Fund Expenditures

Service Area A
- Public Safety
- Judicial
- Public Works

Service Area B
- General Government
- Culture & Recreation
- Economic Development
- Other
CTX Composition
(Clark County Dollars in Millions for FY09)

- Basis SCRT: $2.1 million (0%)
- Supp SCRT: $9.7 million (1%)
- GST: $22.6 million (3%)
- RPTT: $96.2 million (12%)
- Cigarette: $150.4 million (19%)
- Liquor: $514.6 million (65%)

Total: $514.6 million
Historical C-Tax Revenue
(5 Largest Cities – Combined Quarterly Growth Rate)

Nevada League of Cities - September 8, 2010
Clark County CTX Analysis
FY 2006 – FY 2010 (*)

(*) 2010 estimates are annualized based upon YTD October 2009 actuals
Washoe County CTX Analysis
FY 2006 – FY 2010 (*)

(*) 2010 estimates are annualized based upon YTD October 2009 actuals

- $197.5M
- $137.9M

FY 2006: $200,000,000
FY 2007: $197,500,000
FY 2008: $200,000,000
FY 2009: $160,000,000
FY 2010: $137,900,000

Nevada League of Cities - September 8, 2010
Clark County Overlapping Property Tax Revenues
(FY 2009-10 Net of Abatement*)

- Combined Special District: $383,617,022 (15%)
- State: $141,808,605 (6%)
- Schools: $1,015,439,924 (42%)
- Counties: $492,493,506 (21%)
- Cities: $288,517,516 (13%)
- Towns: $82,399,672 (3%)

(*) Source: Nevada Dept. of Taxation FY2009-10 Property Tax Rates
Washoe County Overlapping Property Tax Revenues
(FY 2009-10 Net of Abatement*)

Combined $24,372,276 5%

Special District $39,281,756 7%

State $24,372,276 5%

Schools $163,948,483 32%

Counties $199,457,438 39%

Cities $86,157,452 17%

Towns 0%

(*) Source: Nevada Dept. of Taxation FY2009-10 Property Tax Rates
FY 2010-11 Preliminary Segregation of the Tax Roll
(Clark County Assessors Office as of December 4, 2009)

<table>
<thead>
<tr>
<th>TAXING ENTITY</th>
<th>2009-10 FINAL “REDBOOK”</th>
<th>ESTIMATED 2010-11 TAX ROLL AS OF 12-4-09</th>
<th>VARIANCE FROM 2009-10 FINAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clark County</td>
<td>$ 89,981,571,327</td>
<td>$ 65,082,130,243</td>
<td>-27.67%</td>
</tr>
<tr>
<td>Boulder City</td>
<td>675,629,306</td>
<td>473,554,689</td>
<td>-29.91%</td>
</tr>
<tr>
<td>Henderson</td>
<td>12,969,946,316</td>
<td>9,600,970,957</td>
<td>-25.98%</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>18,289,314,192</td>
<td>13,450,962,341</td>
<td>-26.45%</td>
</tr>
<tr>
<td>Mesquite</td>
<td>809,678,379</td>
<td>642,376,993</td>
<td>-20.66%</td>
</tr>
<tr>
<td>North Las Vegas</td>
<td>$ 6,660,944,839</td>
<td>$ 4,445,320,597</td>
<td>-33.26%</td>
</tr>
</tbody>
</table>
**FY 2010-11 Preliminary Segregation of the Tax Roll**
(Washoe County Assessors Office as of 01/25/10)

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</tr>
</thead>
<tbody>
<tr>
<td>Washoe County</td>
<td>$15,099,475,662</td>
<td>$14,042,512,366</td>
<td>-7%</td>
</tr>
<tr>
<td>Reno</td>
<td>$7,043,707,442</td>
<td>$5,987,151,326</td>
<td>-15%</td>
</tr>
<tr>
<td>Sparks</td>
<td>$2,471,777,303</td>
<td>$2,175,164,027</td>
<td>-12%</td>
</tr>
</tbody>
</table>
Clark County
Assessed Valuation Trend
(2010 Estimate - Assessors Office as of 12/04/2009)

Source 2005-09: NV Dept of Taxation “Redbook”
Washoe County
Assessed Valuation Trend
(2010 Estimate - Assessors Office as of 01/25/10)

Source 2005-09: NV Dept of Taxation “Redbook”
FY 2010-11 Property Tax Revenue Preliminary Estimate
(Using North Las Vegas as an Example)

- Impact will depend upon unknown remaining abatement
- Severe impact to funds solely supported by property taxes

<table>
<thead>
<tr>
<th>Fund</th>
<th>Estimated Change FY 2010 to FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>($ 4 to 6 million)</td>
</tr>
<tr>
<td>Parks, Street Maint, Fire Fund</td>
<td>($ 4 to 5 million)</td>
</tr>
<tr>
<td>Public Safety Tax Fund</td>
<td>($ 9 to 11 million)</td>
</tr>
<tr>
<td>Library District</td>
<td>($ 1 to 1.5 million)</td>
</tr>
<tr>
<td>Total</td>
<td>($ 18 to 23.5 million)</td>
</tr>
</tbody>
</table>
Property Taxes

Potential Areas of Concern

- Impact of foreclosures
- Impact of declining land values
- Impact of declining home values
- Impact of commercial properties
- Lack of new growth
- Increase in appeals to the State Board of Equalization-Commercial
Actions Taken by Local Governments

- Hiring freeze / elimination of vacancies
- CIP project delays / eliminations
- Voluntary Separations
- Program eliminations / reductions
Budget Reductions Already Taken by Nevada Cities
FY 2009/10

- Boulder City $2.0M
- Henderson $86.0M
- Las Vegas $120.0M
- North Las Vegas $51.0M
- Reno $29.2M
- Sparks $1.5M
Further Actions

- Request discussions with bargaining units
- Continue to reprioritize CIP projects
- Reduce / eliminate services
- Pursue privatization/outsourcing
- Execute layoffs as necessary
Nevada League of Cities
Presentation
Questions?